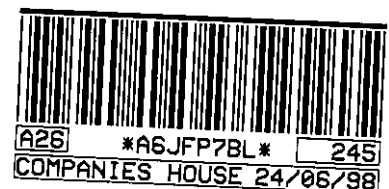


ING PROPERTY SERVICES (UK) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1997**

Registered No. 2892264



ING PROPERTY SERVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 1997**

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ING PROPERTY SERVICES (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

F.A.B. Bailey	(resigned 27 February 1998)
J.J. Longden	
C.J. Steane	
A.B. Swann	(resigned 31 October 1997)
T.R. Bates	(appointed 31 October 1997)
O. van den Broek	(appointed 31 October 1997)

SECRETARY

J.L. Bolton	(resigned 27 March 1998)
A.N. Marsh	(appointed 27 March 1998)

REGISTERED OFFICE

60 London Wall
London
EC2M 5TQ

AUDITORS

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

ING PROPERTY SERVICES (UK) LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 1997**

The directors present their report and the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of leasing.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1996 : £621,000).

The retained profit for the financial year of £8,048 (1996 : loss £5,863) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who all held office during the year are listed on page 1 of these financial statements.

The following directors resigned in the year:

A B Swann resigned on 31 October 1997.

F A B Bailey resigned on 27 February 1998.

On the 31 October 1997 the following directors were appointed:

Terence Ralph Bates.

Onno van den Broek.

None of the directors held any disclosable interest (either directly or indirectly) in the shares of the company or in any other group company at 1 January 1997 or at 31 December 1997.

There has been no change in the interests set out above between 31 December 1997 and the date of signing of this report.

ING PROPERTY SERVICES (UK) LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 1997**

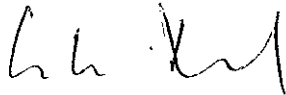
DIRECTORS' RESPONSIBILITIES

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 of the company for that period. In preparing these financial statements, the directors have:

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

The directors are responsible for maintaining 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.

Approved by the Board of Directors
and signed on behalf of the Board



A.N. Marsh
Secretary

18 June 1998

ING PROPERTY SERVICES (UK) LIMITED

AUDITORS' REPORT TO THE MEMBERS OF ING PROPERTY SERVICES (UK) LIMITED

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described in the report of the directors on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgments 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 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
London

Date *18 June* 1998

ING PROPERTY SERVICES (UK) LIMITED

PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
INCOME	2	495,617	447,254
Administrative expenses		(1,000)	-
OPERATING PROFIT		<u>494,617</u>	<u>447,254</u>
Interest payable and similar charges		(552,524)	(441,385)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		<u>(57,907)</u>	<u>5,869</u>
Exceptional items	4	-	1,592,028
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(57,907)</u>	<u>1,597,897</u>
Tax on (loss)/profit on ordinary activities	5	65,955	(982,760)
PROFIT FOR THE FINANCIAL YEAR		<u>8,048</u>	<u>615,137</u>
Dividend paid		-	(621,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	11	<u>8,048</u>	<u>(5,863)</u>

All operations in the year and the comparative year were continuing.

There are no recognized gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

The notes on pages 8 to 12 form an integral part of these financial statements.

ING PROPERTY SERVICES (UK) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
Profit for the financial year		8,048	615,137
Dividend paid		-	(621,000)
Net additions to/ (reduction in) shareholders' funds	11	8,048	(5,863)
Opening shareholders' funds		4,333	10,196
Closing shareholders' funds		12,381	4,333

The notes on pages 8 to 12 form an integral part of these financial statements.

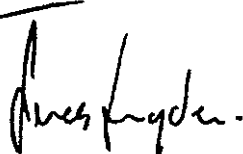
ING PROPERTY SERVICES (UK) LIMITED

BALANCE SHEET **AT 31 DECEMBER 1997**

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	2,492,474	4,383,124
Debtors: amounts falling due after more than one year	7	5,383,889	6,964,607
		<u>7,876,363</u>	<u>11,347,731</u>
CREDITORS: amounts falling due within one year	8	<u>(7,209,332)</u>	<u>(10,526,433)</u>
NET CURRENT ASSETS		667,031	821,298
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation	9	<u>(654,650)</u>	<u>(816,965)</u>
NET ASSETS		<u>12,381</u>	<u>4,333</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	<u>12,281</u>	<u>4,233</u>
EQUITY SHAREHOLDERS' FUNDS		<u>12,381</u>	<u>4,333</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

The accounts were approved by the Board of Directors on 18 June 1998.
Signed on behalf of the Board of Directors.



J.J. Longden
Director

ING PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 1997**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Finance leases

Where assets are purchased and subsequently leased under finance leases, the net investment in the lease is shown as a debtor split between debtors due within one year and debtors falling due after more than one year. The net investment in the lease is equal to the lease rentals receivable over the remaining part of the lease term less gross earnings allocated to future periods.

Finance lease income

Aggregate gross earnings from each finance lease, representing the total lease rentals receivable over the period of the lease less the cost of the leased asset less any grants receivable, are allocated to accounting periods so that the after tax profits from the lease are at a constant rate of return on the net cash investment in the lease.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences where, in the opinion of the directors, a taxation liability or asset will arise in the foreseeable future. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallize.

Cashflow statement

Under FRS 1, the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary of ING Bank N.V., and its cash flows are included in the consolidated cashflow statement of that company.

Related party transactions

Under paragraph 3(c) of FRS 8 the company is exempted from making the related party disclosures required by that standard in respect of entities within the ING Groep. This is because more than 90% of the company's voting rights are controlled by that group, and consolidated accounts for ING Groep N.V., which include the company, are publicly available.

ING PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

2. INCOME

	1997 £	1996 £
Gross earnings from finance leases	<u>495,617</u>	<u>447,254</u>
Aggregate rentals receivable under finance leases	<u>2,727,941</u>	<u>746,603</u>

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit services	1,000	-
Interest payable	<u>552,524</u>	<u>441,385</u>

The emoluments of the directors are paid and borne by a fellow subsidiary. The directors' services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the fellow subsidiary company. Accordingly, no emoluments have been included here in respect of the directors.

No employees are employed by ING Property Services (UK) Limited.

4. EXCEPTIONAL ITEMS

	1996 £
Settlement payment on termination of lease agreement	7,356,076
Proceeds received on termination of lease agreement	77,471
Less: carrying value of finance lease receivables	<u>(5,841,519)</u>
	<u>1,592,028</u>

The termination payment was in respect of lease agreements with ING Bank London branch, which were terminated in September 1996. The payment covered all future rentals receivable, with an applicable discount for early payment.

ING PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 1997**

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax / group relief at 31.5% (1996 : 33%)	96,360	165,795
Deferred taxation	<u>(162,315)</u>	<u>816,965</u>
	<u>(65,955)</u>	<u>982,760</u>

The deferred tax balance has been adjusted to 31% to take account of the reduction in the tax rate. The effect of this has been a credit of £75,000.

6. ASSETS HELD FOR LEASING

	1997 £	1996 £
Cost of assets acquired for letting under finance leases	<u>-</u>	<u>9,965,051</u>

7. DEBTORS

	1997 £	1996 £
Amounts falling due within one year:		
Finance lease receivables	2,333,225	2,984,831
VAT receivables	3,999	1,398,293
ACT recoverable	<u>155,250</u>	<u>-</u>
	2,492,474	4,383,124
Amounts falling due after more than one year:		
Finance lease receivables	<u>5,383,889</u>	<u>6,964,607</u>
	<u>7,876,363</u>	<u>11,347,731</u>

The total net investment in finance leases is £7,717,114 (1996 : £9,949,438).

8. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Net amounts due to group companies	4,707,555	8,434,901
Corporation tax payable	96,360	165,795
ACT payable	155,250	-
Accruals and deferred income	<u>2,250,167</u>	<u>1,925,737</u>
	<u>7,209,332</u>	<u>10,526,433</u>

ING PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

9. DEFERRED TAXATION

	1997 £	1996 £
Provided in full:		
At 1 January	816,965	-
(Credit)/Charge for period	(162,315)	816,965
At 31 December	<u>654,650</u>	<u>816,965</u>

The deferred taxation arises from accelerated capital allowances.

10. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
At 1 January	4,233	10,096
Retained profit/(loss) for the financial year	8,048	(5,863)
At 31 December	<u>12,281</u>	<u>4,233</u>

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments as at 31 December 1997 (1996 : £Nil).

ING PROPERTY SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 1997**

13. ULTIMATE HOLDING COMPANY

The directors regard ING Groep N.V., a company incorporated in the Netherlands as the ultimate holding company.

ING Groep N.V. is the ultimate undertaking preparing financial statements which include, by way of consolidation, the financial statements of ING Property Services (UK) Limited.

Copies of the consolidated financial statements may be obtained from the secretary, ING Groep N.V., Strawinskylaan 2631, 1077 ZZ Amsterdam, The Netherlands.