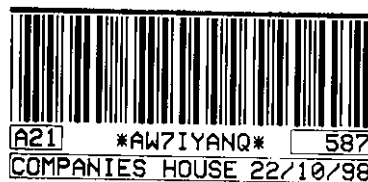


CADOGAN DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1997



CADOGAN DEVELOPMENTS LIMITED**31 DECEMBER 1997**

Directors: The Earl Cadogan D.L.

S A Corbyn

Secretary: J L Treves

Registered Office: 18 Cadogan Gardens
London SW3 2RP

Registered number: 784866

CADOGAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 1997.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company continues to be that of property development.

ACCOUNTS AND DIVIDENDS

The accounts show a profit for the year attributable to shareholders of £241,354. The directors recommend the payment of a dividend of £241,000.

DIRECTORS

The directors listed on page 1 held office throughout the year under review. In addition the Seventh Earl Cadogan was a director until his death on 4 July 1997.

None of the directors has any beneficial interest in the shares of the company. The interests of The Eighth Earl Cadogan in the shares of the holding company, Cadogan Group Limited and its subsidiaries, are shown in the accounts of that company.

THE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE COMPANY'S ACCOUNTS

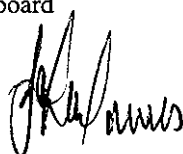
The directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the result for the year. The directors consider that, in preparing the accounts which accompany this report, the company has used appropriate accounting policies, and that all accounting standards which they believe to be applicable have been followed. They further consider that these accounting policies have been consistently applied and are supported by reasonable and prudent judgements and estimates.

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the company's assets and to prevent and detect fraud and other irregularities.

By order of the board

J L Treves
Secretary



31 July 1998

REPORT OF THE AUDITORS
TO THE MEMBERS OF CADOGAN DEVELOPMENTS LIMITED

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

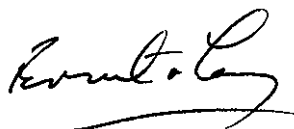
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered auditor
London

31 July 1998

CADOGAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

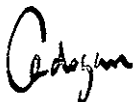

	Note	1997 £	1996 £
RENTS RECEIVABLE		463,521	471,727
Property expenses		108,732	62,771
Net rents receivable		354,789	408,956
Other property income		4,562	342
Administrative expenses		(3,319)	(3,318)
NET OPERATING INCOME		356,032	405,980
Interest receivable		2	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	356,034	405,982
Tax on profit on ordinary activities	4	114,680	134,049
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		241,354	271,933
Proposed dividend		241,000	271,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		354	933
Balance brought forward		78,561	77,628
Balance at 31 December 1997		<u><u>£78,915</u></u>	<u><u>£78,561</u></u>

RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses other than the profit attributable to shareholders of the company of £241,354 in the year ended 31 December 1997 and £271,933 in the year ended 31 December 1996.

CADOGAN DEVELOPMENTS LIMITED

BALANCE SHEET 31 DECEMBER 1997

	Note	1997 £	1996 £
CURRENT ASSETS			
Leasehold properties		430,983	430,983
Debtors		17,818	17,875
Amount owed by parent undertaking		-	35,400
Cash at bank		70	457
		<u>448,871</u>	<u>484,715</u>
CREDITORS - amounts falling due within one year			
Other creditors		3,575	3,878
Amount owed to parent undertaking		13,192	-
Taxation		112,089	131,176
Dividend		241,000	271,000
		<u>369,856</u>	<u>406,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£79,015</u>	<u>£78,661</u>
CAPITAL AND RESERVESS			
Called-up share capital	5	100	100
Profit and loss account		78,915	78,561
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 60%;"> <p>The Earl Cadogan - Director </p> <p>S A Corbyn - Director </p> <p>31 July 1998</p> </div> <div style="width: 35%; text-align: right;"> <p>6</p> </div> </div>			
	6	<u>£79,015</u>	<u>£78,661</u>

CADOGAN DEVELOPMENTS LIMITED

NOTES ON THE ACCOUNTS 31 DECEMBER 1997

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared in accordance with all applicable accounting standards and under the historical cost convention.

(b) Leasehold properties

Leasehold properties are included at the lower of cost and net realisable value.

2 EMOLUMENTS OF DIRECTORS

The directors received no remuneration during the year (1996 - nil).

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging:

	1997 £	1996 £
Auditors' remuneration		
As auditors	1,292	1,292
Other services	2,000	2,000
	<hr/>	<hr/>

4 TAXATION

Provision has been made for corporation tax at current rates on the assessable profit for the year. The taxation charge in the profit and loss account comprises:

	1997 £	1996 £
Corporation tax	112,107	133,946
Adjustment in respect of previous year	2,573	103
	<hr/>	<hr/>
	£114,680	£134,049
	<hr/>	<hr/>

The company is a close company.

CADOGAN DEVELOPMENTS LIMITED

NOTES ON THE ACCOUNTS 31 DECEMBER 1997

5 CALLED-UP SHARE CAPITAL

	1997	1996
Ordinary shares of £1 each Authorised	£250,000	£250,000
	<hr/>	<hr/>
Allotted and fully paid	£100	£100
	<hr/>	<hr/>

6 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit attributable to members	241,354	271,933
Dividend	241,000	271,000
	<hr/>	<hr/>
Net additions to shareholders' funds	354	933
Opening shareholders' funds	78,661	77,728
	<hr/>	<hr/>
Closing shareholders' funds	£79,015	£78,661
	<hr/>	<hr/>

7 ULTIMATE HOLDING COMPANY

The holding company for all operational purposes is Cadogan Group Limited and the ultimate holding company is Cadogan Settled Estates Limited, both of which are registered in England and Wales.

The ultimate ownership of Cadogan Settled Estates Limited is vested in The Eighth Earl Cadogan's 6 December 1961 Settlement.

Group accounts are prepared by Cadogan Settled Estates Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.