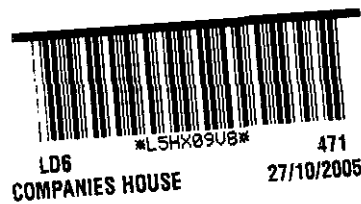


COMPANY NO: 3633307

MOORFIELD ATLANTIC POINT LIMITED

ANNUAL REPORT

Year ended 31 December 2004



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COMPANY INFORMATION

Directors	Marc Gilbard Graham Stanley
	Charles Cade (alternate to Marc Gilbard) Graham Sidwell (alternate to Graham Stanley)
Secretary	Timothy Sanderson
Registered office	Premier House 44-48 Dover Street London W1S 4NX
Registered number	3633307
Auditors	RSM Robson Rhodes LLP Chartered Accountants 186 City Road London EC1V 2NU
Bankers	HBOS plc 38 Threadneedle Street London EC2P 2EH

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the Group is property investment, management and development.

Results and dividends

The results for the year ended 31 December 2004 are set out in the Consolidated Profit and Loss Account on page 5. The directors do not recommend the payment of a dividend (2003: £Nil).

Business review

The Group continues to make a substantial investment in the business. In September 2004 new schemes were opened at Mill Point in Manchester, with 712 rooms and Trinity Point, Coventry, with 352 rooms. There are now five schemes operating with a total of 2,840 rooms. At 31 December 2004 the five schemes were valued at approximately £103 million.

A scheme in Newcastle (Quay Point with 695 rooms) opened in the summer of 2005 for the 2005/06 academic year. Other sites are continually being evaluated as the Group develops its brand.

Post balance sheet event

On 31 January, a subsidiary of the Group acquired, in joint venture, a 50% interest in a student accommodation building in London (comprising some 350 rooms), from The Institute for the International Education of Students in a transaction valued at £32.8 million.

Directors

The present directors of the Company are set out on page 1. All directors served throughout the year. Karen Bothwell and Pauline Bradley resigned from the Board on 31 January 2005.

Directors' interests

None of the directors has an interest in the shares of the Company. Marc Gilbard, Graham Stanley and Graham Sidwell are directors of the ultimate parent company. Their interests in the shares of the ultimate parent company are shown in the financial statements of that company.

Ultimate parent company

The ultimate parent company is Stessa Holdings Limited, which is registered in England and Wales.

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year, and the profit or loss of the Group for that year. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with Company law in the United Kingdom.

REPORT OF THE DIRECTORS (continued)

Fixed assets

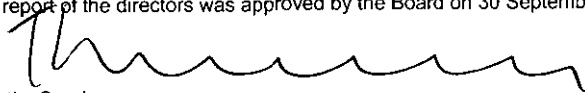
Fully operational investment properties were valued at £102.93m at 31 December 2004 (2003: £54.83m) by employees of the Group, who are members of the Royal Institution of Chartered Surveyors ("RICS"). The properties were valued on the basis of market value, in accordance with the Appraisal and Valuation Standards of the RICS. The valuation gives rise to a cumulative revaluation surplus of £28.5m (2003: £11m) (see note 7).

Auditors

The auditors, RSM Robson Rhodes LLP, are willing to continue in office, and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approval

The report of the directors was approved by the Board on 30 September 2005 and signed on its behalf by:



Timothy Sanderson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOORFIELD ATLANTIC POINT LIMITED

We have audited the financial statements on pages 5 to 16.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 December 2004 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

London, England

30 September 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover		6,584	3,988
Gross rental income		6,584	3,988
Less: property outgoings		(2,021)	(1,576)
Net rental income		4,563	2,412
Administrative expenses		(292)	(259)
Operating profit	2	4,271	2,153
Interest receivable	3	245	138
Interest payable and similar charges	4	(4,142)	(2,063)
Profit on ordinary activities before taxation		374	228
Tax on profit on ordinary activities	6	(161)	(72)
Retained profit	14	213	156

All activities are continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2004

	2004 £'000	2003 £'000
Profit for the year	213	156
Unrealised revaluation surplus on properties	17,487	2,767
Total recognised gains	17,700	2,923

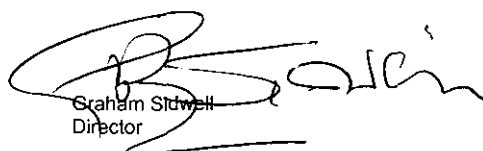
The notes on pages 9 to 16 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investment properties	7	121,298	75,978
Current assets			
Debtors	9	2,157	3,127
Cash at bank and in hand		8,650	3,433
Creditors: Amounts falling due within one year	10	10,807 (25,277)	6,560 (17,565)
Net current liabilities		(14,470)	(11,005)
Total assets less current liabilities		106,828	64,973
Creditors: amounts falling due after more than one year	11	(72,158)	(48,164)
Provision for liabilities and charges	12	(233)	(72)
Net assets		34,437	16,737
Capital and reserves			
Called up share capital	13	1	1
Share premium account	14	5,492	5,492
Profit and loss account	14	456	243
Investment revaluation reserve	14	28,488	11,001
Equity shareholders' funds	15	34,437	16,737

The financial statements were approved by the Board on 30 September 2005 and signed on its behalf by:


Graham Stowell
Director

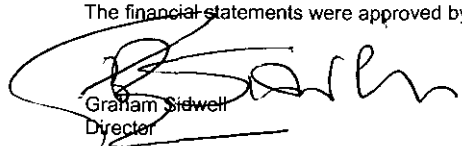
The notes on pages 9 to 16 form part of these financial statements.

COMPANY BALANCE SHEET

at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investment property	7	29,310	25,807
Investment in subsidiaries	8	3	3
		29,313	25,810
Current assets			
Debtors	9	72,668	48,053
Creditors: Amounts falling due within one year	10	(11,022)	(10,747)
Net current assets		61,646	37,306
Total assets less current liabilities		90,959	63,116
Creditors: amounts falling due after more than one year	11	(75,511)	(51,590)
Net assets		15,448	11,526
Capital and reserves			
Called up share capital	13	1	1
Share premium account	14	5,492	5,492
Profit and loss account	14	(924)	(362)
Investment revaluation reserve	14	10,879	6,395
Equity shareholders' funds	15	15,448	11,526

The financial statements were approved by the Board on 30 September 2005 and signed on its behalf by:



Graham Sidwell
Director

The notes on pages 9 to 16 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	16	6,769	3,716
Returns on investments and servicing of finance			
Interest received		254	138
Interest and finance fees paid		(5,173)	(2,995)
		<u>(4,919)</u>	<u>(2,857)</u>
Capital expenditure and financial investment			
Additions to investment properties		(22,872)	(26,261)
Acquisition of subsidiary		-	(3)
		<u>(22,872)</u>	<u>(26,264)</u>
Net cash outflow before financing		(21,022)	(25,405)
Financing			
Loans advanced		19,940	17,509
Increase in loan stock		4,054	7,706
		<u>23,994</u>	<u>25,215</u>
Net cash inflow from financing			
Increase/ (decrease) in cash	17,18	<u>2,972</u>	<u>(190)</u>

The notes on pages 9 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of investment properties. The financial statements are prepared in accordance with applicable accounting standards, including SSAP19, which unlike the detailed rules of the Companies Act does not require depreciation of freehold and long leasehold investment properties.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements (see note 14).

Investment properties

In accordance with SSAP19 investment properties are included in the balance sheet at an open market value on completion. The surplus or deficit of such value over cost is transferred to the revaluation reserve. These properties are revalued annually by internal professional valuers. Freehold and long leasehold investment properties are not depreciated. Depreciation is only one of many factors reflected in the annual valuation and the amount which otherwise would have been shown cannot be separately identified or quantified. Where there is impairment in the value of a building, a charge is made to the profit and loss account.

Investment properties in the course of construction are included in the balance sheet at cost and are not depreciated. Where there is impairment in the value of a building, a charge is made to the profit and loss account.

Leases

Rentals payable/(receivable) under operating leases are charged/ (credited) to the profit and loss account on an accruals basis over the term of the lease. The initial advance payment/ (receipt) in relation to operating leases is treated as part of the rentals payable/ (receivable) and accordingly these payments/ (receipts) are charged/ (credited) to the profit and loss account on a straight line basis over the period of the lease and are classified within prepayments/(deferred income).

Capitalisation of interest

Interest on borrowings to finance the construction of properties held as tangible fixed assets is capitalised. Interest is capitalised from the date work starts on the property to the date when substantially all the activities that are necessary to get the property ready for use are complete. Where construction is completed in parts, each part is considered separately when capitalising interest.

Turnover

Turnover comprises amounts invoiced for goods and services provided, excluding VAT.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS 19 deferred tax is not provided on revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date.

Pensions

The Group operates a defined contribution scheme for certain employees. The pension cost for that scheme represents contributions payable by the Group in the period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

2. OPERATING PROFIT

The operating profit is arrived at after charging:

	2004 £'000	2003 £'000
Audit fees	30	26
Goodwill charge	-	5
	<u> </u>	<u> </u>

3. INTEREST RECEIVABLE

	2004 £'000	2003 £'000
Bank deposit interest	245	138
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	2004 £'000	2003 £'000
Bank loan interest	2,864	1,385
Loan stock interest	1,267	614
Financing fees and other interest	1,161	772
	<u> </u>	<u> </u>
	5,292	2,771
Less: interest capitalised	(1,150)	(708)
	<u> </u>	<u> </u>
	4,142	2,063
	<u> </u>	<u> </u>

5. STAFF COSTS

	2004 £'000	2003 £'000
Salaries and wages	684	409
Social security costs	59	37
Pension costs	-	2
	<u> </u>	<u> </u>
	743	448
	<u> </u>	<u> </u>
Average number of employees	54	33
	<u> </u>	<u> </u>

The Company paid HBOS plc £nil (2003: £1,484) for directors services in respect of its nominated directors. No further directors' emoluments were paid by the Company or its subsidiaries in the year (2003: £nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

6. TAXATION

	2004 £'000	2003 £'000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Deferred taxation	(161)	(72)
Taxation charge	(161)	(72)
Current tax reconciliation		
Profit on ordinary activities before taxation	374	228
Theoretical tax at UK corporation tax rate 30% (2003: 30%)	112	68
Effects of:		
- expenditure that is not tax deductible	9	(1)
- short term timing differences reflected in deferred tax	-	(72)
- other timing differences not reflected in deferred tax	(227)	(258)
- losses carried forward	132	263
- utilisation of losses and other deductions	(134)	-
- group relief	108	-
Actual current taxation charge	-	-

7. INVESTMENT PROPERTIES

	Group £'000	Company £'000
Cost or valuation		
At 1 January 2004	75,978	25,807
Additions in the year	27,683	19
Revaluation	17,487	4,484
Transfer to fellow subsidiary company	(1,000)	(1,000)
Interest capitalised	1,150	-
At 31 December 2004	121,298	29,310
Analysed between cost and valuation as follows:	Group £'000	Company £'000
Valuation (see below)	102,930	29,310
Cost	18,368	-
	121,298	29,310

Fully operational investment properties were valued at £102.93m at 31 December 2004 (2003: £54.83m) by employees of the Group, who are members of the Royal Institution of Chartered Surveyors ("RICS"). The properties were valued on the basis of market value, in accordance with the Appraisal and Valuation Standards of the RICS. Included within the cost of investment properties in the Group is £2.635m of capitalised interest (2003: £1.485m). The interest was paid on specific borrowings linked to LIBOR.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

7. INVESTMENT PROPERTIES (continued)

The year end book values are analysed as follows:

	Group £'000	Company £'000
Historical cost	92,810	18,431
Revaluation surplus	28,488	10,879
	121,298	29,310

8. INVESTMENT IN SUBSIDIARIES

Company	2004 £	2003 £
Cost		
Shares in subsidiary undertakings	3,029	3,019

Subsidiaries	Interest	Nature of business
Dom@in Limited	100%	Dormant
Domain Hanover Mills Limited	100%	Property investment
Domain Hanover Mills Management Limited	100%	Property letting & management
Domain Maindy Road Limited	100%	Property investment
Domain Melbourne Street Limited	100%	Property investment
Domain Melbourne Street Management Limited	100%	Property letting & management
Domain Navigation Road Limited	100%	Property investment
Domain North Road Limited	100%	Property investment
Domain North Road Management Limited	100%	Property letting & management
Domain Prescott Street Limited	100%	Property investment
Domain Prescott Street Management Limited	100%	Property letting & management
Domain West Street Limited	100%	Property investment
Domain West Street Management Limited	100%	Property letting & management
Domain Lightfoot Hall Limited	100%	Property investment
Domain Lightfoot Hall Management Limited	100%	Property letting & management
Moorfield Atlantic Point Management Limited	100%	Property letting & management

During the year, the Company acquired the whole of the share capital of Domain Hanover Mills Management Limited, Domain Melbourne Street Management Limited, Domain West Street Management Limited, Domain Lightfoot Hall Limited and Domain Lightfoot Hall Management Limited. The Company's investment in each of these subsidiaries is £2, this being their entire issued share capital.

9. DEBTORS

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Trade debtors	1,191	563	-	-
Amounts due from subsidiary undertakings	-	-	71,811	46,134
Other debtors	966	2,564	857	1,919
	2,157	3,127	72,668	48,053

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank overdrafts	6,050	3,805	6,050	3,710
Trade creditors	2,314	955	56	82
Amounts owed to parent undertaking	11,105	7,978	4,677	5,347
Accruals and deferred income	4,919	3,996	221	505
Other creditors	889	831	18	1,103
	<u>25,277</u>	<u>17,565</u>	<u>11,022</u>	<u>10,747</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank loans	58,159	38,219	58,159	38,219
Loan stock	13,999	9,945	13,999	9,945
Deferred income	-	-	3,353	3,426
	<u>72,158</u>	<u>48,164</u>	<u>75,511</u>	<u>51,590</u>

Deferred income comprises a receipt in advance for the costs of repairs and maintenance over the period of the lease.

All borrowings are secured by fixed charges on Group properties and floating charges on certain other Group assets. The senior loan is repayable by March 2010 and is at a margin of 125 basis points over LIBOR. The loan stock is repayable in March 2010 and is at a margin of 600 basis points over LIBOR.

The Group has also entered into a number of interest rate derivative agreements as follows:

Interest rate %	Start date	Maturity date	Notional amounts	
			2004 £ '000	2003 £ '000
6.56%	April 2000	March 2010	10,327	10,327
5.58%	September 2002	March 2010	3,500	3,500
4.205%	September 2003	March 2010	21,000	21,000
4.5%	September 2004	March 2010	15,000	-
			<u>49,827</u>	<u>34,827</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

12. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred tax £ '000
At 1 January 2004	72
Charged to profit and loss account in the year	161
At 31 December 2004	233

The Company had no liability to deferred taxation at 31 December 2004 and 31 December 2003.

13. SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
1,436 ordinary shares of £1 each (2003: 718 "A" shares and 718 "B" shares of £1 each)	1	1

14. MOVEMENT IN RESERVES

	Share premium account £'000	Group Investment revaluation reserve £'000	Profit and loss account £'000	Share premium account £'000	Company Investment revaluation reserve £'000	Profit and loss account £'000
At 1 January 2004	5,492	11,001	243	5,492	6,395	(362)
Retained profit/ (loss)	-	-	213	-	-	(562)
Property revaluation	-	17,487	-	-	4,484	-
At 31 December 2004	5,492	28,488	456	5,492	10,879	(924)

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Retained profit/ (loss) for the year	213	156	(562)	(94)
Property revaluation	17,487	2,767	4,484	-
Opening shareholders' funds	16,737	13,814	11,526	11,620
Closing shareholders' funds	34,437	16,737	15,448	11,526

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

16. RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £'000	2003 £'000
Operating profit	4,271	2,153
Goodwill charge	-	5
Decrease/ (increase) in debtors	996	(1,912)
Increase in creditors	1,502	3,470
Net cash inflow from operating activities	6,769	3,716

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £'000	2003 £'000
Increase/ (decrease) in cash	2,972	(190)
Cash inflow from increase in debt	(23,994)	(25,215)
Increase in net debt	(21,022)	(25,405)
Net debt at 1 January	(48,536)	(23,131)
Net debt at 31 December	(69,558)	(48,536)

18. ANALYSIS OF NET DEBT

	1 January 2004 £'000	Cash flow £'000	31 December 2004 £'000
Cash at bank and in hand	3,433	5,217	8,650
Bank overdrafts	(3,805)	(2,245)	(6,050)
Cash	(372)	2,972	2,600
Bank loan due after one year	(38,219)	(19,940)	(58,159)
Loan stock due after one year	(9,945)	(4,054)	(13,999)
Borrowings	(48,164)	(23,994)	(72,158)
Net debt	(48,536)	(21,022)	(69,558)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Stessa Holdings Limited, which is registered in England and Wales.

Group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

20. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose inter-company related party transactions on the grounds that it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements. There are no other related party transactions.