

Registered Number: 04641388

**Kensington (General Partner) Limited
(formerly Hillgate (358) Limited)**

Report and Financial Statements

Period ended 31 July 2003



KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Annual report and financial statements for the period ended 31 July 2003

Contents

Page

1	Report of the directors
3	Report of the independent auditors
4	Profit and loss account
5	Balance sheet
6	Notes to the financial statements

Directors

P D Roscrow
C V Reader
S R C Taylor
J M Gain
M J Dinnes
D M Tandy

Secretary and registered office

J M Gain
10 Crown Place
London
EC2A 4FT

Auditors

Deloitte & Touche LLP
London

Company Registration No.

04641388

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Report of the directors for the period ended 31 July 2003

The directors present their annual report and financial statements of the company for the period ended 31 July 2003. The company was incorporated on 20 January 2003 as Hillgate (358) Limited. It changed its name to Kensington (General Partner) Limited on 17 February 2003.

Results and dividends

The company received no income and incurred no expenses during the period.

The directors do not recommend payment of a dividend for the period.

Principal activity

The company is the General Partner of The Third Special Land Opportunities Fund LP.

Directors

The directors of the company throughout the period, except as noted, were:-

P D Roscrow (appointed on 11 February 2003)
C V Reader (appointed on 21 March 2003)
S R C Taylor (appointed on 11 February 2003)
J M Gain (appointed on 11 February 2003)
M J Dinnes (appointed on 11 February 2003)
D M Tandy (appointed on 10 February 2003)

No director holds any interest in the issued share capital of the company or other group companies. P D Roscrow, C V Reader and J M Gain are directors of Close Brothers Investment Limited. Kensington (General Partner) Limited (formerly Hillgate (358) Limited) has an authorised share capital of £1,000 divided into 500 A shares of £1 each and 500 B shares of £1 each.

The A shares have been issued and fully paid as to 250 A shares to Close Brothers Investment Limited and 250 A shares to Shepherd Development Company Limited. They carry only voting rights with no rights to dividends and with no rights to receive distributions in excess of the amount paid up on the shares upon a winding up.

The B shares carry no voting rights but have the right to receive all dividends and to receive all distributions in excess of the amount paid up on the shares upon a winding up. All 500 B shares have been issued fully paid to Close Brothers Investment Limited.

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Report of the directors for the period ended 31 July 2003 (continued)

Directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

A resolution for the re-appointment of Deloitte & Touche LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



J M Gain
Secretary

25 September 2003

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Independent auditors' report to the members of Kensington (General Partner) Limited

We have audited the financial statements of Kensington (General Partner) Limited (formerly Hillgate (358) Limited) for the period from the date of incorporation on 20 January 2003 to 31 July 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 6. 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 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

As described in the statement of directors' responsibilities, the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 Directors' Report for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

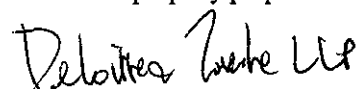
Basis of audit opinion

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 the company's affairs as at 31 July 2003 and of its result for the period from the date of incorporation on 20 January 2003 to 31 July 2003 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
25 September 2003

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Profit and loss account for the period ended 31 July 2003

	Note	2003 £
Share of profit for the period from The Third Special Land Opportunities Fund LP		<u>-</u>
Retained surplus for the period		<u>-</u>

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Balance sheet at 31 July 2003

	Note	2003 £
Current assets		
Debtors	2	<u>1,000</u>
Total assets less current liabilities		<u>1,000</u>
Capital and reserves		
Called up share capital	3	1,000
Profit and loss account		—
Equity shareholders' funds		<u>1,000</u>

These financial statements were approved by the board on 25 September 2003.

.....
Director



KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Notes to the financial statements for the period ended 31 July 2003

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost basis and in accordance with applicable United Kingdom accounting standards.

(b) Turnover

Turnover will be derived from any excess profit from The Third Special Land Opportunities Fund LP, in accordance with the Limited Partnership Agreement, dated 11 April 2003.

(c) The directors receive no remuneration for services provided and the company has no employees.

2. Debtors

	2003
	£
Amounts due from group undertakings	750
Amounts due from other investors	<u>250</u>
	<u>1,000</u>

3. Share capital

	Number	2003
		£
Ordinary £1 shares		
Authorised 'A' shares	500	500
Issued and fully paid	<u>500</u>	<u>500</u>
Authorised 'B' shares	500	500
Issued and fully paid	<u>500</u>	<u>500</u>

Kensington (General Partner) Limited (formerly Hillgate (358) Limited) was incorporated on the 20 January 2003 as a private limited company and has an authorised share capital of £1,000 divided into 500 A shares of £1 each and 500 B shares of £1 each.

The A shares have been issued and fully paid as to 250 A shares to Shepherd Development Company Ltd and 250 A shares to Close Brothers Investment Limited. They carry only voting rights with no rights to dividends and with no rights to receive distributions in excess of the amount paid up on the shares upon a winding up.

The B shares carry no voting rights but have the right to receive all dividends and to receive all distributions in excess of the amount paid up on the shares upon a winding up. All 500 B shares have been issued fully paid to Close Brothers Investment Limited. The incentive fee payable to the Property Manager will be paid by way of a dividend from the profit share received by the General Partner.

The company issued one ordinary share of £1 at par on incorporation to provide the company's initial working capital.

KENSINGTON (GENERAL PARTNER) LIMITED
(formerly Hillgate (358) Limited)

Notes to the financial statements for the period ended 31 July 2003

4. Ultimate parent company

The immediate parent company is Close Brothers Investment Limited, a subsidiary of Close Brothers Private Equity Limited, which is the smallest group of undertakings for which group accounts are drawn up. The ultimate parent company, and the largest group of undertakings for which group accounts are drawn up, is Close Brothers Group plc. Close Brothers Group plc, Close Brothers Private Equity Limited and Close Brothers Investment Limited are incorporated in Great Britain and registered in England and Wales and copies of their accounts are available to the public at 10 Crown Place, London EC2A 4FT.

5. Audit fee

The audit fee for the parent company, Close Brothers Investment Limited, was £40,000. No separate audit fee was payable for Kensington (General Partner) Limited (formerly Hillgate (334) Limited).

6. Related party transactions and cash flow reporting

The company's ultimate controlling party is Close Brothers Group plc. The company has taken advantage of the disclosure exemptions permitted by Financial Reporting Standard 8 in regard to transactions with other member companies of the Close Brothers Group plc and Financial Reporting Standard 1 in regard to cash flow reporting. There are no other related party transactions requiring disclosure.