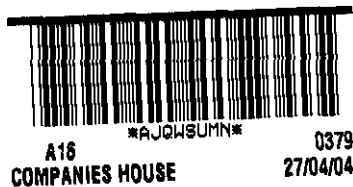


CREST NICHOLSON (SOUTH WEST) LIMITED
(formerly Crest Nicholson Residential (South West) Limited)

DIRECTORS' REPORT AND ACCOUNTS

31st OCTOBER 2003



CREST NICHOLSON (SOUTH WEST) LIMITEDREPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and Balance Sheet for the year ended 31st October 2003.

Principal Activities and Business Review

The Company did not trade during the year but acted as an undisclosed agent of Crest Nicholson Operations Limited.

Change of Name

On 1st May 2003 the Company changed its name from Crest Nicholson Residential (South West) Limited to Crest Nicholson (South West) Limited.

Directors

The Directors during the year were:

Mr S Usher	
Mr J C Fry	
Mr J Gatehouse	
Mr P Talbot	(Resigned 1 st April 2003)
Mr S Stone	
Mr L T J Clarke	
Ms L Kendrick	
Mr P Calcutt	
Mr J W H Schofield	(Appointed 1 st April 2003)
Mr S J Mogford	(Appointed 22 nd October 2003)

In accordance with the Articles of Association, Mr J W H Schofield and Mr S J Mogford retire and, being eligible, offer themselves for re-election.

Mr S Stone and Mr L T J Clarke retire from the Board by rotation and, being eligible, offer themselves for re-election.

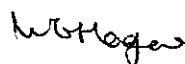
The Directors have no interest in the share capital of the Company. Their interests in the share capital of the ultimate parent company, Crest Nicholson PLC, are none except as disclosed in the Report and Accounts of that company or as shown below:

<u>Beneficial</u>	<u>31st October 2003</u>		<u>1st November 2002</u> <u>or on appointment</u>	
	<u>Ordinary</u>	<u>Preference</u>	<u>Ordinary</u>	<u>Preference</u>
J C Fry	58	-	3,900	-
J Gatehouse	3,897	-	3,897	-
J W H Schofield	13	-	-	-
S J Mogford	70,925	2,006	70,925	2,006

Auditors

In accordance with the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



W G Hague
Secretary

Crest House
39 Thames Street
Weybridge
Surrey KT13 8JL

29th January 2004

CREST NICHOLSON (SOUTH WEST) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law 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 of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CREST NICHOLSON (SOUTH WEST) LIMITED

(formerly Crest Nicholson Residential (South West) Limited)

We have audited the financial statements on pages 3 and 4.

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 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 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 are responsible for preparing the directors' report and, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 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 the Company's affairs as at 31st October 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

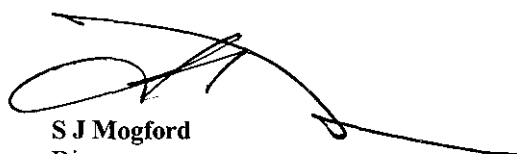
LONDON
29th January 2004

KPMG Audit Plc
KPMG Audit Plc
 Chartered Accountants
 Registered Auditor

CREST NICHOLSON (SOUTH WEST) LIMITED**BALANCE SHEET AS AT 31st OCTOBER 2003**

	Note	<u>2003</u> £	<u>2002</u> £
CURRENT ASSETS			
Debtors			
Amounts owed by Group undertakings		94,820,759	96,414,943
Creditors: amounts falling due within one year	3	(58,173,759)	(34,503,943)
NET CURRENT ASSETS		<u>36,647,000</u>	<u>61,911,000</u>
Creditors: amounts falling due after more than one year	3	(36,642,000)	(61,906,000)
		<u>5,000</u>	<u>5,000</u>
CAPITAL AND RESERVES			
Share Capital			
Authorised		<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid			
Ordinary Shares of £1 each		<u>5,000</u>	<u>5,000</u>

Approved by the Board of Directors and signed on its behalf on 29th January 2004



S J Mogford
Director

The notes set out on page 4 form part of these accounts.

CREST NICHOLSON (SOUTH WEST) LIMITED**NOTES TO THE ACCOUNTS**1. Accounting Policy - Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Under Financial Reporting Standard 8 the Company is exempt from the requirement to disclose related party transactions with Crest Nicholson PLC and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary undertaking of Crest Nicholson PLC.

2. Profit and Loss Account

The company did not trade during the year and consequently no profit and loss account has been prepared.

3. Creditors

	<u>2003</u>	<u>2002</u>
	£	£
<u>Amounts falling due within one year</u>		
Trade creditors	43,867,354	26,171,815
Other creditors	3,536,356	2,971,144
Accruals	10,770,049	5,360,984
	<u>58,173,759</u>	<u>34,503,943</u>
<u>Amounts falling due after more than one year</u>		
Trade creditors	36,642,000	61,906,000
	<u>36,642,000</u>	<u>61,906,000</u>

The above creditors are liabilities incurred on behalf of Crest Nicholson Operations Limited and are recoverable from that company.

4. Parent Company

The ultimate parent company is Crest Nicholson PLC which is incorporated in Great Britain and registered in England and Wales. Copies of its Group accounts can be obtained from the Company's registered office which is shown in the Directors' Report.