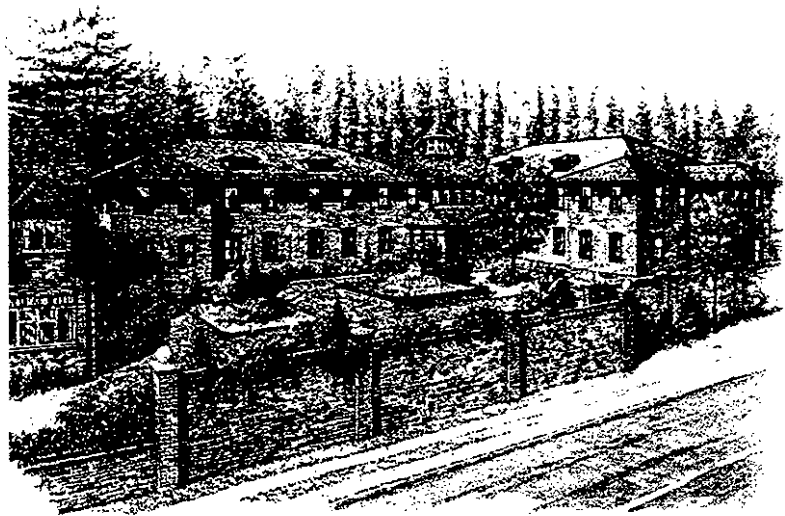


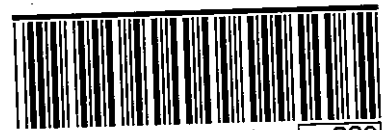
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THE CARDIFF PROPERTY PUBLIC LIMITED COMPANY



Report & Accounts

FOR THE YEAR ENDED
30 September 1997



A15 *ASNJ94L6* 260
COMPANIES HOUSE 18/03/98

A property investment and development company specialising in an area bounded by the western sector of the M25, M3 and M4 motorway network



ABOVE: *The Priory, Burnham, Slough.* FRONT COVER TOP: *Headland House, Woking.* BOTTOM: *Patteson Court, Redhill.*



THE CARDIFF PROPERTY PLC



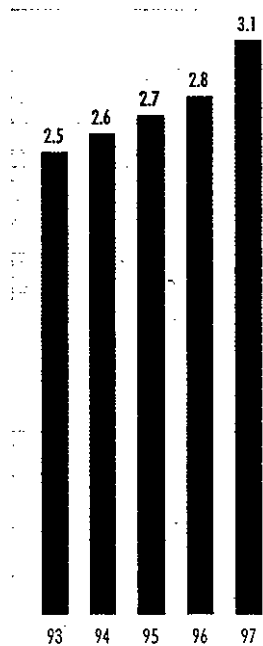
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Financial Highlights

	1997	1996	
NET ASSETS	£10,530,393	£8,759,471	+20%
NET ASSETS PER SHARE	317p	264p	+20%
PROFIT BEFORE TAX	£474,417	£292,533	+62%
EARNINGS PER SHARE – NET	13.7p	7.7p	+78%
DIVIDEND PER SHARE	3.1p	2.85p	+9%
GEARING	50%	32%	

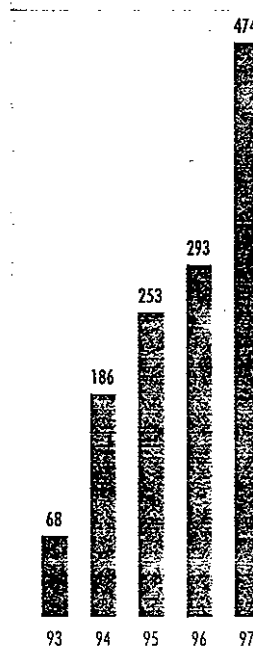
DIVIDENDS PER SHARE
(pence per share)



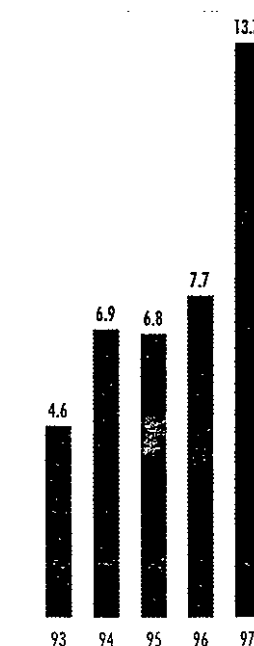
NET ASSET VALUE PER SHARE
(pence per share)



PROFIT BEFORE TAX
(£000's)



EARNINGS PER SHARE
(pence per share)



Locations & Office Rental Growth

Offices & retail:

- Bracknell* Gowring House, 24,000 sq. ft. offices, to be redeveloped, subject to planning.
- Burnham* The Priory, 26,000 sq. ft. head office building recently completed, discussions with prospective tenants taking place.
- Cardiff Post Office sorting centre, 20,000 sq. ft., let to the Royal Mail, negotiations continue with regard to new lease.
- Egham Virginia House, 10,000 sq. ft. gross offices, pre-let to Fairey Group plc.
- Egham The White House, office and retail building, let to a number of prime covenants.
- Hatton Cross Strathclyde House, 3,000 sq. ft. offices let to Bucknall Group plc.
- Redhill Patteson Court, 8,000 sq. ft. offices being refurbished, discussions with prospective tenants taking place.
- Windsor Alexandra Court, 8,000 sq. ft. offices, let to Morganite International Limited.
- Woking* Britannia Wharf, 28,750 sq. ft. gross offices, let to three well known covenants.

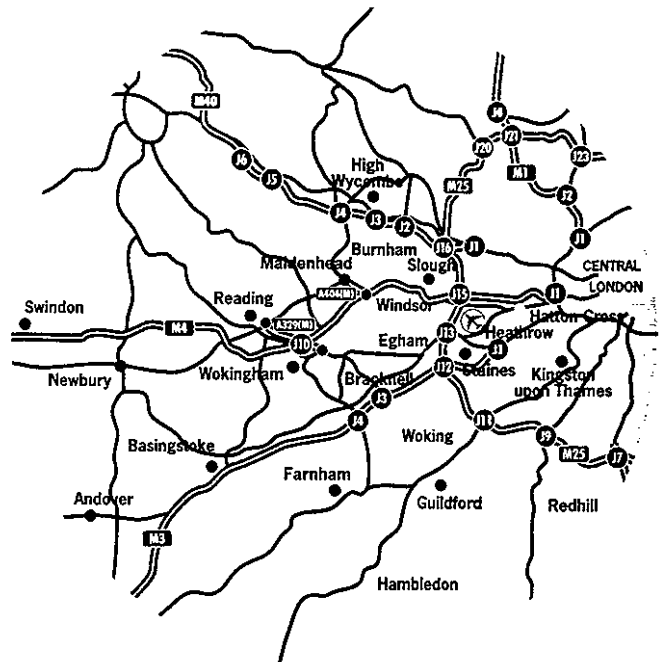
Industrial:

- Bracknell* Brickfield Industrial Park, 35,000 sq. ft. development, expected to complete April 1998.
- Windsor Vansittart, 20,000. sq ft. office and industrial to be redeveloped.

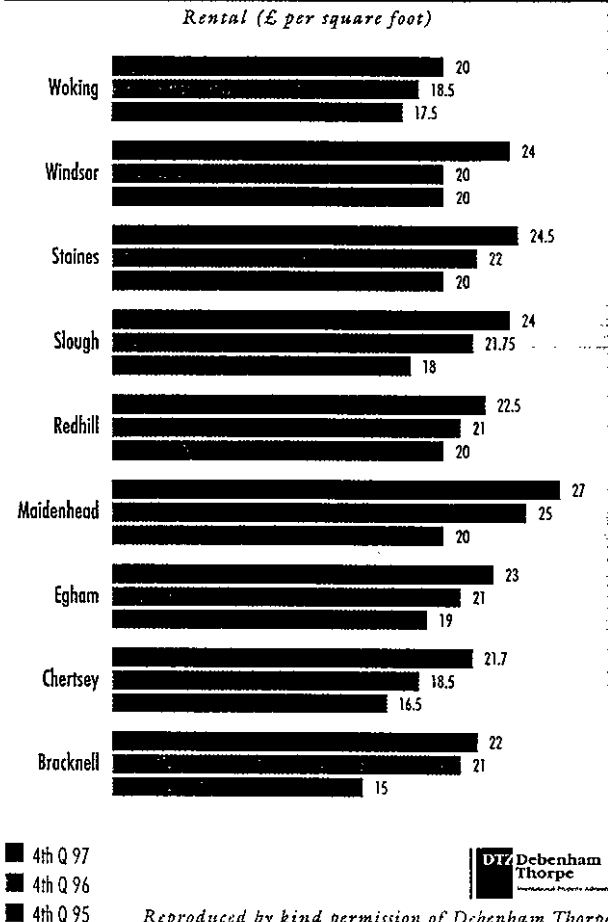
Residential:

- Egham Stopps Court, development of 7 flats, expected to complete October 1998.
- Hambledon Foxbury, development of a 7,000 sq. ft. 7 bedroom house in 7 acres to be commenced in 1998.
- Windsor Clarence Road, development of up to 21 flats, subject to planning.
- Woking Headland House, office building to be redeveloped as executive houses, subject to planning.

*Associated undertaking.



OFFICE RENTAL GROWTH WITHIN THE SOUTH WESTERN SECTOR OF THE M25. TOP QUALITY SPACE



Reproduced by kind permission of Debenham Thorpe

Highlights

Completion of the sale of all residential units at Chiddingfold, Surrey.

Sale of supermarket site and 6 residential units at Pewsey, Wiltshire.

Acquisition of office/residential site at Woking, Surrey.

Acquisition of offices and adjacent site at Redhill, Surrey.

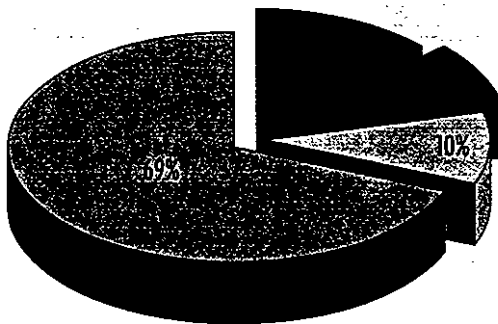
Acquisition of office building at Bracknell, Berkshire producing short term income of £150,000 pa.*

Acquisition of just under one acre site for industrial development at Bracknell, Berkshire.*

Pre-letting to Fairey Group plc of 10,000 sq. ft. gross office development at Egham, Surrey.

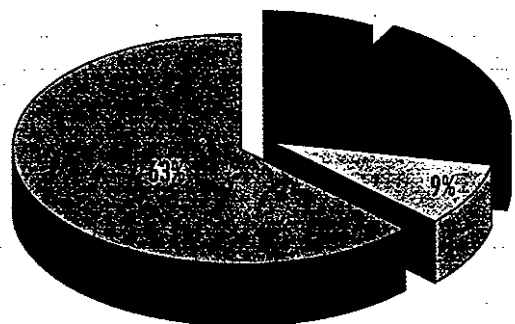
*Associated undertaking.

ANALYSIS OF PROPERTY PORTFOLIO BY CAPITAL VALUE



Office Residential Industrial Retail

ANALYSIS OF PROPERTY PORTFOLIO BY RENTAL INCOME



Office Residential Industrial Retail

Chairman's Statement and Property Review

Dear shareholder,

The Group's development activities have gathered momentum over the year and I am pleased to report further advances together with record profits and a substantial uplift in net assets per share.

For the year to 30 September 1997 pre tax profits for the Group increased by 62% to £474,417 against £292,533 for last year. This figure includes the Group's share of profits from our 47.62% owned associated undertaking, Campmoss Property Company Limited, amounting to £59,147 (1996: £81,288) and profits from the sale of investment property and other investments amounting to £91,569 (1996: £172,409).

Turnover totalled £2.92m (1996: £1.08m) which included gross rental income of £807,304 (1996: £713,403), the sale of houses at Reading (£209,902) and at Pewsey (£716,759) and 3 detached executive houses and 2 remaining cottages at Chiddingfold, Surrey (£1.19m).

After deduction of tax, mainly irrecoverable ACT, the profit attributable to shareholders was £453,046 (1996: £256,034). Earnings per share on a net basis increased by 78% to 13.7p (1996: 7.7p).

Financial

The Group's commercial and residential investment property portfolio, excluding properties contracted for sale at the year end, was valued externally by Healey & Baker and Aitchisons Raffety Buckland. The total value, including those contracted for sale as at 30 September 1997, was £8.31m (1996: £7.8m) which, when added to the value attributable to property under construction, other fixed assets and our interest in Campmoss Property, plus investments, values the Group's total fixed assets at £12.33m (1996: £9.96m). Net assets totalled £10.53m (1996: £8.76m) equivalent to 317p per share (1996: 264p). At the year end, net Group borrowing amounted to £5.3m (1996: £2.8m) resulting in the Group's gearing increasing to 50% (1996: 32%). Since the year end the Group's borrowing facilities have been re-negotiated with the length of term extended and the interest rate reduced. Current facilities adequately cover the Group's existing development programme with interest payable at current rates well covered by gross rental income, even allowing for the expiry of leases over the next ten years. As individual projects complete and become income producing, additional resources will allow further acquisitions to take place.

Dividends

Your directors recommend a final dividend of 2.1p per share (1996: 1.95p) which together with the interim dividend gives a total for the year of 3.1p per share (1996: 2.85p) an increase of 8.8%.

Property within the western sector of the M25 motorway

The presence of Heathrow Airport, and the M25, M3 and M4 motorway network continues to be of major importance in attracting and persuading national and multi-national companies to locate in the surrounding areas. In counties such as Surrey, Berkshire, Buckinghamshire and areas to the west of London, commercial property rents and residential values have risen by 15% over the year.

Given these increases, property developers and investors have responded by commencing a number of new developments, but the underlying strength of demand continues to exert an upward pressure, encouraging further increases. Residential asking values have exceeded previous highs but it should be noted that commercial rental levels are still below those achieved in the late eighties.

Commercial property values are in part driven by the prospect of increasing rental yields, but a major factor over the year has been the positive yield gap of property relative to long term gilts. In the event that the UK economy remains in its current buoyant state and gilt yields continue to decline, commercial property values should improve further as institutional and private funds seek a competitive return.

Your directors will continue to concentrate the Group's property investment and development activities close to Heathrow Airport and to the western sector of the M25 motorway.

The Property Portfolio

Commercial - Investments

The Group's office investment portfolio and that of Campmoss Property continue to include property located in Windsor, Egham, Hatton Cross and Woking. These properties provide a secure source of long term income with the majority of institutional leases having well over 14 years to run.

In Windsor, our 8,000 sq. ft. office building is let to Morganite International on an institutional lease at an

Chairman's Statement and Property Review

annual rental of £250,000. The existing lease with five yearly rent reviews has an unexpired term of 17 years. Office rents in Windsor have benefited from an acute shortage of new stock with asking levels currently over £20 per sq. ft.

At Egham, our shop and office building known as The White House, is let to a number of prime covenants and produces an annual rental of £161,000. The institutional leases with five yearly rent reviews have an unexpired term of 14 years.

At Hatton Cross, close to Heathrow Airport, our 3,000 sq. ft. office property produces an annual rental of £60,000. The institutional lease expires in 2011 although the tenant has the ability to vacate this year with six months' prior notice.

At Britannia Wharf, Woking, the 28,750 sq. ft. gross office building is let to three well known covenants and produces an annual gross rental of £530,000. This property is owned by Campmoss Property.

At Cardiff, our 20,000 sq. ft. postal sorting centre continues to be occupied by the Royal Mail producing an interim rental of £45,000 per annum. A dilapidations schedule has been served on the tenant and negotiations continue with regard to a new lease.

Commercial - Developments

The Group has increased extensively its development programme over the year with various projects expected to complete within the next 9 months.

At Redhill, following planning consent, 2,000 sq. ft. of office space within the existing courtyard environment is being totally refurbished. The adjacent 6,000 sq. ft. building will be upgraded once the tenant has vacated in March this year. Negotiations with potential tenants are currently taking place at rents in the region of £18 per sq. ft.

At Station Road, Egham, the development of our 10,000 sq. ft. gross office building is practically complete and I am pleased to announce that a pre-letting to Fairey Group plc, one of the top 500 UK quoted public companies, has been achieved at an annual rental in the region of £165,000. The new long term lease, with five yearly reviews, has been agreed at an average of £21 per sq. ft. over the first 5 years. A short rent free period has been agreed.

In August last year, First Choice Estates acquired a freehold property in Woking for a cash consideration of £560,000. The property has an outline planning consent for an 18,000 sq. ft. office scheme and

discussions with the local authority to obtain a detailed approval whilst considering alternative uses for the site, are currently taking place. The building is occupied on a short term lease at a rent of £35,000 per annum.

At Windsor, a major refurbishment of our 20,000 sq. ft. industrial and office building should commence shortly. The completed development is expected to be available for letting next year. A shortage of similar buildings in this location is still evident, and an early letting is anticipated.

Campmoss Property has also been active during the year. At Burnham, Buckinghamshire, the development of a high grade 26,000 sq. ft. headquarters office building known as The Priory has been completed. A marketing programme to let the building is under way and discussions are currently taking place with prospective tenants.

In May last year, Campmoss Property acquired a 24,000 sq. ft. office building in Bracknell comprising a ground floor retail showroom with five upper floors of offices and an adjoining single storey retail unit. Part of the building has been let on short term leases producing an annual income of £150,000.

The current vacant space is being marketed on a similar short term basis and if fully let the property should produce a total annual rental in the region of £200,000. Discussions are currently taking place with the local authority with a view to submitting a planning application to achieve further lettable space. In August, Campmoss Property acquired an industrial site of just under one acre in Bracknell for a cash consideration of £514,000. Since the acquisition a revised planning application to achieve 35,000 sq. ft. of industrial space has been granted and construction at the site is now well under way. Completion of the development is expected during the next 4 months and, in view of the strong demand in the Bracknell area for small industrial units, early lettings are anticipated.

Residential

The Group's residential development activities continue to prove successful although obtaining planning approvals for our preferred type and style of property continues to be difficult.

The development and sale of 3 executive houses and 3 cottages at Chiddingfold, Surrey, was completed during the year. At Pewsey, Wiltshire, 7 terraced

Chairman's Statement and Property Review

houses on land adjacent to the supermarket development were completed with 6 sold before the year end and the remaining unit sold after.

At Hambledon, Surrey, planning approval to replace the existing country house with a 7 bedroom residence was approved and demolition and building work is expected to commence during the next few months. A number of offers have been received for the completed property although it is intended to commence development before finalising a sale.

At Windsor, our planning application for 21 flats was refused and, whilst an appeal against this decision is being actively pursued, a revised scheme has been submitted for a similar number of residential units. The property has the benefit of a planning consent for a 66 bedroom hotel and a decision as to which scheme to progress will be made once the current planning position has been resolved.

At Egham, we have recently acquired a commercial property and achieved a planning approval for change of use to residential. Construction of 7 flats is expected to commence within the next 3 months.

Investments

Our holding in Edge Properties Plc, a listed company specialising in the investment and development of retail warehouses, has performed well. During the year we sold a small part of our holding which has contributed to the Group's profitability.

Management and staff

As announced in December last year, David Whitaker was appointed a director and secretary of the Company. David is a Chartered Accountant and has extensive experience of public companies both as finance director and company secretary. I welcome him to the board.

Reginald Beck has indicated that he wishes to retire at the forthcoming annual general meeting after 47 years of devoted service to the Company. I would like to take this opportunity of expressing my deepest appreciation and gratitude to Mr Beck for his outstanding contribution to the Company. He has been one of our unstung heroes for many years, serving as company secretary since 1950 and as a director since 1972. I wish him well in his retirement. After consultation with our advisers the Company is proposing to introduce a limited, unapproved share option scheme and replace the now expired approved

share option scheme, further details of which are set out in the circular to shareholders dated 13 February 1998.

As announced in April 1997 the provisions of the Finance Act 1996 have resulted in share options granted by the board in April and July 1996 being unapproved share options and approval of these options and the new share option schemes will be put to shareholders at the annual general meeting. Establishment of both schemes will provide all our directors and employees with incentives which I believe are important for the future growth of our Company.

It has been a busy and successful year for the Company and I am sure I speak on behalf of shareholders in expressing my thanks to all members of staff and directors for their support and hard work over the year.

Outlook

Since the year end we have disposed of three properties and part of our listed investment, raising just under £600,000. In addition we have subscribed £150,000 for a 15% stake in General Industries plc, an investment company recently floated on AIM. I was appointed a director of General Industries plc in July 1997.

On completion of our current development programme, the Group, including Campmoor Property, expects to have spent approximately £5.7m. The sale or investment value of these properties on completion is expected to be approximately £16m. At the time of writing this report we have made offers to acquire two properties, and if these are successful the above figures will increase significantly.

The Group's chosen area of operation remains close to Heathrow Airport and the western sector of the M25 motorway. The maturity of our development programme and continued strength in the property market should enable the Group to make further positive progress in the coming year.

Richard Wollenberg
Richard Wollenberg

13 February 1998

Financial Review

This review provides a commentary on the results for the year ended 30 September 1997 and a comparison with 1996.

Profit and loss account

Turnover increased this year by 171% to £2,923,539 (1996: £1,076,903). This can be analysed as to:

	1997 £	1996 £	Increase
Gross rents receivable	807,304	713,403	+13%
Sale of development properties			
Residential	1,801,235	363,500	
Commercial	315,000	—	
Total	2,116,235	363,500	+482%
Total turnover	2,923,539	1,076,903	+171%

Profit before tax increased by 62% to £474,417 (1996: £292,533). These results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the year.

Included in the profit before tax figure is an amount of £380,277 (1996: £266,518) in respect of administrative expenses. The difference of £113,759 is represented principally by the absorption in 1996 of staff time and expenses as part of the cost of development properties and a charge in 1997 relating to the Group's profit related pay scheme.

The increase in other operating income of £93,211 to £108,982 (1996: £15,771) was due mainly to increased management fees receivable and the recovery during the year of an amount previously written off.

The tax charge at £21,371 (1996: £36,499) represents principally irrecoverable ACT. The tax charge in both years is lower than would be expected based on the profit before tax due to excess management expenses and capital losses brought forward.

Earnings per share on a net basis increased by 78% to 13.7 pence (1996: 7.7 pence). The chairman indicates in his report the level of development planned in the current year. Development is, of course, the very nature of the Group's business and additional income from completed developments enables new activities to be undertaken. The directors recommend that the dividend per share be increased, well above the rate of inflation, by 8.8% to 3.1 pence (1996: 2.85 pence). A resolution to that effect will be placed before shareholders at the annual general meeting of the Company.

Balance sheet

Fixed assets amount to £12,325,246 (1996: £9,962,539) and comprise:

	1997 £	1996 £
Investment properties	8,310,000	7,800,000
Property under construction	1,600,000	—
Fixtures and motor vehicles	43,614	42,673
Shares in associated undertaking	1,871,305	1,528,810
Unlisted investments	20,000	20,000
Listed investments	480,327	571,056
Total	12,325,246	9,962,539

Included in the value of property under construction of £1,600,000 is an amount of £773,361 representing a revaluation surplus on our property at Station Road, Egham, redevelopment of which will be completed shortly and which has been pre-let to a first class covenant. Investment properties include those contracted for sale at the year end (£250,000) and which have since completed. Listed investments held as fixed assets at cost of £480,327 (1996: £571,056) have a market value of £847,600 (1996: £627,781).

Net assets at the year-end amounted to £10,530,393 (1996: £8,759,471) equivalent to £3.17 per share, an increase of 20% (1996: £2.64).

Borrowings and bank facilities

Net borrowings at the year-end were £5,273,295 (1996: £2,799,719). Gearing increased to 50% (1996: 32%) representing, primarily, expenditure on developments by the Group and its associate. The directors consider it appropriate to maintain the current increased level of gearing to take advantage of the improving property market.

Post the year end, the Company's bank facilities were renegotiated. The existing term loans were renewed, with a reduction in the interest rate payable, and are now repayable over 10 years with capital payments commencing in 2003. Overdraft facilities were renewed for a further 12 months.

Associated undertaking

The Group owns 47.62% of Campmoss Property Company Limited. Campmoss is a property investment company and the Group's share of its results is incorporated into the Group's accounts. In summary Campmoss and its wholly owned subsidiary Campmoss Property Developments Limited had the following results:

	1997 £	1996 £
Rental income	564,887	480,532
Profit before tax	124,204	170,702
Net assets	3,931,781	3,212,558

Cash flow

The cash flow statement is presented in the new format recommended by Financial Reporting Standard No 1 (Revised) and comparative figures have been restated accordingly.

Directors and Advisers

Directors

J Richard Wollenberg,
chairman and chief executive
W Reginald Beck ACIS
David A Whitaker FCA
(appointed 1 December 1997)
Nigel D Jamieson
BSc, ARICS, MSI(Dip),
non-executive director

Secretary

David A Whitaker FCA

Head office

56 Station Road, Egham,
Surrey TW20 9LF
Telephone: 01784 437444

Registered office

Marlborough House,
Fitzalan Court,
Fitzalan Road,
Cardiff CF2 1TE

Registered number

22705

Auditors

KPMG Audit Plc
Chartered Accountants
Marlborough House,
Fitzalan Court,
Fitzalan Road,
Cardiff CF2 1TE

Stockbrokers and financial advisers

Albert E Sharp
Pinners Hall,
105/108 Old Broad Street,
London EC1N 1ET

Bankers

Midland Bank plc
114 St. Mary Street,
Cardiff CF1 1LF

Solicitors

Charles Russell
71 North Street,
Guildford,
Surrey GU1 4BJ

Morgan Bruce
Bradley Court, Park Place,
Cardiff CF1 3DP

Public relations

Binns & Co Public
Relations Limited
16 St. Helen's Place,
London EC3A 6DE

Registrar and transfer office

The Royal Bank of
Scotland plc
Registrar's Department,
PO Box 82,
Caxton House,
Redcliffe Way,
Bristol BS99 7NH
Telephone: 0117 930 6666

THE CARDIFF PROPERTY PLC

J Richard Wollenberg (aged 49),
chairman and chief executive.

Was appointed a director of the Company in 1980, became chief executive in 1981 and chairman in 1989. Mr Wollenberg has over 20 years' experience in property investment and development. He is also an investment consultant with Astaire and Partners Limited, a London based firm of stockbrokers, and was appointed chairman of General Industries plc in July 1997.

W Reginald Beck ACIS (aged 74).

Was secretary of the Company for 47 years until 1 December 1997 and has been a director since 1972. He has over 50 years' company administration and accounting experience and is a member of the Chartered Institute of Secretaries and Administrators.

David A Whitaker FCA (aged 48).

Was appointed a director and secretary of the Company on 1 December 1997. He is a Chartered Accountant and brings a wealth of experience of public companies. He also has extensive experience in contracting from a successful career in cable television.

Nigel D Jamieson BSc, ARICS, MSI(Dip) (aged 47),
non-executive director.

Was appointed to the board as a non-executive director in 1991 and is chairman of the Company's audit and remuneration committees. He is a Chartered Surveyor with over 20 years' experience of the UK property market both as a general practice surveyor and as an investment analyst.

NON-EXECUTIVE DIRECTORS OF WHOLLY OWNED SUBSIDIARIES

FIRST CHOICE ESTATES PLC

Derek M Joseph BCom, FCIS, MIMC, MBIM (aged 48).
Is director of financial services for HACAS Limited, a leading housing association and local authority housing consultancy. He is a director of a number of housing development and renting companies and an executive director of a unit trust management company. He is also project manager for the largest UK housing association borrowing club, advises a number of governments on housing strategy and is a non-executive director of General Industries plc.

THAMES VALLEY RETIREMENT HOMES LIMITED

Richard S G Sale MA, LLB(Cantab) (aged 58).
Following practice at the Bar he joined British Petroleum where he reached a senior legal position. In 1982 he co-founded a company responsible for the development of over 250 sheltered housing units. In 1990 he co-founded a healthcare services company including an advisory and management service to care homes. He currently advises a number of sheltered housing and healthcare service companies.

Report of the Directors

The directors submit their annual report and the accounts for the year ended 30 September 1997.

Results

The results of the Group for the year are set out in the audited accounts.

Dividends

The directors recommend a final dividend for the year of 2.1 pence per share (1996: 1.95 pence) payable on 13 March 1998. The total dividend for the year including the interim dividend of 1.0 pence per share, amounts to 3.1 pence per share (1996: 2.85 pence) which represents an increase of 8.8% as against the total dividend for the previous year.

Principal activity and review of the business

The principal activity of the Group during the year continued to be property investment and development. A review of the Group's business during the year and an indication of its likely future development are given in the chairman's statement and property review on pages 5 to 7.

Directors

The current directors of the Company and the non-executive directors of wholly owned subsidiaries are listed on page 9. All served throughout the financial year except Mr Whitaker who was appointed as a director and company secretary on 1 December 1997. Although Mr Beck has relinquished his office of company secretary, he will remain as a director until retiring at the next annual general meeting when he will not seek re-election.

In accordance with the Company's articles of association, Mr Whitaker, having been appointed since the last annual general meeting, retires at the forthcoming meeting and, being eligible, is proposed by the board for re-election.

Directors' interests

Directors' and their families' interests in the ordinary shares of the Company were as follows:

	At 30 September 1997	
	Beneficial	Under option
J R Wollenberg	327,948	41,500
W R Beck	4,422	—
D A Whitaker	—	—
N D Jamieson	1,500	—

	At 1 October 1996	
	Beneficial	Under option
J R Wollenberg	299,948	76,000
W R Beck	4,422	—
N D Jamieson	1,500	—

No director has any interest in the share capital of any other Group company. There were no changes in the directors' shareholdings as stated above between 30 September 1997 and 26 January 1998 save that Mr Wollenberg purchased 5,000 shares on 30 October 1997.

At 30 September 1997 Mr Wollenberg held 25,000 (1996: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, an associated undertaking, representing 2.38% of the issued share capital of that company.

Neither the directors nor any member of their families had, during the year ended 30 September 1997, any material interest in any contract with the Company.

Directors' options

Details of the options to subscribe for ordinary shares of 20 pence each held by Mr Wollenberg are as follows. No options were exercised during the year.

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
12 May 1995	£1	10,000	158p	1998-2005
18 April 1996	£1	10,000	157p	1999-2006
5 July 1996	£1	15,000	185p	1999-2006
10 April 1997	£1	6,500	208p	2000-2007

An option to subscribe for 41,000 ordinary shares at 350 pence each granted to Mr Wollenberg during March 1988 was cancelled by mutual agreement in April 1997.

The mid market price of the Company's shares on 30 September 1997 was 281 pence per share, the highest and lowest mid market price of the Company's shares during the year were 281 pence and 182 pence respectively.

Substantial shareholders

The Company has been notified of the following holdings of 3% or more in the share capital of the Company at 26 January 1998.

	Holdings	Percentage
Barclays Bank plc*	410,105	12.36
British Aerospace Pension Funds		
Investment Management Limited	165,000	4.97
Fidelity Investments*	319,200	9.62
Schroder Investment Management Limited*	137,000	4.13

*Funds under the management of

As far as is known to the directors no other shareholder, with the exception of one director noted above, holds 3% or more of the Company's share capital.

Report of the Directors

Pre-emption rights

As special business at the annual general meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £33,175, representing 5% of the present issued ordinary share capital of the Company.

Purchase of own shares

The existing authority for the Company to purchase its own shares expires at the conclusion of the annual general meeting to be held on 12 March 1998. The directors wish to renew the authority and consent is therefore sought to resolution 6 set out in the Notice of Meeting on page 32 authorising the directors to purchase up to 350,000 ordinary shares of 20 pence each (representing some 10.5% of the present issued share capital), at a minimum price of 20 pence and a maximum price equal to 105% of the average of the middle market quotations for an ordinary share of the Company as derived from the Daily Official List of the London Stock Exchange for the ten business days before the relevant purchase is made. The authority will expire at the conclusion of the annual general meeting in 1999 and it is your directors' intention that a resolution for its renewal will be proposed at each succeeding annual general meeting. The authority will only be exercised when the directors are satisfied that it is in the interests of the Company so to do. Any shares purchased by the Company will be cancelled and the number of shares in issue reduced accordingly.

Option schemes

Enclosed with the report and accounts is a circular giving details concerning proposed share option schemes to be put to shareholders at the annual general meeting. The introduction of the proposed schemes will provide the Company's management with incentives which are important for the future growth of the Company. Your board considers that the proposals are in the best interests of the Company and recommends that shareholders give them their support.

Supplier payment policy

It is the Company's policy to negotiate terms with its suppliers and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. In most instances this requires payment within 30 days of the date of invoice. The number of days' purchases outstanding at the year end was 34.

Auditors

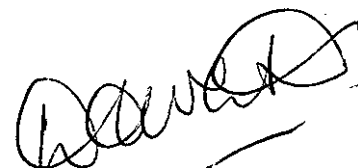
A resolution for the re-appointment of KPMG Audit Plc as auditors of the Company and authorising the directors to fix their remuneration is to be proposed at the forthcoming annual general meeting.

Registered office:
Marlborough House
Fitzalan Court, Fitzalan Road
Cardiff CF2 1TE

By order of the board

D A Whitaker,
secretary

13 February 1998



Report on Corporate Governance

During the year the Company has, in general, complied with the elements of the Code of Best Practice established by the Cadbury Committee on the Financial Aspects of Corporate Governance. However, in common with other companies of similar size, there are exceptions and these are specifically referred to below.

Board of directors

The board currently consists of three executive directors and one non-executive director. It meets regularly with senior staff throughout the year to discuss and control key issues and to monitor the overall performance of the Group. The board has a formal schedule of matters reserved for its decision.

The chairman is also the chief executive and the board does not have three non-executive directors as recommended by paragraph 1.3 of the Code. However, it is intended to review these issues as the Group expands.

Audit committee

The audit committee, which is chaired by the non-executive director, Nigel Jamieson, comprises all board members who attend meetings with the auditors at least twice a year to consider the results, internal Company financial procedures and matters raised by the auditors. The Company does not have three non-executive directors and therefore does not meet the requirement of paragraph 4.3 of the Code in this respect.

Remuneration committee

The remuneration committee also consists of all board members and is chaired by Mr Jamieson. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

The report of the remuneration committee appears on page 13.

Internal financial control

The directors acknowledge their responsibility for the Company's system of internal financial control. Controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Such controls can, however, only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the board;
- evaluation and approval procedures for acquisitions and disposals and for major capital expenditure;
- regular reporting and monitoring of development projects;
- close involvement of the chief executive in the day to day operational matters of the Group.

The directors confirm that they have reviewed the effectiveness of the Group's systems of internal financial control.

Going concern

The directors have followed the guidance issued in making their statement on going concern.

After making enquiries the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Report of the auditors on corporate governance

The auditors, KPMG Audit Plc, have confirmed that in their opinion: with respect to the directors' statements on internal financial control and going concern above, the directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the accounts; and that the directors' statements above appropriately reflect the Company's compliance with the other aspects of the Cadbury Code of Best Practice specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant guidance issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

Report of the Remuneration Committee

Composition of the remuneration committee

Nigel D Jamieson, non-executive director, *chairman of the committee.*

W Reginald Beck, executive director.

David A Whitaker, executive director.

J Richard Wollenberg, executive director.

Messrs Jamieson, Wollenberg and Beck served throughout the year. Mr Whitaker was appointed a director on 1 December 1997. The executive directors do not participate in decisions regarding their own remuneration. The members of the remuneration committee have access to professional advice, if necessary, in order to carry out their duties.

Compliance

In setting the Company's remuneration policy for directors the remuneration committee has given full consideration to the best practice provisions annexed to the London Stock Exchange Listing Rules and the committee considers that the Company complies with those requirements except for the provision relating to composition of the committee.

Remuneration policies

The remuneration policy is designed to attract, retain and motivate executive directors and senior management of a high calibre and takes into account individual performance and the remuneration for similar jobs in other comparable companies.

The main components of executive directors' remuneration are:

- (a) basic salary – reviewed annually;
- (b) annual performance bonus – all staff are eligible to participate in the Company's profit related pay scheme;
- (c) taxable benefits – provision of a company car for Messrs Wollenberg and Beck and health care for Mr Wollenberg;
- (d) pension benefits – the Company has no formal pension scheme. Annual contributions are made to Mr Wollenberg's personal pension scheme currently at the rate of 15% of salary and profit related pay;

- (e) share options – The Committee believes that share ownership by executive directors and senior staff strengthens the link between their personal interests and those of shareholders. Grants under the Company's proposed share option schemes will be set so that the aggregate option exercise price for each recipient may not be greater than four times annual remuneration and such grants will be phased.

Service contracts

Mr Wollenberg has a service contract for a three year rolling term. In the opinion of the Committee the notice period is necessary in order to secure Mr Wollenberg's services at the current terms of his employment. Mr Whitaker's services are provided by Netpage Communications Limited, a company controlled by him, with whom the Company has no service contract.

Remuneration of non-executive director

The remuneration of the non-executive director is decided by the board based upon comparable market levels. The non-executive director is not eligible for any other benefits nor does he have a service contract.

Directors' remuneration

Particulars of directors' remuneration are given in note 5 of the accounts on page 22.

Director's options

Details of director's options are set out in the report of the directors on page 10.

External appointments

Executive directors are allowed to accept external appointments with the consent of the board, as long as these are not likely to lead to conflicts of interest. Executive directors are allowed to retain the fees paid.


N D Jamieson,
chairman

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing those accounts, 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 accounts;

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group 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 accounts 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 Group and to prevent and detect fraud and other irregularities.

Report of the Auditors



KPMG Audit Plc
Marlborough House
Fitzalan Court
Fitzalan Road
CARDIFF CF2 1TE

Report of the auditors to the members of The Cardiff Property Public Limited Company

We have audited the accounts on pages 15 to 30. We have also examined the amounts disclosed relating to directors' share options, which form part of the report of the directors on page 10.

Respective responsibilities of directors and auditors

As described on page 14 the Company's directors are responsible for the preparation of 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 Group'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 and the Group as at 30 September 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Cardiff
13 February 1998

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	1996 £
Turnover	2	2,923,539	1,076,903
Cost of sales		(2,102,909)	(558,854)
Gross profit		820,630	518,049
Administrative expenses		(380,277)	(266,518)
Other operating income		108,982	15,771
Operating profit		549,335	267,302
Income from interest in associated undertaking	13	59,147	81,288
Profit on sale of investment property		5,019	172,409
Profit on sale of other investments		86,550	—
Profit on ordinary activities before interest	2	700,051	520,999
Interest receivable and similar income		90,640	30,858
Interest payable	3	(316,274)	(259,324)
Profit on ordinary activities before taxation	6	474,417	292,533
Tax on profit on ordinary activities	7	(21,371)	(36,499)
Profit after taxation being profit for the financial year	8	453,046	256,034
Dividends	9	(102,842)	(94,553)
Retained profit for the financial year		350,204	161,481
Earnings per share		1997 Pence per share	1996 Pence per share
On profit for the financial year			
Net basis	10	13.7	7.7
Nil distribution basis	10	14.4	8.9

Consolidated statement of retained profits

	1997 £	1996 £
Balance brought forward	1,776,140	1,615,968
Retained profit for the financial year	350,204	161,481
Revaluation surplus realised on properties disposed of in the year	22,678	93,328
Premium paid on redemption of shares	—	(94,637)
Balance carried forward	2,149,022	1,776,140

The above results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the year.

Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	1996 £
Group			
Profit for the financial year		453,046	256,034
Unrealised surplus on revaluation of investment properties in the year	22	328,998	175,173
Unrealised surplus on revaluation of property under construction	23	808,372	—
Share of unrealised surplus on revaluation of investment properties in associated undertaking	13	283,348	340,483
Total recognised gains and losses relating to the financial year		1,873,764	771,690

Note of Historical Cost Profits and Losses

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	1997 £	1996 £
Reported profit on ordinary activities before taxation for the financial year	474,417	292,533
Difference between profit on sale of properties at book value and under historical cost	22,678	93,328
Historical cost profit on ordinary activities before taxation for the financial year	497,095	385,861
Historical cost profit for the year retained after taxation and dividends	372,882	254,809

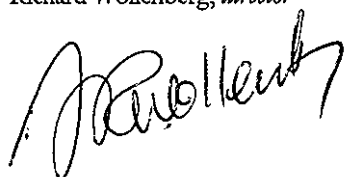
Consolidated Balance Sheet

AT 30 SEPTEMBER 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets:					
Investment properties	11	8,310,000		7,800,000	
Other	12	1,643,614		42,673	
		<u>9,953,614</u>		<u>7,842,673</u>	
Investments	13	2,371,632		2,119,866	
		<u>12,325,246</u>		<u>9,962,539</u>	
Current assets					
Stock and work in progress	14	1,018,395	1,768,768		
Debtors	15	3,144,819	270,549		
Investments	16	50,332	46,670		
Cash at bank and in hand		6,076	400,269		
		<u>4,219,622</u>	<u>2,486,256</u>		
Creditors: amounts falling due within one year	17	<u>(2,874,937)</u>	<u>(489,336)</u>		
Net current assets		<u>1,344,685</u>		<u>1,996,920</u>	
Total assets less current liabilities		<u>13,669,931</u>		<u>11,959,459</u>	
Creditors: amounts falling due after more than one year	18	<u>(3,139,538)</u>		<u>(3,199,988)</u>	
Net assets		<u>10,530,393</u>		<u>8,759,471</u>	
Capital and reserves					
Called up share capital	20	663,502		663,502	
Share premium account	21	4,810,427		4,810,427	
Investment property revaluation reserve	22	165,050		(459,629)	
Other revaluation reserve	23	773,361		—	
Other reserves	24	1,969,031		1,969,031	
Profit and loss account		2,149,022		1,776,140	
Shareholders' funds	26	<u>10,530,393</u>		<u>8,759,471</u>	

These accounts were approved by the board of directors on 13 February 1998 and were signed on its behalf by:

J Richard Wollenberg, *director*



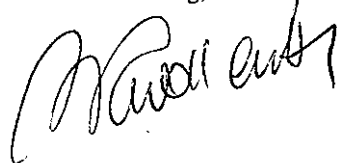
Company Balance Sheet

AT 30 SEPTEMBER 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets:					
Investment properties	11	8,310,000		7,800,000	
Other	12	1,643,614		42,673	
		<u>9,953,614</u>		<u>7,842,673</u>	
Investments	13	4,674,687		4,805,079	
		<u>14,628,301</u>		<u>12,647,752</u>	
Current assets					
Debtors	15	3,152,832		299,583	
Investments	16	50,332		46,670	
Cash at bank and in hand		1,992		396,617	
		<u>3,205,156</u>		<u>742,870</u>	
Creditors: amounts falling due within one year	17	(2,744,362)		(353,780)	
Net current assets		<u>460,794</u>		<u>389,090</u>	
Total assets less current liabilities		<u>15,089,095</u>		<u>13,036,842</u>	
Creditors: amounts falling due after more than one year	18	(5,747,708)		(4,910,875)	
Net assets		<u>9,341,387</u>		<u>8,125,967</u>	
Capital and reserves					
Called up share capital	20	663,502		663,502	
Share premium account	21	4,810,427		4,810,427	
Investment property revaluation reserve	22	(669,989)		(1,011,320)	
Other revaluation reserve	23	773,361		—	
Other reserves	24	1,957,614		1,957,614	
Profit and loss account		1,806,472		1,705,744	
Shareholders' funds	26	<u>9,341,387</u>		<u>8,125,967</u>	

These accounts were approved by the board of directors on 13 February 1998 and were signed on its behalf by:

J Richard Wollenberg, *director*



Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	Restated 1996 £
Cash outflow from operating activities		(1,315,937)	(579,939)
Returns on investment and servicing of finance	28	(250,572)	(241,016)
Taxation	28	(2,474)	6,817
Capital expenditure and financial investment	28	(806,727)	480,182
Management of liquid resources	28	—	18,300
Equity dividends paid		(97,866)	(92,893)
Cash outflow before financing		(2,473,576)	(408,549)
Financing	28, 29	1,300,000	(94,637)
Decrease in cash in the year	29	(1,173,576)	(503,186)

Reconciliation of net cash flow to movement in net debt

	Notes	1997 £	Restated 1996 £
Decrease in cash in the year	29	(1,173,576)	(503,186)
Cash inflow from disposal of current asset investment		—	(19,200)
Cash inflow from loan finance	29	(1,300,000)	—
Changes in net debt resulting from cash flows		(2,473,576)	(522,386)
Increase in market value of current asset investment	29	3,662	9,473
Movement in net debt in the year		(2,469,914)	(512,913)
Net debt at beginning of year	29	(2,753,049)	(2,240,136)
Net debt at end of year	29	(5,222,963)	(2,753,049)

Reconciliation of operating profit to net cash outflow from operating activities

	1997 £	Restated 1996 £
Operating profit	549,335	267,302
Loss on disposal of current asset investments	—	900
Release of diminution in value of current asset investment	(3,662)	(9,473)
Depreciation charges	15,454	9,882
Decrease/(increase) in stock and work in progress	750,373	(867,199)
Increase in debtors	(2,855,901)	(92,716)
Increase in creditors	228,464	111,365
Net cash outflow from operating activities	(1,315,937)	(579,939)

Notes to the Accounts

1 Accounting policies

The principal accounting policies applied in the preparation of the accounts of the Company and of the Group are described below. The accounts have been prepared under the historical cost convention, modified by the revaluation of investment properties, and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties.

Comparative cash flows for the prior year have been restated in accordance with the requirements of FRS1 Cash flow Statements (revised).

Consolidation

The consolidated accounts of the Group include those of the Company and its subsidiary undertakings (listed in note 13) and the Group's share of the results of associated undertaking from the date of acquisition and until the date of disposal.

All undertakings have accounting periods which are coterminous with the Company except for Thames Valley Retirement Homes Limited, which has a year end of 31 March, although results of that subsidiary for the year to 30 September are consolidated. It is intended to make the accounting period of Thames Valley Retirement Homes Limited coterminous with that of the Company in 1998.

Goodwill, being the difference between the cost of acquiring interests in subsidiaries and the fair value of the net assets acquired, is written off direct to reserves.

Investment properties

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting. Thereafter they are charged to the profit and loss account. Whilst under development such properties are classified as assets in the course of construction and any accumulated revaluation surpluses or deficits are transferred from the investment property revaluation reserve to a separate revaluation reserve. These properties are also revalued at the year end and surpluses or deficits transferred to that revaluation reserve. As assets in the course of construction are not in use they are not depreciated.

In accordance with Statement of Standard Accounting Practice No. 19:

- investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises;
- no depreciation is provided in respect of freehold investment properties.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Independent professional valuations for investment properties are obtained by the directors annually. The most recent such valuations were obtained as at 30 September 1997.

Depreciation

Provision is made for depreciation on other tangible fixed assets so as to write off their cost less the estimated residual value on a straight line basis over their expected useful lives as follows:

Motor vehicles	4 or 5 years
Fixtures, fittings and equipment	5 to 7 years

Taxation

Taxation liabilities are computed at the rate applicable to the financial year and that indicated for future periods by current legislation.

Deferred tax is calculated under the liability method on those timing differences where it is probable that a liability will crystallise. In the case of investment properties where a sale is foreseen, provision is based on the taxation which would arise on the disposal of such investment properties at their book valuation. The provision is charged to profit and loss account or, to the extent that it relates to a revaluation reserve, against that reserve.

Turnover

Turnover represents rents receivable from tenants and proceeds from the sale of development properties.

Investments

Where investments are held for the long term they are classified as fixed assets and are stated at cost less provisions for permanent diminution in value. Investments held for resale are classified as current assets and are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost, including attributable overheads, and net realisable value.

Related party transactions

The exemption given under Financial Reporting Standard 8 from the requirement to disclose transactions with Group companies has been adopted.

Notes to the Accounts

2 Analysis of turnover and profit on ordinary activities before interest and taxation and net operating assets

	1997 £	1996 £
Turnover (wholly in the United Kingdom):		
Gross rents receivable	807,304	713,403
Sales of development properties	<u>2,116,235</u>	<u>363,500</u>
	<u>2,923,539</u>	<u>1,076,903</u>
Profit on ordinary activities before interest and taxation:		
Property investment	463,390	494,652
Property development	<u>236,661</u>	<u>26,347</u>
	<u>700,051</u>	<u>520,999</u>
Net operating assets:		
Property investment	7,018,330	5,508,527
Property development	<u>3,512,063</u>	<u>3,250,944</u>
	<u>10,530,393</u>	<u>8,759,471</u>

Segmental information relating to the associated undertaking is given in note 13 below.

3 Interest payable and similar charges

	1997 £	1996 £
On bank loans and overdrafts	<u>316,274</u>	<u>259,324</u>

4 Staff numbers and costs

The average full time equivalent number of persons employed by the Group (including executive directors) during the year was as follows:

	Number 1997	Number 1996
Management	4	4
Administration	7	7
Technical	<u>1</u>	<u>1</u>
	<u>12</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	207,559	168,793
Social security costs	19,999	15,374
Other pension costs	<u>12,005</u>	<u>5,187</u>
	<u>239,563</u>	<u>189,354</u>

Notes to the Accounts

5 Emoluments of directors

The emoluments of the directors were as follows:

	Salary/ fee £	Benefits £	Profit related pay £	1997 Total £	1996 Total £	1997 Pension contributions £	1996 Pension contributions £
J R Wollenberg, <i>chairman</i>	60,000	7,468	7,048	74,516	57,534	9,065	5,187
W R Beck	14,263	3,005	1,675	18,943	16,173	—	—
N D Jamieson, <i>non-executive</i>	10,750	—	—	10,750	10,000	—	—
	<u>85,013</u>	<u>10,473</u>	<u>8,723</u>	<u>104,209</u>	<u>83,707</u>	<u>9,065</u>	<u>5,187</u>
Remuneration as executives				93,459	73,707	9,065	5,187
Fees as non-executives				10,750	10,000	—	—
				<u>104,209</u>	<u>83,707</u>	<u>9,065</u>	<u>5,187</u>

Information on directors' share options is shown in the report of the directors on page 10.

6 Profit on ordinary activities before taxation

	1997 £	1996 £
<i>This is stated after charging:</i>		
Auditors' remuneration:		
Audit fees paid to the Company's auditor and its associates	20,000	19,700
Audit fees paid to other auditors of subsidiary undertakings	500	500
	<u>20,500</u>	<u>20,200</u>
Non audit fees paid to the Company's auditor and its associates	14,756	13,399
Depreciation of tangible fixed assets	<u>15,454</u>	<u>9,822</u>

7 Tax on profit on ordinary activities

	1997 £	1996 £
UK Corporation tax credit on profit for the financial year	—	(5,569)
Irrecoverable ACT	25,710	40,497
Adjustment relating to prior years' UK Corporation tax	(4,339)	1,571
	<u>21,371</u>	<u>36,499</u>

The tax charge in both years was lower than that expected based on the profit before tax due to excess management expenses and capital losses brought forward.

8 Profit for the financial year of the Company

The profit for the financial year dealt with in the accounts of the Company is as follows:

	1997 £	1996 £
Profit for the financial year	<u>180,892</u>	<u>170,355</u>

In accordance with the provisions of section 230 of the Companies Act 1985 the Company has not published a separate profit and loss account. The parent company profit and loss account was approved by the board on 13 February 1998.

Audit fees paid by the Company to the auditor were £17,000 (1996: £15,000).

Notes to the Accounts

9 Dividends

	1997 £	1996 £
Interim paid per share 1.0p (1996: 0.90p)	33,174	29,858
Final proposed per share 2.1p (1996: 1.95p)	69,668	64,695
	<u>102,842</u>	<u>94,553</u>

10 Earnings per share

Net basis

This has been calculated by dividing the profit for the financial year of £453,046 (1996: £256,034), by the weighted average number of ordinary shares in issue during the year of 3,317,514 (1996: 3,323,215).

Nil distribution basis

This has been calculated in the same way as the net basis but excluding the charge for irrecoverable ACT of £25,710 (1996: £40,497).

Fully diluted basis

This is not materially different from the basic net earnings per share shown above.

11 Freehold investment properties

	1997 £	1996 £
Group and Company		
At beginning of year	7,800,000	8,055,000
Additions at cost	651,002	185,927
Disposals at valuation	(110,000)	(616,100)
Transfer at valuation to property under construction	(350,000)	—
Provision for loss on disposal	(10,000)	—
Surplus on revaluation	328,998	175,173
At end of year	<u>8,310,000</u>	<u>7,800,000</u>

Open market valuations of these investment properties, excluding those contracted for sale at 30 September 1997, were prepared as at 30 September 1997 by Healey & Baker (International Real Estate Consultants) and Aitchisons Raffety Buckland, acting as external valuers. The valuations have been undertaken in accordance with The Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The aggregate values attributed to these investment properties are as follows:

	Open market value at 30 September 1997 £
Healey & Baker (International Real Estate Consultants)	6,435,000
Aitchisons Raffety Buckland	1,625,000
	<u>8,060,000</u>

The sales of properties contracted for sale at 30 September 1997 were completed by the date of approval of these accounts by the board. The provision for loss on disposal above represents the shortfall of the net sale proceeds below their valuation at 30 September 1996 and is incorporated in the overall profit on sale of investment property in the profit and loss account.

The historical cost of the investment properties was:

	£
Group and Company	
At 30 September 1997	<u>8,989,989</u>
At 30 September 1996	<u>8,811,320</u>

The cumulative amount of interest capitalised at 30 September 1997 was £334,910 (1996: £334,910).

Notes to the Accounts

12 Tangible fixed assets – other

	Property under construction £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Group				
Cost or valuation				
At beginning of year	—	58,339	39,772	98,111
Transferred from investment properties	350,000	—	—	350,000
Additions	441,628	—	16,395	458,023
Disposals	—	(675)	(14,800)	(15,475)
Revaluation	808,372	—	—	808,372
At end of year	<u>1,600,000</u>	<u>57,664</u>	<u>41,367</u>	<u>1,699,031</u>
Depreciation				
At beginning of year	—	32,778	22,660	55,438
Charge for the year	—	7,921	7,533	15,454
Disposals	—	(675)	(14,800)	(15,475)
At end of year	—	<u>40,024</u>	<u>15,393</u>	<u>55,417</u>
Net book value				
At 30 September 1997	<u>1,600,000</u>	<u>17,640</u>	<u>25,974</u>	<u>1,643,614</u>
At 30 September 1996	<u>—</u>	<u>25,561</u>	<u>17,112</u>	<u>42,673</u>
Company				
Cost or valuation				
At beginning of year	—	57,664	39,772	97,436
Transferred from investment properties	350,000	—	—	350,000
Additions	441,628	—	16,395	458,023
Disposals	—	—	(14,800)	(14,800)
Revaluation	808,372	—	—	808,372
At end of year	<u>1,600,000</u>	<u>57,664</u>	<u>41,367</u>	<u>1,699,031</u>
Depreciation				
At beginning of year	—	32,103	22,660	54,763
Charge for the year	—	7,921	7,533	15,454
Disposals	—	—	(14,800)	(14,800)
At end of year	—	<u>40,024</u>	<u>15,393</u>	<u>55,417</u>
Net book value				
At 30 September 1997	<u>1,600,000</u>	<u>17,640</u>	<u>25,974</u>	<u>1,643,614</u>
At 30 September 1996	<u>—</u>	<u>25,561</u>	<u>17,112</u>	<u>42,673</u>

If stated under the historical cost accounting rules property under construction would have a net book value of £826,639.

Notes to the Accounts

13 Investments

	Shares in Group undertakings £	Shares in associated undertaking £	Unlisted investments £	Listed investments £	Total £
Group					
Balance at beginning of year	—	1,528,810	20,000	571,056	2,119,866
Additions	—	—	—	41,221	41,221
Disposals	—	—	—	(131,950)	(131,950)
Share of profits of associated undertaking	—	59,147	—	—	59,147
Share of revaluation surplus of associated undertaking	—	283,348	—	—	283,348
At end of year	—	1,871,305	20,000	480,327	2,371,632
Company					
Cost at beginning of year	3,641,078	545,000	—	619,001	4,805,079
Additions	—	—	—	41,221	41,221
Disposals	(39,663)	—	—	(131,950)	(171,613)
At end of year	3,601,415	545,000	—	528,272	4,674,687

Associated undertaking

The Group owns 47.62% (1996: 47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited. This company is a property investment company registered and operating in England and Wales and is an associated undertaking within the definition of the Companies Act 1985.

The Group's share of the results of Campmoss Property Company Limited and its subsidiary undertaking for the year ended 30 September 1997 has been incorporated in the consolidated accounts. Consolidated accounts are not prepared for the group comprising Campmoss Property Company Limited and its subsidiary undertaking as that group qualifies as medium-sized under the Companies Act 1985. The following figures have been derived from the audited accounts of Campmoss Property Company Limited and those of its subsidiary undertaking for the year ended 30 September 1997.

	1997 £	1996 £
Rental income	564,887	480,532
Profit on ordinary activities before and after taxation being retained profit for the financial year	124,204	170,702
Net assets*	3,931,781	3,212,558

*Net assets include investment properties at values supported by recent independent valuations, or cost where purchased in the year.

Group undertakings

The Company's investment in trading Group undertakings, all of which are registered in England and Wales and operate in the U.K., is as follows:

	% Issued share capital held	Activity
First Choice Estates plc:		Property development
'A' Ordinary shares	100%	
Ordinary shares	100%	
Village Residential PLC	100%	Property development
Wadhama Holdings Limited	100%	Property investment
Thames Valley Retirement Homes Limited	100%	Property development

During the year the assets of several dormant subsidiaries were distributed and those companies wound up.

Listed investment

The market value of the listed investment at 30 September 1997 was £847,600 (1996: £627,781). This represented a 1% stake (1996: 3.62%) in Edge Properties plc, a company registered in England and Wales and listed on the London Stock Exchange.

If the investment had been realised at the value stated above at 30 September 1997 an additional tax charge of £Nil (1996: £Nil) would have arisen, after utilisation of unrelieved capital losses brought forward.

Notes to the Accounts

14 Stock and work in progress

This comprises work in progress on development properties.

15 Debtors

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Trade debtors	63,312	77,714	53,174	77,714
Amounts owed by subsidiary undertakings	—	—	25,421	50,249
Amounts owed by associated undertaking	2,902,754	95,206	2,902,754	95,206
Amounts owed by Wadhama Assured Tenancy Limited	—	8,200	—	8,200
Advance corporation tax recoverable	5,353	20,325	5,353	15,203
Corporation tax	—	3,403	—	1,211
Other debtors	90,851	42,631	83,809	29,641
Prepayments and accrued income	82,549	23,070	82,321	22,159
	<u>3,144,819</u>	<u>270,549</u>	<u>3,152,832</u>	<u>299,583</u>

16 Investments

This comprises a 0.29% stake in Wigmore Property Investment Trust plc, a company listed on the London Stock Exchange. At 30 September 1997 the market value was £50,332 (1996: £46,670).

17 Creditors: amounts falling due within one year

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Bank loans and overdrafts (secured)	2,139,833	—	2,139,833	—
Rents received in advance	157,590	128,139	157,590	128,139
Trade creditors	134,729	64,267	132,433	14,073
Corporation tax	—	1,554	—	—
Advance corporation tax	25,713	23,637	25,713	23,637
Other taxes and social security	5,218	4,877	5,218	4,877
Other creditors	64,989	56,522	64,509	52,106
Accruals and deferred income	277,197	145,648	149,398	66,256
Proposed dividend	69,668	64,692	69,668	64,692
	<u>2,874,937</u>	<u>489,336</u>	<u>2,744,362</u>	<u>353,780</u>

The bank loans and overdrafts are secured by fixed charges over certain of the freehold properties of the Company.

18 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank loans (secured)		
Repayable within 2-5 years	1,280,000	1,020,450
Repayable after 5 years	1,859,538	2,179,538
Group	<u>3,139,538</u>	<u>3,199,988</u>
Amounts owed to subsidiary undertakings	2,608,170	1,710,887
Company	<u>5,747,708</u>	<u>4,910,875</u>

The bank loans are secured by a fixed charge over certain of the freehold properties of the Company, are subject to interest at rates linked to base rate, and are repayable in instalments over ten years commencing in June 1998 and December 1998.

The Company has agreed with subsidiary undertakings that repayment of the amounts owed will not be demanded within the next 12 months.

Notes to the Accounts

19 Provisions for liabilities and charges

Deferred taxation

The potential deferred taxation asset at 21% (1996: 25%) is as follows:

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Accelerated capital allowances	28,000	47,000	23,000	39,000
Advance corporation tax	66,000	40,000	66,000	40,000
Other timing differences	6,000	1,000	4,000	1,000
	<u>100,000</u>	<u>88,000</u>	<u>93,000</u>	<u>80,000</u>

In addition to the above there were tax losses available for use against future profits from the trade of First Choice Estates plc amounting to some £4,300,000 (1996: £4,600,000) and against future profits of the Company of some £190,000 (1996: £250,000).

20 Share capital

	1997	1996
	£	£
<i>Authorised</i>		
4,500,000 (1996: 4,500,000) ordinary shares of 20 pence each	<u>900,000</u>	<u>900,000</u>
<i>Allotted, called up and fully paid</i>		
3,317,514 ordinary shares of 20 pence each (1996: 3,317,514)	<u>663,502</u>	<u>663,502</u>

Details of share options held by the directors are set out in the report of the directors on page 10. At 30 September 1997 there were also outstanding options for senior executives to purchase 6,500 (1996: 6,500) ordinary shares of 20 pence each between 1998 and 2005 at a price of 158 pence per share.

21 Share premium

	Group and Company
	£
At 30 September 1996 and 1997	<u>4,810,427</u>

22 Investment property revaluation reserve

	Group	Company
	£	£
At 30 September 1996	(459,629)	(1,011,320)
On revaluation in the year	328,998	328,998
Realised on disposals in the year	(22,678)	(22,678)
Transfer to other revaluation reserve	35,011	35,011
Share of surplus on revaluation of investment property in associated undertaking	283,348	—
At 30 September 1997	<u>165,050</u>	<u>(669,989)</u>

23 Other revaluation reserve

	Group and Company
	£
At 30 September 1996	—
Transfer from investment property revaluation reserve	(35,011)
On revaluation in the year	808,372
At 30 September 1997	<u>773,361</u>

Notes to the Accounts

24 Other reserves

	Capital redemption reserve £	Capital reserve £	Merger reserve £	Other £	Total £
Group					
At beginning and end of year	<u>69,923</u>	<u>30,371</u>	<u>1,868,737</u>	<u>—</u>	<u>1,969,031</u>
Company					
At beginning and end of year	<u>69,923</u>	<u>—</u>	<u>1,868,737</u>	<u>18,954</u>	<u>1,957,614</u>

25 Goodwill

The cumulative amount of goodwill written off is £476,312 (1996: £476,312).

26 Reconciliation of movement in shareholders' funds

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
At beginning of year	8,759,471	8,176,971	8,125,967	7,969,629
Profit for the financial year	453,046	256,034	180,892	170,355
Dividends	(102,842)	(94,553)	(102,842)	(94,553)
Own shares purchased in year	—	(94,637)	—	(94,637)
Revaluation of investment properties	328,998	175,173	328,998	175,173
Revaluation of property under construction	808,372	—	808,372	—
Share of unrealised surplus on revaluation of investment property in associated undertaking	283,348	340,483	—	—
At end of year	<u>10,530,393</u>	<u>8,759,471</u>	<u>9,341,387</u>	<u>8,125,967</u>

27 Commitments

(i) Expenditure on development and investment properties

There were the following commitments under contract at 30 September 1997:

	1997 £	1996 £
Group	<u>835,000</u>	<u>—</u>
Company	<u>635,000</u>	<u>—</u>

(ii) Operating leases

Neither the Group nor the Company had any material commitments under non-cancellable operating leases at 30 September 1997 (1996: None).

Notes to the Accounts

28 Gross cash flows

	1997 £	Restated 1996 £
Returns on investments and servicing of finance		
Interest paid	(304,468)	(266,325)
Interest received	53,896	25,309
	<u>(250,572)</u>	<u>(241,016)</u>
Taxation		
Corporation tax paid	(23,635)	(44,182)
Corporation tax recovered	21,161	50,999
	<u>(2,474)</u>	<u>6,817</u>
Capital expenditure and financial investment		
Payments to acquire investment properties	(651,002)	(195,927)
Payment to acquire tangible fixed assets	(458,023)	(12,400)
Purchase of listed investment	(41,221)	(100,000)
Proceeds of sale of investment properties	125,019	788,509
Proceeds of sale of listed investments	218,500	—
	<u>(806,727)</u>	<u>480,182</u>
Management of liquid resources		
Proceeds of sale of current asset investments	—	18,300
	<u>—</u>	<u>18,300</u>
Financing		
Payments to purchase own shares	—	(94,637)
New bank loan	1,300,000	—
	<u>1,300,000</u>	<u>(94,637)</u>

29 Analysis of net debt

	At 1 October 1996 £	Cash flow £	Non-cash changes £	At 30 September 1997 £
Cash at bank	400,269	(394,193)	—	6,076
Bank overdraft	—	(779,383)	—	(779,383)
Cash	<u>400,269</u>	<u>(1,173,576)</u>	<u>—</u>	<u>(773,307)</u>
Debt				
Bank loans due within one year	—	(1,300,000)	(60,450)	(1,360,450)
Bank loan due after more than one year	(3,199,988)	—	60,450	(3,139,538)
Current asset investment	<u>46,670</u>	<u>—</u>	<u>3,662</u>	<u>50,332</u>
	<u>(2,753,049)</u>	<u>(2,473,576)</u>	<u>3,662</u>	<u>(5,222,963)</u>

30 Post balance sheet events

Subsequent to the year end the Company invested in General Industries plc, a company listed on the Alternative Investment Market and of which Mr J Richard Wollenberg is a director, as follows:

- 400,000 ordinary shares of 10 pence each acquired at 25 pence per share on 4 November 1997 for £100,000, representing a 10% stake.
- 200,000 ordinary shares of 10 pence each acquired at 25 pence per share on 2 December 1997 for £50,000, increasing the Company's total stake to 15%.

Notes to the Accounts

31 Related party transactions

During the year the Company entered into the following material transactions with related parties.

Party	Nature of transaction	Balance due from/(to) related party at	
		Value £	30 September 1997 £
Campmoss Property Company Limited	Loans made by the Company to acquire and develop properties	2,782,682	2,877,912
	Loan interest due to the Company	88,515	
	Management fees due to the Company	58,060	
Wadhama Assured Tenancy Limited	Loan received by the Company	100,000	(91,510)
	Management fee due to the Company	6,640	

Campmoss Property Company Limited is an associate of the Company.

Wadhama Assured Tenancy Limited is a company of which Messrs Wollenberg and Beck were, during the year, directors and shareholders. The Company manages the properties of Wadhama Assured Tenancy Limited under a management agreement.

Consolidated Five Year Summary

		1997	1996	1995	1994 ⁽¹⁾	1993 ⁽¹⁾
Profit and loss account items						
Gross rental income	£000	807	713	725	734	731
Sales of development properties	£000	2,116	364	455	90	78
Turnover	£000	2,923	1,077	1,180	824	809
Share of associate company's profit	£000	59	81	116	197	63
Profit before tax	£000	474	293	253	186	68
Dividends	£000	103	95	93	95	68
Dividend cover	times	4.4	2.7	2.6	2.1	1.8
Dividend per share	pence	3.1	2.85	2.75	2.6	2.5
Earnings per share – net basis	pence	13.7	7.7	6.8	6.9	4.6
Balance sheet items						
Fixed assets	£000	12,325	9,963	9,693	10,052	10,129
Stocks	£000	1,018	1,769	902	660	120
Other current assets/(liabilities)						
excluding cash and borrowings	£000	2,460	(173)	(121)	60	(229)
Net borrowings	£000	(5,273)	(2,800)	(2,297)	(1,792)	(3,853)
Net assets	£000	10,530	8,759	8,177	8,980	6,167
Number of shares in issue at 30 September	000	3,318	3,318	3,383	3,591	2,686
Net assets per share attributable to shareholders	pence	317	264	242	243 ⁽²⁾	233 ⁽³⁾
Gearing	per cent	50	32	28	21 ⁽²⁾	62 ⁽³⁾

Notes

- 1 The results for the years 1993 and 1994 have been restated to comply with Statement of Standard Accounting Practice 19 (Revised).
- 2 Net assets per share and gearing in 1994 are based on shareholders' funds attributable to equity interests of £8,737,000 after excluding £243,000 minority interests in First Choice Estates plc.
- 3 Based on net asset values adjusted for difference between directors' estimate of value of investment in associated undertaking and its book value, as referred to in the chairman's statement of that year.

Financial Calendar

19 January 1998

Results announced for the year ended
30 September 1997.

6 February 1998

Record date for final dividend.

12 March 1998

Annual general meeting.

13 March 1998

Dividend to be paid.

June 1998

Interim results for 1998 to be announced.

August 1998

Interim dividend to be paid.

Notice of Meeting

Notice is hereby given that the one hundred and eleventh annual general meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey, on Thursday, 12 March 1998, at 12 noon, for the following purposes:

Ordinary business

- 1 To receive the reports of the directors and auditors and the accounts for the year ended 30 September 1997.
- 2 To declare a dividend.
- 3 To re-appoint David Arthur Whitaker FCA as a director of the Company.
- 4 To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the directors to fix their remuneration.

Special business

To consider and, if thought fit, to pass resolutions numbered 5, 6 and 7 as special resolutions and resolutions numbered 8 and 9 as ordinary resolutions.

SPECIAL RESOLUTIONS

- 5 That the board be and is hereby empowered pursuant to Section 95(1) of the Companies Act 1985 to allot equity securities (as defined in Section 94(2) of that Act) for cash pursuant to the authority conferred in that behalf passed at an extraordinary general meeting of the Company held on 20 June 1994, as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements; and
- (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal amount of £33,175 representing 5% of the present issued share capital of the Company

and shall expire on the date of the next annual general meeting of the Company or 15 months from the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 6 Pursuant to article 12(2) of the Company's articles of association that the Company be and is hereby unconditionally and generally authorised to make market purchases (as defined in Section 163(3) of the Companies Act 1985) of ordinary shares of 20 pence each in the capital of the Company, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 350,000 representing approximately 10% of the issued share capital of the Company as at 13 February 1998;
- (b) the minimum price which may be paid for such shares is 20 pence per share which amount shall be exclusive of expenses;
- (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105% of the average of the middle market quotations for an ordinary share of the Company taken from the Daily Official List of the London Stock Exchange on the ten business days immediately preceding the day on which the share is contracted to be purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting or 15 months from the passing of this resolution, whichever is the earlier; and
- (e) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

- 7 That, notwithstanding anything in the articles of association of the Company (and in particular article 96(3)(f)(ii)), a director shall be entitled to vote (and be counted in the quorum) in respect of any resolution or proposal concerning:

- (a) the adoption, modification or operation of The Cardiff Property plc 1998 Approved Share Option Scheme (the "Approved Scheme"); and
- (b) the adoption, modification or operation of The Cardiff Property plc 1998 Unapproved Share Option Scheme (the "Unapproved Scheme").

ORDINARY RESOLUTIONS

- 8 That the Approved Scheme and the Unapproved Scheme (both as defined in resolution 7 above) in the forms set out in the draft rules produced to and initialled by the chairman of the meeting for the purpose of identification, the principal terms of which are summarised in Part II of the circular addressed to

Notice of Meeting

Company shareholders dated 13 February 1998, be and are hereby approved and adopted and the directors be and are hereby authorised to make such changes and to do all acts and things which they may consider expedient for the purposes of establishing the Approved Scheme and the Unapproved Scheme and carrying them into effect, including the making of any amendments as the directors consider necessary or desirable to the rules of the Approved Scheme to obtain approval of such scheme from the Inland Revenue and to the rules of the Unapproved Scheme as appropriate to reflect any amendments made to the rules of the Approved Scheme.

- 9 That the grant of an option made on 18 April 1996 to the executive chairman, J Richard Wollenberg, to subscribe for 10,000 shares of 20 pence each in the Company at a subscription price of £1.57 per share and the grant of an option made on 5 July 1996 to the executive chairman, J Richard Wollenberg, to subscribe for 15,000 shares of 20 pence each in the Company at a subscription price of £1.85 per share, both options granted on the terms of The Cardiff Property plc Executive Share Option Scheme adopted by the Company at general meeting on 1 December 1987, the principal terms of which are summarised in Part III of the circular addressed to Company shareholders dated 13 February 1998, be and are hereby authorised and approved.

Registered office:
Marlborough House,
Fitzalan Court,
Fitzalan Road,
Cardiff CF2 1TE

By order of the board

D A Whitaker,
secretary

13 February 1998



Notes

- 1 Copy of a director's service contract will be available for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the annual general meeting, and also during and at least 15 minutes before the beginning of the annual general meeting.
- 2 A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a member of the Company.

Form of Proxy

I/We, being (an) ordinary shareholder(s) of The Cardiff Property plc hereby appoint the chairman of the meeting or.....(see Note 1, below) as my/our proxy to vote for me/us on my/our behalf at the annual general meeting to be held on Thursday, 12 March 1998 and at any adjournment thereof, as indicated below:

Resolutions	For	Against
1 To receive the reports of the directors and auditors, and the accounts for the year ended 30 September 1997.		
2 To declare a dividend.		
3 To re-appoint David A Whitaker FCA* as a director.		
4 To re-appoint KPMG Audit Plc as auditors and to authorise the directors to fix their remuneration.		
5 To authorise the directors to allot equity securities and disapply the statutory pre-emption rights.		
6 To authorise the purchase of own shares.		
7 To authorise the directors to vote in respect of any resolution or proposal concerning The Cardiff Property plc 1998 Approved Share Option Scheme and The Cardiff Property plc 1998 Unapproved Share Option Scheme.		
8 To approve and adopt The Cardiff Property plc 1998 Approved Share Option Scheme and The Cardiff Property plc 1998 Unapproved Share Option Scheme.		
9 To approve the grants of unapproved share options made to J Richard Wollenberg on 18 April 1996 and 5 July 1996.		

*Member of the remuneration committee.

Signed.....Date.....1998

Name(s).....

Notes

- Should a member wish to nominate any other person, strike out "the chairman of the meeting or" and insert the name of the alternative proxy who need not be a member of the Company.
- Please indicate with an X in the boxes above how you wish your votes to be cast. In the absence of any specific direction the proxy will vote or abstain as he/she thinks fit.
- An appointment by a corporation must be under the common seal (if any) or, if none, under the hand of a duly authorised officer.
- Any one of the joint holders may attend or appoint a proxy to attend at the meeting but the vote of the senior present, in person or by proxy, will be accepted to the exclusion of any other. Seniority shall be determined by the order in which the names stand in the register of shareholders in respect of the joint holding.
- To be valid this proxy must be deposited at the head office at least 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be).

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BUSINESS REPLY SERVICE
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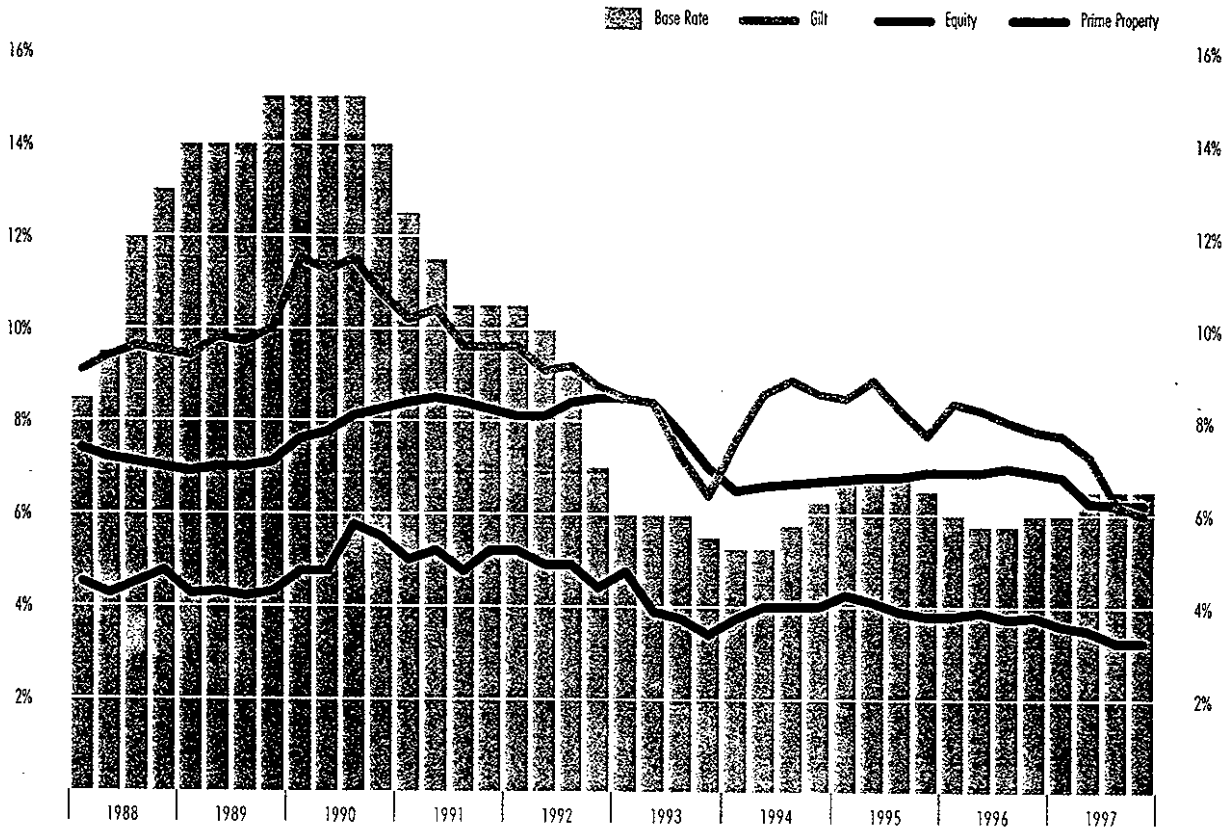
**The Secretary
The Cardiff Property plc
56 Station Road
EGHAM
Surrey
TW20 9BR**

Third fold

First fold

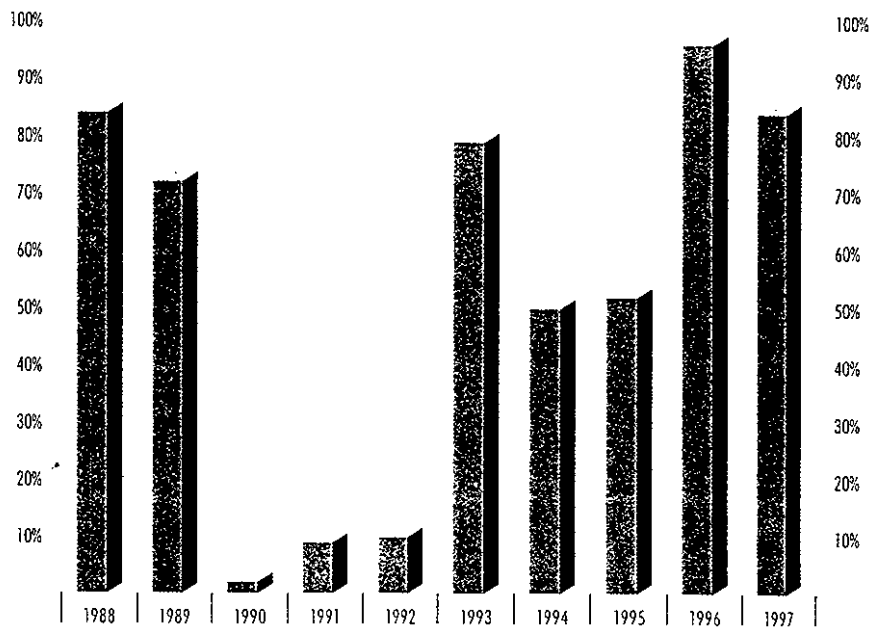
Statistical Information

YIELD AND INTEREST RATE MOVEMENTS



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