

REGISTERED NUMBER 3633307 (England and Wales)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007
FOR
LIBERTY LIVING (AP) LIMITED

WEDNESDAY



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LIBERTY LIVING (AP) LIMITED

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LIBERTY LIVING (AP) LIMITED

COMPANY INFORMATION

DIRECTORS

R M Boyland
J Holmes
J A Rose

SECRETARY

Brandeaux Administrators Limited
Brandeaux House
13 Upper Mount Street
Dublin 2
Ireland

REGISTERED OFFICE

Level 32
30 St Mary Axe
London
EC3A 8EP
United Kingdom

REGISTERED NUMBER

3633307

AUDITORS.

Deloitte & Touche
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

BANKERS.

HBOS plc
Corporate Banking
21-23 Hill Street
London W1J 5JW
United Kingdom

LIBERTY LIVING (AP) LIMITED
REPORT OF THE DIRECTORS

The directors of Liberty Living (AP) Limited (the "company") present their report and the audited financial statements for the year ended 31 August 2007

PRINCIPAL ACTIVITIES

The principal activity of the company is that of property investment

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

A more detailed review of business is set out in the consolidated accounts of Liberty Living UK Limited

DIVIDENDS

The directors approved the payment of a dividend for 2007 of £9,500,000 (2006 £4,520,000)

DIRECTORS

The directors who served during the period were

R M Boyland	(appointed 8 November 2007)
J Holmes	
J A Rose	(appointed 8 November 2007)
C L Curry	(resigned 8 November 2007)
C H Marshall	(resigned 8 November 2007)

The directors holding office at 31 August 2007 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 31 August 2007

FINANCIAL INSTRUMENTS

Disclosures regarding risks associated with financial instruments are disclosed in the consolidated accounts of Liberty Living UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- follow applicable United Kingdom accounting standards, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

LIBERTY LIVING (AP) LIMITED

REPORT OF THE DIRECTORS - continued

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

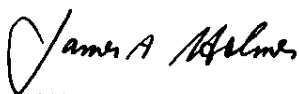
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Deloitte & Touche, were reappointed during the year, and have expressed their willingness to remain in office

APPROVAL

The report of the directors was approved by the Board on ~~31 JANUARY~~ 2008 and signed on its behalf by



J Holmes
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERTY LIVING (AP) LIMITED

We have audited the financial statements of Liberty Living (AP) Limited for the year ended 31 August 2007 on pages six to fourteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' 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 members 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (United Kingdom and Ireland).

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 report of the directors 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 report to you whether in our opinion the information given in the report of the directors is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) 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.

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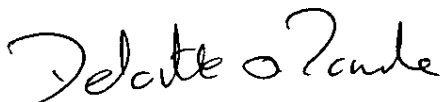
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LIBERTY LIVING (AP) LIMITED**

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Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the report of the directors is consistent with the financial statements



Deloitte & Touche

Chartered Accountants and Registered Auditors

Date 29/2/08
Dublin

LIBERTY LIVING (AP) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	Year ended 31/08/2007 £'000	Period ended 31/08/2006 £'000
TURNOVER		1,076	1,175
Cost of sales		<u>-</u>	<u>(371)</u>
GROSS PROFIT		1,076	804
Administrative expenses		<u>(86)</u>	<u>(308)</u>
		990	496
Other operating income		<u>74</u>	<u>49</u>
OPERATING PROFIT	3	1,064	545
(Loss) / profit on disposal of investments		<u>(279)</u>	<u>2,054</u>
Interest payable and similar charges	4	<u>(1,470)</u>	<u>(1,642)</u>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(685)	957
Tax (charge) / credit on profit on ordinary activities	5	<u>(47)</u>	<u>454</u>
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR/ PERIOD AFTER TAXATION		<u>(732)</u>	<u>1,411</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

The notes form part of these financial statements

LIBERTY LIVING (AP) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2007**

		Year ended 31/08/2007 £'000	Period ended 31/08/2006 £'000
	Notes		
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR/ PERIOD		(732)	1,411
Revaluation of investment property	7	<u>5,050</u>	<u>(823)</u>
TOTAL RECOGNISED GAINS RELATING TO THE YEAR/ PERIOD		<u>4,318</u>	<u>588</u>

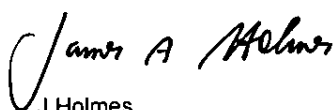
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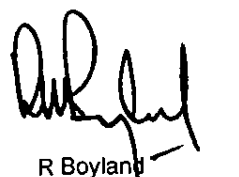
LIBERTY LIVING (AP) LIMITED

BALANCE SHEET
AS AT 31 AUGUST 2007

		As at 31/08/2007		As at 31/08/2006	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investment property	7		33,600		28,550
Investment in subsidiaries	8		102		3
Other fixed assets			13		19
			<u>33,715</u>		<u>28,572</u>
CURRENT ASSETS					
Debtors	9	118,459		99,446	
CREDITORS					
Amounts falling due within one year	10	(10,380)		(2,323)	
Bank overdraft		<u>(4,174)</u>		<u>(5,401)</u>	
		(14,554)		(7,724)	
NET CURRENT ASSETS			<u>103,905</u>		<u>91,722</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			137,620		120,294
CREDITORS					
Amounts falling due after more than one year	11		(117,251)		(105,789)
Provisions for liabilities	12		<u>(269)</u>		<u>-</u>
NET ASSETS			<u>20,100</u>		<u>14,505</u>
RESERVES					
Called up share capital	13		100		1
Share premium account	14		5,492		5,492
Profit and loss account	14		(598)		(1,044)
Investment revaluation reserve	14		<u>15,106</u>		<u>10,056</u>
EQUITY SHAREHOLDERS' FUNDS	18		<u>20,100</u>		<u>14,505</u>

The financial statements were approved by the Board of Directors on 31 JANUARY 2008 and were signed on its behalf by


J Holmes
Director


R Boyland
Director

The notes form part of these financial statements

LIBERTY LIVING (AP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007

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, and 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

Exemption from preparing consolidated financial statements

The financial statements contain information about Liberty Living (AP) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228A of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Liberty Living UK Limited, a company registered in England and Wales

Investment properties

In accordance with SSAP19 investment properties are included in the balance sheet at an open market value. The surplus or deficit of such value over cost is transferred to the revaluation reserve. Properties are revalued annually by external 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.

Investments

Investments in subsidiary companies are carried at cost.

Capitalisation of interest

Until 15 May 2006, interest on borrowings to finance the construction of properties held as tangible fixed assets was capitalised. Interest was 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 was considered separately when capitalising interest. Since 15 May 2006, such interest has been charged to the profit and loss account.

Turnover

Turnover comprises gross rental income receivable for the accounting period, excluding VAT and intra-group transactions.

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.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is ultimately a subsidiary undertaking of Liberty Living UK Limited which publishes a consolidated cash flow statement.

2 STAFF COSTS

The company has no employees other than its directors, none of whom were remunerated for their services in the period.

3 OPERATING PROFIT

Operating profit is stated after charging audit fees of £3,500. In 2006 these fees were borne by the parent company.

LIBERTY LIVING (AP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2007

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31/08/2007	Period ended 31/08/2006
	£'000	£'000
Interest receivable	7,207	1,984
Interest payable	(8,110)	(3,534)
Less bank interest payable	<u>(567)</u>	<u>(92)</u>
	<u>(1,470)</u>	<u>(1,642)</u>

5 TAXATION

Analysis of the tax charge/ (credit)

The tax charge/ (credit) on the (loss)/ profit on ordinary activities for the year / period was as follows

	Year ended 31/08/2007	Period ended 31/08/2006
	£'000	£'000
Current tax on income for the year / period	269	161
Deferred tax	<u>(222)</u>	<u>(615)</u>
Tax charge/ (credit) on profit on ordinary activities	<u>47</u>	<u>(454)</u>

Factors affecting the tax charge/ (credit)

	Year ended 31/08/2007	Period ended 31/08/2006
	£'000	£'000
(Loss)/ profit on ordinary activities before tax	<u>(685)</u>	<u>957</u>
(Loss)/ profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(206)	287
Effects of		
Expenditure not tax deductible	52	(35)
Short term timing differences reflected in deferred tax	978	(615)
Group relief	<u>(777)</u>	<u>(91)</u>
Current tax charge/ (credit)	<u>47</u>	<u>(454)</u>

6 DIVIDENDS

	Year ended 31/08/2007	Period ended 31/08/2006
	£'000	£'000
Ordinary shares of £1 each - interim dividend paid	<u>9,500</u>	<u>4,520</u>

LIBERTY LIVING (AP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2007**

7 INVESTMENT PROPERTY

	Total £'000
COST OR VALUATION	
At 1 September 2006	28,550
Additions	-
Revaluations	<u>5,050</u>
At 31 August 2007	<u>33,600</u>
NET BOOK VALUE	
At 31 August 2007	<u>33,600</u>
At 31 August 2006	<u>28,550</u>

The historic cost of investment property at 31 August 2007 was £18 49m (31 August 2006 £18 49m)

Fully operational investment properties were valued at £33 6m at 31 August 2007 by Lambert Smith Hampton, 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 is £0 2m of capitalised interest (2006 £0 2m) The interest was paid on specific borrowings linked to LIBOR

8 INVESTMENT IN SUBSIDIARIES

Company	2007 £,000	2006 £,000
At 1 September 2006	3	3
Intra-group loans capitalised	<u>99</u>	<u>-</u>
At 31 August 2007	<u>102</u>	<u>3</u>

Subsidiaries	Interest	Nature of business
Liberty Living (Atlantic Point) Limited	100%	Property letting and management
Liberty Living (MP) Limited	100%	Property investment
Liberty Living (Mill Point) Limited	100%	Property letting and management
Liberty Living (CP) Limited	100%	Property investment
Liberty Living (Cambrian Point) Limited *	100%	Property letting and management
Liberty Living (QP1) Limited	100%	Property investment
Liberty Living (Quay Point) Limited	100%	Property letting and management
Liberty Living (QP) Limited *	100%	Property investment
Liberty Living (SP) Limited	100%	Property investment
Liberty Living (Severn Point) Limited	100%	Property letting and management
Liberty Living (PP) Limited	100%	Property investment
Liberty Living (Prospect Point) Limited *	100%	Property letting and management
Liberty Living (TP) Limited	100%	Property investment
Liberty Living (Trinity Point) Limited	100%	Property letting and management

All subsidiaries are directly held except as noted by *

LIBERTY LIVING (AP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2007**

9 DEBTORS

	2007	2006
	£'000	£'000
Trade debtors	11	-
Amounts due from group undertakings	118,179	97,547
Deferred taxation	269	47
Other debtors and accrued income	-	1,852
	<u>118,459</u>	<u>99,446</u>

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Trade creditors	16	41
Amounts owed to group undertakings	10,218	-
Accruals and deferred income	146	2,282
	<u>10,380</u>	<u>2,323</u>

11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£'000	£'000
Amounts owed to group undertakings	114,095	102,490
Deferred income	3,156	3,299
	<u>117,251</u>	<u>105,789</u>

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

12 PROVISIONS FOR LIABILITIES AND CHARGES

	2007	2006
	£'000	£'000
Taxation (calculated at 30%)		
At 1 January	-	407
Corporation tax charge in year / period	269	-
Deferred tax transferred to profit and loss account in the year / period	-	(454)
Deferred tax transferred to debtors in the year / period	-	47
Liability at 31 August	<u>269</u>	<u>-</u>
Analysed as		
Taxation on ordinary activities	269	-
Accelerated capital allowances	-	584
Tax losses carried forward	-	(631)
Amounts included in debtors (note 9)	-	47
	<u>269</u>	<u>-</u>

LIBERTY LIVING (AP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2007**

13 SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £ <u>1,000,000</u>	2006 £ <u>1,000,000</u>
1,000,000	Ordinary shares			
Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £ <u>100,000</u>	2006 £ <u>1,436</u>
100,000	Ordinary shares			

On the 19 March 99,564 Ordinary shares of £1 each were allotted. Amounts receivable for issue of these shares are shown within debtors at the balance sheet date.

14 RESERVES

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Totals £'000
At 1 September 2006	5,492	10,056	(1,044)	14,504
Loss for the year	-	-	(732)	(732)
Equity dividends payable	-	-	(9,500)	(9,500)
Equity dividends receivable	-	-	10,678	10,678
Revaluation in the period	-	5,050	-	5,050
At 31 August 2007	5,492	15,106	(598)	20,000

15 ULTIMATE CONTROLLING PARTIES

The company's intermediate parent is Liberty Living Properties Limited ("LLPL"). The group comprises LLPL and its subsidiaries. LLPL is a company registered in the British Virgin Islands, whose ultimate ownership is as follows:

Company	Country of incorporation
Brandeaux Student Accommodation Fund Limited	British Virgin Islands
Student Success Limited	Isle of Man
Brandeaux Sterling Fund Limited	British Virgin Islands
Brandeaux US Dollar Fund Limited	British Virgin Islands
Brandeaux Euro Fund Limited	British Virgin Islands

16 OTHER FINANCIAL COMMITMENTS

The company is party to a guarantee for a bank loan facility of £200,000,000 made to LLPL. The company's assets including investment property are used as security for this facility. As at 31 August 2007 the facility was drawn by the group to the amount of £135,843,484.

LIBERTY LIVING (AP) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2007**

17 RELATED PARTY DISCLOSURES

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 ultimately a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements. Other related party transactions comprise an accrual of £37,000 for administrative management fees payable to Liberty Living Properties Limited.

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£'000	£'000
(Loss)/ Profit for the financial year/ period	(732)	1,411
Other recognised gains and losses relating to the year / period (net)	<u>5,050</u>	<u>(823)</u>
Total recognised gains and losses	4,318	588
Dividends payable	(9,500)	(4,520)
Dividend receivable	10,678	4,515
Share issue	<u>99</u>	<u>-</u>
Net addition to shareholders' funds	5,595	583
Opening shareholders' funds	<u>14,505</u>	<u>13,922</u>
Closing shareholders' funds	<u>20,100</u>	<u>14,505</u>