The Cardiff Property plc 22705

Annual Report 1999

The Cardiff Property plc

The investment and development portfolio, including Campmoss Property, valued in excess of £30m is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

Above left: The Clocktower, Brookwood
Above right: Foxbury, Hambledon (under construction)
Front cover: Satellite image, Thames Valley

Financial Highlights

		1999	1998	
Net Assets	£'000	**13,556**	12,469	
Net Assets Per Share	pence	**461**	376*	+23%
Profit Before Tax	£'000	**1,689**	498	+239%
Earnings per Share - Basic	pence	**53.3**	14.7	+263%
Dividend Per Share	pence	**4.1**	3.5	+17%
Gearing	%	**16**	46	

** See chairman's statement*

Contents

Locations & Office Rental Growth

Locations & Office

Bracknell

Chertsey

Egham

Guildford

Maidenhead

Bracknell

- **Brickfields***
  12 business units totalling 35,000 sq ft, seven let. Tenants include Siemens Properties, Worldcom International, PTS Group and National Car Rental.

- **Gowring House***
  25,000 sq ft office building. Planning application submitted to demolish and replace with high-grade offices, leisure use on ground floor. Currently let on short-term leases producing £90,000 pa.

Burnham

- **The Priory***
  26,000 sq ft headquarters office building let to Industri-Matematik and i2 Technology producing £611,000 pa.

Cardiff

- **Post Office sorting centre**
  14,650 sq ft let to the Royal Mail currently at £45,000 pa. Negotiations continue regarding a new lease.

Egham

- **The White House**
  Office and retail building of 12,000 sq ft, tenants include Friends Provident Life Assurance, Lunn Poly and Dollond & Aitchison, producing £161,000 pa.

- **Heritage Court**
  Retail and office premises, completed in 1988, totalling 3,000 sq ft and producing £60,000 pa.

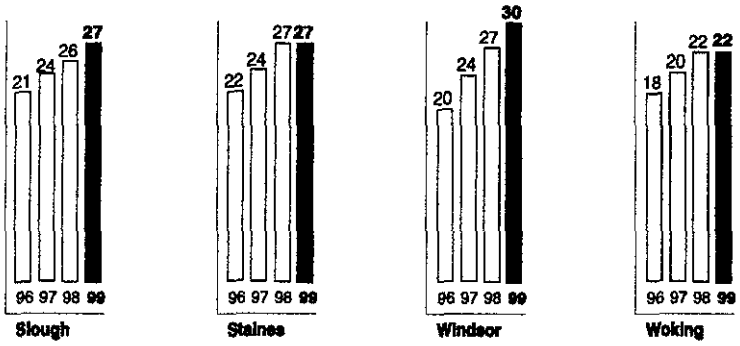
Hambledon

- **Foxbury**
  Development of a 7,000 sq ft six-bedroom luxury residence in six acres. To be marketed early 2000.

Hatton Cross

- **Strathclyde House**
  3,000 sq ft detached office building let to Vector Management at £75,840 pa.

Locations & Office Rental Growth



Office rental growth within the South Western sector of the M25. Top quality Space

Rental £ per sq ft

Reproduced by kind permission of DTZ Debenham Thorpe

DTZ Debenham Thorpe

Rental Growth

Maidenhead

- **York Road***
  8,000 sq ft office building. Planning application submitted to demolish and replace with new high grade office building.

- **Cordwallis Estate***
  25,000 sq ft office and industrial building. Planning application submitted to demolish and replace with high grade B1 offices.

Windsor

- **Alexandra Court**
  8,000 sq ft headquarters office building let to Morganite International at £250,000 pa.

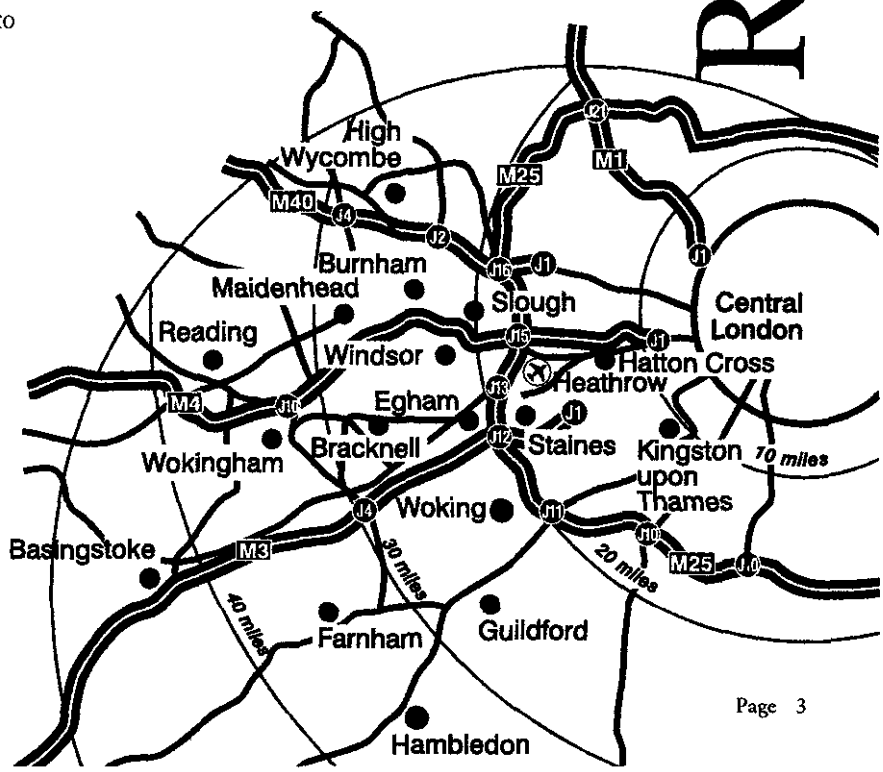
- **Windsor Business Centre**
  Six business units totalling 20,000 sq ft. 2 units let and negotiations in hand for all remaining units. Freehold offers are being considered.

Woking

- **Britannia Wharf***
  28,750 sq ft office building let to Playtex, Insurance Trade and Exchange, and Indus International producing £537,000 pa.

- **The Clock Tower, Brookwood**
  New 16,000 sq ft headquarters office building. Development to be completed shortly. Negotiations underway with prospective tenants.

* *Owned by joint venture undertaking*



Chairman's Statement
and Property Review

Chairman's Statement

I am pleased to report that, once again, the group, including Campmoss Property, has performed well, achieving new highs in net asset value and earnings per share.

Dear shareholder
The group, including Campmoss Property, had another excellent year.

Pre-tax profits for the year to 30 September 1999 increased by 239% to £1.69m (1998: £0.50m) including £0.33m (1998: £0.07m) representing the group's share of profits from Campmoss Property Company Limited, our 47.62% owned joint venture undertaking. A major part of the increase in profits was generated by the sale of investment and development properties.

Total turnover rose to £3.41m (1998: £1.38m) including property sales of £2.00m (1998: £0.07m). In addition, sales of investment properties totalled £3.57m (1998: £0.41m). Profit after tax amounted to £1.68m (1998:£0.49m) and earnings per share were 53.3p (1998: 14.7p).

Dividends
Your directors recommend a final dividend of 2.85p per share (1998: 2.40p), bringing the total dividend for the year to 4.10p per share (1998: 3.50p), an increase of 17%.

Net assets increased to £13.56m (1998: £12.47m) equivalent to 461p per share (1998: 376p), an increase of 23%. The comparable figure for 1998 excludes the directors' estimate of an increase in value of £0.50m on a development property at Windsor sold in the year under review.

The group's bank borrowing facilities remain available with the rate of interest, as in previous years, being linked to base rate. Gearing reduced to 16% against 46% at the last year-end.

Heathrow, west of London, the M25, M4 and M3 motorways
Commercial property to the west of London, close to Heathrow Airport and in the counties of Surrey and Berkshire, continues to be in high demand by both occupiers and institutional investors. Although development activity has increased, the level of take up has been high and tenant demand remains strong. Rental levels for modern offices have risen in excess of 15% over the year and the current strength in this sector of the market indicates further growth.

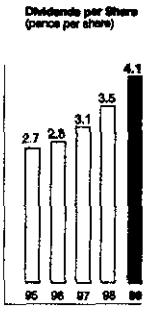
We are actively seeking further investment and development opportunities in the Thames Valley.

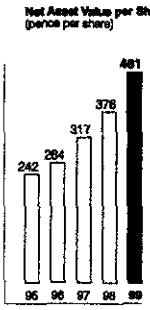
Financial
Our commercial and residential investment portfolio, which is valued annually by Healey & Baker and Aitchison Raffety respectively, produced a value of £6.60m (1998: £9.67m). This year's figure reflects a number of disposals.

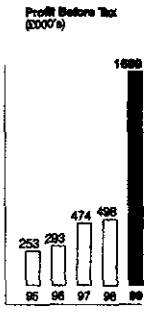
Total assets, including our share of the net assets of Campmoss Property of £3.96m (1998: £3.18m), amounted to £17.63m (1998: £19.01m).

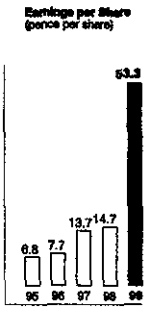
The area in which the group operates has become well established as a preferred location for IT and high tech companies and this trend appears set to continue. The growth in this sector and the availability of new capital remains an important factor in allowing businesses to expand, creating new job opportunities and the requirement for new or larger premises.

Chairman's Statement
and Property Review









Well-located office and business use space, built to top specification, remains a priority for most occupiers and institutions. Furthermore, those developments offering secure and good parking facilities will be at the forefront of the market place.

Residential values in Surrey and Berkshire continue to benefit from the pleasant out of town working environment and the strength of the local employment market. Obtaining planning permission remains a difficult and lengthy process adding further premium value to new homes and increases in excess of 20% have been achieved over the year.

Higher office and industrial rental levels are currently being achieved in the group's area of operation and the demand for new residential property remains strong.

Commercial investments
The majority of our commercial property investment portfolio, located to the west of Heathrow Airport, at Windsor, Egham and Hatton Cross is primarily let to good covenants on long- term institutional leases. These properties produce an annual gross rental income of £530,000. We disposed of our new office building in Egham in October 1998 and your directors will take advantage of any further opportunities as they occur.

Commercial developments
After completion of refurbishment works at our 8,000 sq ft office scheme in Redhill, we received a cash offer of £1.31m from an owner-occupier. The freehold sale was completed in July 1999 at a satisfactory profit.

At Windsor, the re-building of the Windsor Business Centre, comprising six individual business units totalling 20,000 sq ft, was completed during the year. Two units have been let and offers for the remaining space are being evaluated. The units incorporate 30% office space and average rentals of £10 per sq ft have been achieved.

The construction of a new 16,000 sq ft headquarters office building known as The Clock Tower, Brookwood, is nearing completion. At the time of writing this report two offers from prospective tenants have been received.

I anticipate that on a fully let basis, Windsor and Brookwood should produce an annual gross rental income of approximately £500,000. The investment value is expected to be in excess of £5m.

Residential
At Clarence Road, Windsor, an improved planning consent for twenty-one flats was granted and a cash offer of £1.48m accepted from a national house-builder. The sale generated a significant surplus over book value.

The development of seven flats at Egham was completed during 1998 and the remaining three flats sold during the year. At Thames Ditton, Surrey, the construction of an executive house was completed and contracts for sale exchanged just before the year-end. The sale was completed in October 1999.

Chairman's Statement
and Property Review

Chairman's Statement

At Hambledon, Surrey, the specification for our 7,000 sq ft residence known as "Foxbury" has been upgraded. Construction of the property, set in six acres and in an area of outstanding natural beauty, is expected to complete shortly and will be marketed for sale in early 2000.

Campmoss Property Company Limited
The high-grade 28,750 sq ft office building at Britannia Wharf, Woking and the 26,000 sq ft headquarters office building at The Priory, Burnham, produce a total gross annual rental income of £1.15m. The properties are let to five well-known covenants primarily on long term institutional leases. Rents in these areas have risen over the past few years and there is every prospect of a further increase in income over the next few years.

The group is in a strong financial position, able to take immediate advantage of market opportunities.

At Gowring House, Bracknell, a revised planning application for a new office building in excess of the existing 25,000 sq ft has been submitted. The property has been let on various short-term leases.

At Brickfields, Bracknell, further lettings have been achieved. The development which comprises twelve business units totalling 35,000 sq ft incorporates up to 30% office space. Once fully let, rental income is expected to be in excess of £400,000 per annum.

In March and September this year, two commercial properties, both located in Maidenhead, were acquired for a total of £2.30m cash. At York Road, Maidenhead, the existing office building totals 8,000 sq ft and a planning application for a new, more extensive, office scheme has been submitted. At Cordwallis Estate, Maidenhead, subject to planning permission, we intend to replace the existing 25,000 sq ft office and industrial building with high quality offices. The proposed redevelopment cost of these two buildings, which is expected to be in the region of £4m, will be funded from cash balances and existing borrowing facilities.

Quoted investments
During the year the group disposed of part of its shareholding in Grantchester Holdings PLC, a company specialising in the UK retail warehouse market.

We retain our shareholding in HACAS Group PLC which provides out-sourcing and consultancy services to the public and social housing sector. In addition we made a small investment in General Industries plc, a cash shell floated on the AIM market. I remain a director of both HACAS Group and General Industries.

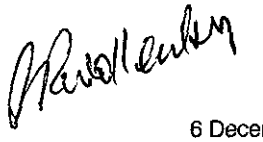
Management and staff
It is pleasing to see that our small management team has produced such excellent results and I wish to take this opportunity of thanking all members of the group, including our joint venture partners, for their support, dedication and hard work over the year.

Post balance sheet events and outlook
Completion of building works and the subsequent sale of our residential development at Thames Ditton, Surrey, took place in October this year.

Our office development at Brookwood, and residential development at Hambledon, are both close to completion. I hope to be in a position to report further progress with the interim results. I also await the outcome of three separate planning applications for two office schemes at Maidenhead and one at Bracknell.

A small increase in interest rates over the next six months should be considered as a positive move. A less volatile market place will, in the long run, prove beneficial to investors and homeowners alike.

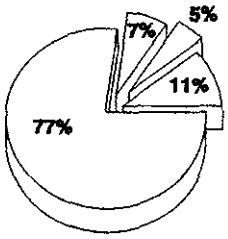
The group currently retains cash balances which, together with unused bank borrowing facilities, will fund the proposed development programme as well as allowing your directors to make acquisitions. The outlook for both the commercial and residential property markets remains firm and I look forward to achieving and reporting further success in the current year.



6 December 1999

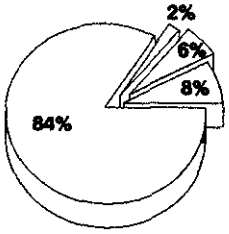
Financial Review

Analysis of Group Property Portfolio
by Capital Value
(including development properties)



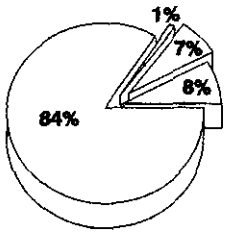
☐ Office ☐ Retail
☐ Residential ☐ Industrial

Analysis of Group Property Portfolio
by Capital Value
(excluding development properties)



☐ Office ☐ Retail
☐ Residential ☐ Industrial

Analysis of Group Property Portfolio
by Rental Income
(excluding development properties)



☐ Office ☐ Retail
☐ Residential ☐ Industrial

This review provides a commentary on the results for the year ended 30 September 1999 and a comparison with 1998. Two Financial Reporting Standards have been introduced this year and incorporated in the financial statements before you. These are commented on in more detail below.

Profit and loss account

Turnover amounted to £3,413,000 (1997: £1,383,000). This can be analysed as to:

	1999 £'000	1998 £'000	movement
Gross rents receivable			
Group	**648**	775	
Campmoss Property*	**769**	419	
	1,417	1,194	**+19%**
Sale of development properties			
Group	**1,996**	66	
Campmoss Property*	-	123	
	1,996	189	**+956%**
Total turnover	**3,413**	1,383	**+147%**

* The group's share of Campmoss Property - 47.62%

As indicated in the financial review of last year, sales of property can have a potentially large distorting effect on a period by period comparison of turnover and profit. The accounting policy in respect of turnover states that sale of development properties and rents receivable are classed as turnover whilst sales of investment properties are treated as disposals of fixed assets and only the gain or loss on sale is reflected in the profit and loss account.

Thus the sales of three development properties during the year has boosted turnover significantly. Two investment properties were disposed of during the year for £3.7m but, in accordance with our accounting policy, only the gain was included in the profit and loss account.

The reduction in the group's rental income reflects the decision to redevelop two of its commercial properties in Windsor and Woking. The re-development is nearing completion and offers from two prospective tenants have been received. The growth in Campmoss Property's rental income is due to the inclusion of a full year's rent from its headquarters building in Burnham and the letting of industrial units at Bracknell.

Profit before tax increased by 239% to £1,689,000 (1998: £498,000). These results, which include profit on sale of investments and investment properties of £419,000 (1998: £302,000) relate entirely to continuing activities. There were no acquisitions or disposals of businesses in the year. The significant contribution to profit from the sales of property and investments, in the same way as turnover discussed above, can have a potentially large distorting effect on a period by period comparison.

The tax charge at £13,000 (1998: £9,000) represents irrecoverable Advance Corporation Tax. 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 263% to 53.3 pence (1998: 14.7 pence).

Financial Review

Financial Review
(continued)

Financial Review

Balance sheet
Total assets amounted to:

	1999 £'000	1998 £'000
Investment properties	**6,600**	9,665
Other fixed assets	**31**	40
Shares in joint venture undertaking	**3,958**	3,180
Investments	**468**	421
Stock	**5,004**	3,141
Other current assets	**1,568**	2,563
Total	**17,629**	19,010

Net assets per share have increased during the year by 23% from 376p to 461p, as a result of both business performance and your board's decision to purchase own shares.

Listed investments were held at cost and had a market value of £770,000 (1998: £1,096,000).

Liquidity
At the year-end the company had cash deposits resulting from property sales during the year. This has meant that overdraft and short-term loan facilities negotiated by the group remain largely unused. The table on page 33 indicates the position at the end of the year. Since the year-end the group's bankers have made available the overdraft and short-term loan facilities for a further year. These together with long-term loans already in place will allow the group to complete its development programme and take advantage of market opportunities.
Gearing at the year-end was 16% (1998: 46%).

Joint venture undertaking
The group's share of our joint venture undertaking Campmoss Property Company Limited are summarised as follows:

	1999 £'000	1998 £'000
Turnover	**769**	542
Profit before tax	**332**	66
Net assets before net borrowing	**3,958**	3,180

FRS12: Provisions, contingent liabilities and contingent assets
In accordance with FRS12 a provision is recognised only when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

FRS13: Derivatives and other financial instruments: disclosures
The group's financial instruments comprise cash and deposits, bank borrowings and operating items including debtors and creditors. The main risks which arise from these are liquidity, interest rate change and credit risk.

The group seeks to reduce its exposure to financial risk by ensuring that:

- sufficient liquidity is available to meet foreseeable operating needs;
- cash resources are invested safely and profitably;
- there is no trading in financial instruments;
- borrowing facilities are negotiated on the keenest available terms; and
- credit terms for both debtors and creditors are adhered to.

Group activities focus on property investment and development which are funded by a mixture of equity and short and long-term borrowings. Short-term borrowings by way of overdraft or short-term development loans are utilised, where appropriate, to fund the acquisition and development of properties whilst longer-term borrowing is used to fund investment properties. Where the group develops a property to hold as an investment the funding of that investment property, once completed, will be reviewed and, if appropriate at the time, refinanced using longer-term loans.

The board recognises that there is a degree of correlation between property values and long-term interest rates and thus considers that it is not necessary at this stage for the group's borrowing costs to be hedged against movements in its floating rate basis. Where the group holds surplus cash balances, the board reviews the options available to make secure deposits to maximise the benefit to the group whilst maintaining adequate liquidity to take business opportunities which may arise.

Consolidated Five Year Summary

Five Year Summary

		1999	1998	1997	1996	1995
Profit and loss account items						
Turnover						
Gross rental income	£'000	**648**	775	807	713	725
Sales of development properties	£'000	**1,996**	66	2,116	364	455
Group	£'000	**2,644**	841	2,923	1,077	1,180
Share of joint venture undertaking	£'000	**769**	542	269	298	221
Total	£'000	**3,413**	1,383	3,192	1,375	1,401
Profit before tax						
Group	£'000	**1,689**	498	474	293	253
Share of joint venture undertaking included above	£'000	**332**	66	59	81	116
Dividends	£'000	**117**	116	103	95	93
Dividend Cover	times	**14.3**	4.2	4.4	2.7	2.6
Dividend per share	pence	**4.1**	3.50	3.10	2.85	2.75
Earnings per share-basic	pence	**53.3**	14.7	13.7	7.7	6.8
Balance sheet items						
Fixed assets	£'000	**11,057**	13,306	12,325	9,963	9,693
Stocks	£'000	**5,004**	3,141	1,018	1,769	902
Other current assets/(liabilities) including provisions excluding net borrowings	£'000	**(317)**	1,794	2,460	(173)	(121)
Net borrowings	£'000	**(2,188)**	(5,772)	(5,273)	(2,800)	(2,297)
Net assets						
Group	£'000	**13,556**	12,469	10,530	8,759	8,177
Share of joint venture undertaking included above	£'000	**3,958**	3,180	1,871	1,529	1,107
Number of shares in issue at 30 September	'000	**2,937**	3,318	3,318	3,318	3,383
Net assets per share attributable to shareholders	pence	**461**	376	317	264	242
Gearing	per cent	**16**	46	50	32	28

Directors and Advisers

Directors and Advisers

Directors
J Richard Wollenberg, *chairman and chief executive*

David A Whitaker FCA

Nigel D Jamieson BSc, ARICS, MSI(Dip), *independent non-executive director*

Secretary
David A Whitaker FCA

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Chartered Accountants
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Bankers
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PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH
Telephone: 0117 930 6666

The Cardiff Property plc

J Richard Wollenberg (aged 51), *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 and has been actively involved in a number of corporate acquisitions and flotations. He is a director of HACAS Group PLC and General Industries plc.

David A Whitaker FCA (aged 50).
Was appointed a director and secretary of the company in 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 49), *independent 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 50).
Is the group managing director of HACAS Group PLC, a leading housing association and local authority housing consultancy quoted on AIM. He is a director of a number of housing development and renting companies and an executive director of an authorised property unit trust management company. He is project manager for the largest UK housing association borrowing club and advises UK government departments and foreign governments on housing strategy. He is also a non-executive director of General Industries plc.

Thames Valley Retirement Homes Limited

Richard S G Sale MA, LLB (Cantab) (aged 60).
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

Directors' Report

The directors submit their annual report and the audited financial statements for the year ended 30 September 1999.

Results
The results of the group for the year are set out in the audited financial statements.

Dividends
The directors recommend a final dividend for the year of 2.85 pence per share (1998: 2.4 pence) payable on 18 February 2000. The total dividend for the year including the interim dividend of 1.25 pence per share, amounts to 4.10 pence per share (1998: 3.5 pence) which represents an increase of 17% over the total dividend per share 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 4 to 6.

Directors
The current directors of the company and the non-executive directors of wholly owned subsidiaries are listed on page 10. All served throughout the financial year. In accordance with the company's articles of association, Mr Wollenberg will retire by rotation at the annual general meeting and, being eligible, will offer himself for re-election. Mr Wollenberg's service contract has an unexpired term of three years.

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

	At 30 September 1999		At 1 October 1998	
	Beneficial	Under option	Beneficial	Under option
N D Jamieson	1,500	-	1,500	-
D A Whitaker	5,000	-	-	-
J R Wollenberg	403,948	71,500	351,948	61,500

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 1999 and 3 December 1999.

At 30 September 1999 Mr Wollenberg held 25,000 (1998: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a joint venture undertaking, representing 2.38% of the issued share capital of that company.

Directors' options
Details of the options to subscribe for ordinary shares of 20 pence each held by Mr Wollenberg are as follows. Options were granted during the year as shown below, but no options were exercised or lapsed 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
24 March 1998	£1	20,000	286p	2001-2005
16 March 1999	£1	10,000	300p	2002-2009

The mid market price of the company's shares on 30 September 1999 was 327.5 pence per share, the highest and lowest mid market prices of the company's shares during the year were 329.5 pence and 242.5 pence respectively. See note (e) of remuneration policies on page 14 for the criteria attached to options granted on 16 March 1999 and 24 March 1998.

Substantial shareholders
In addition to one director referred to above who holds 13.75%, the company has been notified of the following holdings of 3% or more in the share capital of the company at 3 December 1999.

	Holdings	Percentage
Barclays Bank plc*	206,925	7.05
British Aerospace Pension Funds Investment Management Limited	140,000	4.77
Fidelity Investments*	319,200	10.87
Framlington 1000 Smallest Companies Trust plc	200,000	6.81

*Funds under the management of.

Allotment of shares
As special business at the annual general meeting a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 80 of the Companies Act 1985, such power being limited to one-third of the issued share capital of the company. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each annual general meeting.

Report of the Directors
(continued)

Directors' Report

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 £29,370, representing 5% of the present issued ordinary share capital of the company.

Purchase of own shares
At the annual general meeting held on 12 March 1998, authority was renewed empowering your directors to make market purchases of up to 350,000 of the company's own ordinary shares of 20 pence each. Under that authority your directors made market purchases of 215,500 shares (nominal value £43,100) during January and February 1999 representing 6.6% of the issued share capital at 12 March 1998. These shares were purchased for an aggregate value of £586,758 and cancelled. At the annual general meeting held on 11 March 1999, the authority was renewed empowering your directors to make market purchases of up to 310,000 of the company's own ordinary shares of 20 pence each. Under that authority your directors made market purchases of 165,000 shares (nominal value £33,000) during May, August and September 1999 representing 5.3% of the issued share capital at 11 March 1999. These shares were purchased for an aggregate value of £515,475 and cancelled. The number of shares in issue following these transactions is 2,937,014.
The existing authority for the company to purchase its own shares expires at the conclusion of the annual general meeting to be held on 27 January 2000. The directors wish to renew the authority and consent is therefore sought to resolution 7 set out in the Notice of Meeting on page 35 authorising the directors to purchase up to 293,000 ordinary shares of 20 pence each (representing approximately 10% 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 the ordinary shares 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 2001 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.

Supplier payment policy
Whilst the company does not follow any standard code, it is its policy to negotiate terms with all 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 day's purchases outstanding at the year end was 8.

Year 2000
A review, undertaken by the board, has been made to assess the impact of year 2000 issues and their associated risks and to address them in three specific areas:

- internal operating systems and management information;
- relationships with key customers and suppliers; and
- relationships with other relevant parties.

This review and the actions considered necessary have been completed. Modifications to the group's central accounting and administration system have been implemented to ensure that systems are year 2000 compliant. The cost of these modifications was £1,000. It is believed that the group's peripheral systems are year 2000 compliant.

Whilst the directors believe that all significant risks associated with the year 2000 issue have been addressed it must be recognised that, with a problem potentially as large and complex as this, it is not possible to give any guarantee that no unforeseen problem will arise.

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 CF24 0TE

6 December 1999

By order of the board

D A Whitaker
secretary

Report on Corporate Governance

Governance

During the year the company has substantially complied with the Combined Code, as now incorporated into the Listing Rules of The London Stock Exchange.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 two executive directors and one independent 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, a position which the directors consider to be a practical solution to the company's size and needs, however it is intended to review this issue as the group expands.

A nominations committee has not been established as the full board participates in such decisions.

Audit committee
The audit committee, which is chaired by the independent 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 Combined Code recommends that the audit committee should comprise at least three non-executive directors.

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 Combined Code recommends that the remuneration committee should comprise solely of non-executive directors. The board's report on remuneration appears on page 14.

Internal control
The Combined Code requires directors to review the effectiveness of the group's system of internal control. Formal guidance on the review of non-financial internal controls was published on 27 September 1999 but compliance with this is not mandatory for accounting periods ending before 23 December 2000. There are transitional guidelines for accounting periods ending on or after 23 December 1999.

Consequently, the directors limit their report to a review of internal financial controls. The directors are reviewing the new guidance and intend to report on their progress towards compliance in next year's annual report.

The directors confirm that they have reviewed the effectiveness of the group's system of internal financial control and they acknowledge their responsibility for that system. 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, approval procedures and risk assessment 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 consider that the size of the group and the close involvement of executives in day to day operations make the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

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 financial statements.

Remuneration Report

Remuneration

Composition of the remuneration committee

Nigel D Jamieson,	independent non-executive director, *chairman of the committee.*
David A Whitaker,	executive director.
J Richard Wollenberg,	executive director.

Remuneration policy is a matter for the board as a whole. The remuneration committee works within the agreed policy to set individual remuneration levels, although 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.

All members served throughout the year.

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.

Remuneration policy

The remuneration policy is designed to attract, retain and motivate executive directors and senior management of a high calibre with a view to encouraging commitment to the development of the group and for long-term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar jobs in other comparable companies, where such companies can be identified. The committee believes that share ownership by executive directors and senior staff strengthens the link between their personal interests and those of shareholders.

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. Mr Whitaker may receive a bonus equivalent to that he would receive as a member of the company's profit related pay scheme. As from 1 October 1998 Mr Wollenberg is eligible to receive a total bonus based on current salary to twice the percentage increase in Net Asset Value up to a maximum of 50% of that salary. Any entitlement under the profit related pay scheme is deducted from this amount;

c) taxable benefits - provision of a company car 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 17.5% of salary and bonuses;

e) share options - grants under the company's approved share option scheme (approved by shareholders in general meeting) are set so that the aggregate option exercise price for each recipient may not be greater than four times annual salary and such grants are phased. Grants under the unapproved share option scheme (approved by shareholders in general meeting) are made by the remuneration committee upon the achievement of specified performance criteria.

The criteria applicable to both schemes are:

1. on grant of an option, an increase in the average of the previous three years' earnings per share of at least 3% more than the corresponding increase in the Retail Price Index over the same period;

2. on exercise of an option, an increase in the average of the previous three years' net asset value of at least 3% more than the corresponding increase in the FT Property Index over the same period.

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 Ltd, a company controlled by him, with whom the company has a service contract which can be terminated by either party upon giving three months notice in writing.

Remuneration Report
(continued)

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. His services can be terminated by either party upon giving three months notice in writing.

Directors' remuneration
Particulars of directors' remuneration are given in note 5 of the financial statements on page 24.

Director's options
Details of director's options are set out in the report of the directors on page 11.

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.

On behalf of the board

N D Jamieson,
chairman of the remuneration committee

Responsibilities

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the Auditors

Auditors

KPMG Audit Plc
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

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

We have audited the financial statements on pages 17 to 34.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the annual report, including as described on page 15 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you on our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on page 13 reflects the company's compliance with those provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with the 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 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 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 affairs of the company and the group as at 30 September 1999 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

KPMG Audit Plc
Chartered Accountants Cardiff
Registered Auditor 6 December 1999

Consolidated Profit and Loss Account

for the year ended 30 September 1999

	Notes	1999 £'000	1999 £'000	1998 £'000	1998 £'000
Turnover					
Group and share of joint venture undertaking	2		**3,413**		1,383
Less: share of joint venture undertaking			**(769)**		(542)
Group turnover			**2,644**		841
Cost of sales			**(1,109)**		(115)
Gross profit			**1,535**		726
Administrative expenses			**(507)**		(404)
Other operating income			**105**		121
Operating profit					
Group			**1,133**		443
Share of operating profit in joint venture undertaking	13		**689**		387
Total			**1,822**		830
Profit on sale of investment property (group)			**307**		14
Profit on sale of other investments (group)			**112**		288
Profit on ordinary activities before interest	2		**2,241**		1,132
Interest receivable and similar income					
Group		**102**		106	
Share of joint venture undertaking		**6**		4	
			108		110
Interest payable	3				
Group		**(297)**		(419)	
Share of joint venture undertaking		**(363)**		(325)	
			(660)		(744)
Profit on ordinary activities before taxation	6		**1,689**		498
Tax on profit on ordinary activities	7		**(13)**		(9)
Profit after taxation being profit for the financial year - attributable to equity shareholders	8		**1,676**		489
Dividends	9		**(117)**		(116)
Retained profit for the financial year			**1,559**		373

Earnings per share	Note	1999 Pence per share	1998 Pence per share
On profit for the financial year			
Basic	10	**53.3**	14.7
Diluted	10	**53.0**	14.7

Financial Statements

Financial

Consolidated Statement of Retained Profit

for the year ended 30 September 1999

	1999 £'000	1998 £'000
Balance brought forward	1,150	2,149
Retained profit for the financial year	1,559	373
Revaluation (deficit)/surplus realised on properties:		
Disposed of in the year	878	(65)
Transferred to stock	-	(1,307)
Amounts paid on redemption of shares	(1,103)	-
Balance carried forward	2,484	1,150

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 1999

	Notes	1999 £'000	1998 £'000
Group			
Profit for the financial year		1,676	489
Unrealised surplus on revaluation of investment properties in the year	21	185	323
Share of unrealised surplus on revaluation of investment properties in joint venture undertaking	13	446	1,243
Total recognised gains and losses relating to the financial year		2,307	2,055

Note of Historical Cost Profits and Losses

for the year ended 30 September 1999

	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation for the financial year	1,689	498
Difference between profit on sale of properties at book value and under historical cost	878	(64)
Revaluation deficit relating to property transferred to stock	-	(1,307)
Historical cost profit/(loss) on ordinary activities before taxation for the financial year	2,567	(873)
Historical cost profit/(loss) for the year retained after taxation and dividends	2,437	(998)

Consolidated Balance Sheet

at 30 September 1999

Statements

	Notes	1999 £'000	1999 £'000	1998 £'000	1998 £'000
Fixed assets					
Tangible assets:					
Investment properties	11		**6,600**		9,665
Other	12		**31**		40
			6,631		9,705
Investments:					
Investment in joint venture undertaking					
Share of gross assets		**9,274**		7,546	
Share of gross liabilities		**(5,316)**		(4,366)	
		3,958		3,180	
Other investments		**468**		421	
	13		**4,426**		3,601
			11,057		13,306
Current assets					
Stock and work in progress	14	**5,004**		3,141	
Debtors	15	**389**		2,560	
Cash at bank and in hand		**1,179**		3	
		6,572		5,704	
Creditors: amounts falling due within one year	16	**(798)**		(3,341)	
Net current assets			**5,774**		2,363
Total assets less current liabilities			**16,831**		15,669
Creditors: amounts falling due after more than one year	17		**(3,200)**		(3,200)
Provisions for liabilities and charges	18		**(75)**		-
Net assets			**13,556**		12,469
Capital and reserves					
Called up share capital	19		**587**		664
Share premium account	20		**4,810**		4,810
Investment property revaluation reserve	21		**3,629**		3,876
Other reserves	22		**2,046**		1,969
Profit and loss account			**2,484**		1,150
Shareholders' funds - equity	24		**13,556**		12,469

These financial statements were approved by the board of directors on 6 December 1999 and were signed on its behalf by:

J Richard Wollenberg,
Director

Company Balance Sheet

at 30 September 1999

Financial

	Notes	1999 £'000	1999 £'000	1998 £'000	1998 £'000
Fixed assets					
Tangible assets:					
Investment properties	11		**6,600**		9,665
Other	12		**31**		40
			6,631		9,705
Investments	13		**4,610**		4,571
			11,241		14,276
Current assets					
Debtors	15	**1,591**		3,220	
Cash at bank and in hand		**1,177**		-	
		2,768		3,220	
Creditors: amounts falling due within one year	16	**(629)**		(3,264)	
Net current assets/(liabilities)			**2,139**		(44)
Total assets less current liabilities			**13,380**		14,232
Creditors: amounts falling due after more than one year	17		**(4,141)**		(4,139)
Provisions for liabilities and charges	18		**(15)**		-
Net assets			**9,224**		10,093
Capital and reserves					
Called up share capital	19		**587**		664
Share premium account	20		**4,810**		4,810
Investment property revaluation reserve	21		**1,105**		1,798
Other reserves	22		**2,035**		1,958
Profit and loss account	23		**687**		863
Shareholders' funds - equity	24		**9,224**		10,093

These financial statements were approved by the board of directors on 6 December 1999 and were signed on its behalf by:

J Richard Wollenberg,
Director

Consolidated Cash Flow Statement

for the year ended 30 September 1999

Statements

	Notes	1999 £'000	1998 £'000
Cash inflow/(outflow) from operating activities		1,412	(52)
Returns on investment and servicing of finance	27	(213)	(268)
Taxation	27	(17)	(21)
Capital expenditure and financial investment	27	3,618	(116)
Equity dividends paid		(113)	(106)
Management of liquid resources	27	-	64
Cash inflow/(outflow) before financing		4,687	(499)
Financing	27	(2,403)	-
Increase/(decrease) in cash in the year	28	2,284	(499)

Reconciliation of net cash flow to movement in net debt

	Note	1999 £'000	1998 £'000
Increase/(decrease) in cash in the year	28	2,284	(499)
Cash inflow from loan finance	28	1,300	-
Cash outflow from disposal of current asset investment	28	-	(64)
Changes in net debt resulting from cash flows		3,584	(563)
Increase in market value of current asset investment	28	-	14
Movement in net debt in the year		3,584	(549)
Net debt at beginning of year	28	(5,772)	(5,223)
Net debt at end of year	28	(2,188)	(5,772)

Reconciliation of operating profit to net cash flow from operating activities

	1999 £'000	1998 £'000
Operating profit - group	1,134	443
Profit on disposal of current asset investment	-	(14)
Depreciation charges	12	14
Increase in stock and work in progress	(1,863)	(1,058)
Decrease in debtors	2,171	537
(Decrease)/increase in creditors and provisions	(42)	26
Net cash inflow/(outflow) from operating activities	1,412	(52)

Notes to the Financial Statements

Notes

1 Accounting policies

The principal accounting policies applied in the preparation of the financial statements of the company and of the group are described below. The financial statements 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.

Consolidation

The consolidated financial statements 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 joint venture undertakings from the date of acquisition and until the date of disposal. Goodwill arising on acquisitions after 1 October 1998, the date of adoption of Financial Reporting Standard 10 - Goodwill and Intangible Assets - is capitalised and amortised over its useful life. Goodwill arising on acquisitions prior to that date remains written off to reserves.

On a subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill not written off through the profit and loss account, including any previously taken direct to reserves.

Restatement

Following the implementation of Financial Reporting Standard 12 ("FRS12") - Provisions, Contingent Liabilities and Contingent Assets - the directors have reconsidered the classification of liabilities and consider that, in the light of FRS 12's guidance, certain amounts within the balance sheet should be classified as provisions. Such items are now classified accordingly. Equivalent reclassifications have not been necessary within the comparative figures and consequently have no impact on the results presented for the current or prior year.

Joint ventures

In the consolidated financial statements investments in joint ventures which represent entities in their own right are accounted for under the gross equity method. The directors consider that the group's investment in Campmoss Property Company Limited, the group's associate, constitutes such a joint venture as defined by Financial Reporting Standard 9 ("FRS 9").

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 along with the costs directly attributable to the initial letting of newly developed properties. 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.

When completed, these properties are transferred back to investment properties and accumulated revaluation surpluses or deficits transferred back to the investment property revaluation reserve.

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 financial statements 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 the company's investment properties are obtained by the directors annually. The most recent such valuations were obtained as at 30 September 1999.

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 years
Fixtures, fittings and equipment	-	5 to 7 years

Notes to the Financial Statements
continued

Notes

1. Accounting policies *(continued)*

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 held as stock.

Investments
Where investments are held for the long term they are classified as fixed assets and are stated at cost less provisions for impairment 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, being properties under development intended for sale, are stated at the lower of cost, including attributable overheads, and net realisable value.

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

	1999 £'000	1998 £'000
Turnover (wholly in the United Kingdom):		
Gross rents receivable		
Group	**648**	775
Share of joint venture undertaking	**769**	419
Sale of development properties:		
Group	**1,996**	66
Share of joint venture undertaking	**-**	123
	3,413	1,383
Profit on ordinary activities before interest and taxation:		
Property and other investment		
Group	**611**	584
Share of joint venture undertaking	**689**	362
Property development		
Group	**941**	161
Share of joint venture undertaking	**-**	25
	2,241	1,132
Net operating assets:		
Property and other investment	**8,950**	9,106
Property development	**4,606**	3,363
	13,556	12,469

3. Interest payable and similar charges

	1999 £'000	1998 £'000
On bank loans and overdrafts - group	**297**	419
On institutional and other loans - share of joint venture undertaking	**363**	325
	660	744

Notes to the Financial Statements
continued

Notes

4. Staff numbers and costs

The average number of persons employed by the group (including executive directors) during the year was:

	Number of employees	
	1999	1998
Management	1	3
Administration	7	7
Technical	1	1
	9	11

The aggregate payroll costs of these persons were as follows:

	1999 £'000	1998 £'000
Wages and salaries	258	203
Social security costs	26	18
Other pension costs	15	13
	299	234

Other pension costs represent amounts paid by the group to a personal pension plan in respect of Mr Wollenberg.

5. Emoluments of directors

The emoluments of the directors were as follows:

	Salary/fee	Benefits	Profit related bonus	Net assets per share based bonus	Total 1999	Total 1998	Pension contributions 1999	Pension contributions 1998
	£	£	£	£	£	£	£	£
As executives								
J R Wollenberg, chairman	81,875	8,732	29,070	1,365	121,042	83,254	15,089	12,935
D A Whitaker	29,595	-	9,765	-	39,360	23,000	-	-
W R Beck	-	-	-	-	-	18,738	-	-
	111,470	8,732	38,835	1,365	160,402	124,992	15,089	12,935
As non-executive								
N D Jamieson	11,375	-	-	-	11,375	11,000	-	-
	122,845	8,732	38,835	1,365	171,777	135,992	15,089	12,935

Information on director's share options is shown in the report of the directors on page 11.

Amounts in respect of emoluments for D A Whitaker are paid to Netpage Communications Limited, a company which he controls.

6. Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
This is stated after charging the following in respect of the group:		
Auditors' remuneration:		
Audit fees paid to the company's auditor and its associates	24	21
Non-audit fees paid to the company's auditor and its associates	16	17
Depreciation of tangible fixed assets	12	14

Notes to the Financial Statements
continued

Notes

7. Tax on profit on ordinary activities

	1999 £'000	1998 £'000
Irrecoverable advance corporation tax	13	9

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 which were utilised against taxable profits for the year.

8. Profit for the financial year of the company

The profit for the financial year dealt with in the financial statements of the company is as follows:

	1999 £'000	1998 £'000
Profit for the financial year	166	545

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's profit and loss account was approved by the board on 6 December 1999.

Audit fees paid by the company to the auditor were £20,600 (1998: £17,500).

9. Dividends

	1999 £'000	1998 £'000
Interim paid per share 1.25p (1998: 1.1p)	39	36
Reduction in 1998 final dividend following redemption of own shares	(6)	-
Final proposed per share 2.85p (1998: 2.4p)	84	80
	117	116

The 1998 final dividend was paid after the purchase of 215,500 ordinary shares of 20p each. The remaining £6,000 of accrued 1998 final dividend was applied in part repayment of the 1999 interim dividend.

10. Earnings per share

Earnings per share have been calculated in accordance with Financial Reporting Standard 14 - Earnings per share - using the profit for the financial year of £1,676,000 (1998: £489,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	1999	1998
Basic	3,143,482	3,317,514
Adjustment to basic for bonus element of shares to be issued free on exercise of option	20,574	17,715
Diluted basis	3,164,056	3,335,229

Notes to the Financial Statements
continued

Notes

11. Freehold investment properties

	1999 £'000	1998 £'000
Group and company		
At beginning of year	**9,665**	8,310
Additions at cost	**14**	301
Transfer at valuation from property under construction	**-**	2,196
Disposals at valuation	**(3,264)**	(400)
Transfer at valuation	**-**	(1,065)
Surplus on revaluation	**185**	323
At end of year	**6,600**	9,665

The open market values of these investment properties were prepared as at 30 September 1999 by Healey & Baker (Real Estate Consultants) and Aitchison Raffety, acting as external valuers. The valuations were undertaken in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors.

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

	Open market value at 30 September 1999 £'000
Healey & Baker (Real Estate Consultants)	**6,095**
Aitchison Raffety	**505**
	6,600

The historical cost of the investment properties was:

	£'000
Group and company	
At 30 September 1999	5,495
At 30 September 1998	7,867

The cumulative amount of interest capitalised at 30 September 1999 was £330,000 (1998: £330,000).

12. Tangible fixed assets - other

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Group and company			
Cost			
At beginning of year	52	39	91
Additions	2	11	13
Disposals	-	(15)	(15)
At end of year	**54**	**35**	**89**
Depreciation			
At beginning of year	39	12	51
Charge for year	5	7	12
Disposals	-	(5)	(5)
At end of year	**44**	**14**	**58**
Net book value			
At 30 September 1999	**10**	**21**	**31**
At 30 September 1998	13	27	40

Notes to the Financial Statements
continued

Notes

13. Investments

	Shares in group undertakings	Shares in joint venture undertakings	Unlisted investments	Listed investments	Total
	£'000	£'000	£'000	£'000	£'000
Group					
At beginning of year	-	3,180	16	405	3,601
Additions	-	-	-	152	152
Disposals	-	-	-	(105)	(105)
Share of profits of joint venture undertaking	-	332	-	-	332
Share of revaluation surplus of joint venture undertaking	-	446	-	-	446
At end of year	**-**	**3,958**	**16**	**452**	**4,426**
Company					
At beginning of year	3,601	545	-	425	4,571
Additions	-	-	-	152	152
Disposals	-	-	-	(113)	(113)
At end of year	**3,601**	**545**	**-**	**464**	**4,610**

Joint venture undertaking

The group owns 47.62% (1998:47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited incorporated in Great Britain.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertaking for the year ended 30 September 1999 has been incorporated in the consolidated financial statements. Consolidated financial statements are not prepared for the group comprising Campmoss Property Company Limited and its subsidiary undertaking as that group meets the definition of medium - sized as set out in the Companies Act 1985 and the appropriate exemption has been claimed. The following figures have been derived from the financial statements of Campmoss Property Company Limited and those of its subsidiary undertaking for the year ended 30 September 1999.

The group's share of the results and the aggregated net assets was:

	1999	1998 (Restated)
	£'000	£'000
Turnover	769	542
Profit on ordinary activities before and after taxation being retained profit for the financial year	332	66
Tangible fixed assets		
Investment properties	8,786	7,252
Other	2	3
	8,788	7,255
Current assets		
Stock and work in progress (development properties)	1	1
Debtors	343	175
Cash at bank and in hand	142	115
	486	291
Creditors: amounts falling due within one year	(668)	(1,431)
Net current liabilities	(182)	(1,140)
Total assets less current liabilities	8,606	6,115
Creditors: amounts falling due after more than one year	(4,574)	(2,878)
Provisions	(74)	(57)
Net assets	3,958	3,180

Notes to the Financial Statements
continued

Notes

13. Investments *(continued)*

Investment properties were included at directors' valuation at their open market values at 30 September 1999, having regard to recent independent professional valuations.

Creditors falling due after more than one year were secured on the investment properties and were repayable as follows:

	1999 £'000	1998 £'000
1-2 years	**1,887**	-
2-5 years	**1,310**	2,878
After more than 5 years	**1,377**	-
	4,574	2,878

The comparative figures as at 30 September 1999 have been reclassified in accordance with FRS12.

Group undertakings

The company's investment in trading group undertakings, all of which are incorporated in Great Britain, is as follows:

	% Issued share *capital held*	Activity
First Choice Estates plc:		Property development
'A' Ordinary shares	100%	
Ordinary shares	100%	
Thames Valley Retirement Homes Limited	100%	Property development

All of the above undertakings have been included within the consolidated financial statements.

Listed investments

The market value of listed investments at 30 September 1999 was £770,000 (1998: £1,096,000). This includes minority stakes in Grantchester Holdings PLC, a company listed on the London Stock Exchange, and HACAS Group PLC and General Industries plc, both companies listed on AIM.

If the investments had been realised at the value stated above at 30 September 1999 an additional tax charge would arise of £25,000 after the utilisation of unrelieved capital losses brought forward.

14. Stock and work in progress

This comprises work in progress on development properties.

15. Debtors

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Trade debtors	**168**	130	**138**	129
Amounts owed by subsidiary undertakings	**-**	-	**1,319**	740
Amounts owed by joint venture undertaking	**48**	2,207	**48**	2,207
Other debtors	**153**	191	**67**	115
Prepayments and accrued income	**20**	32	**19**	29
	389	2,560	**1,591**	3,220

Notes to the Financial Statements
continued

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16. Creditors: amounts falling due within one year

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Bank loans and overdrafts (secured)	167	2,575	167	2,575
Rents received in advance	134	181	134	181
Trade creditors	48	264	14	198
Advance corporation tax	5	9	5	9
Other taxes and social security	30	18	30	18
Other creditors	88	62	59	59
Accruals and deferred income	242	152	136	144
Proposed dividend	84	80	84	80
	798	3,341	629	3,264

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

17. Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Bank loans (secured)		
Repayable within 1-2 years	-	-
Repayable between 2-5 years	1,280	640
Repayable after 5 years	1,920	2,560
Group	3,200	3,200
Amounts owed to subsidiary undertakings	941	939
Company	4,141	4,139

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 five years commencing in December 2002.

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

18. Provisions for liabilities and charges

	Group £'000	Company £'000
At beginning of year	-	-
Charged to profit and loss account in the year	75	15
At end of year	75	15

Provisions represent the directors' best estimate of the cost of resolving claims made against the group in respect of property developments. The timing of settlement of such claims and the ultimate costs will depend upon the outcome of ongoing discussions and actions.

Notes to the Financial Statements
continued

Notes

18. Provisions for liabilities and charges *(continued)*

Deferred taxation

The potential deferred taxation asset at 30% (1998: 30%) is as follows:

	Group		Company	
	1999 £'000	1998 £'000	**1999 £'000**	1998 £'000
Difference between book value and tax written down value of fixed assets	**13**	24	**13**	18
Other timing differences	**37**	6	**4**	6
Advance corporation tax	**88**	75	**88**	75
	138	105	**105**	99

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 £3,500,000 (1998: £4,300,000) and against future profits from the trade of the company of some £150,000 (1998: £250,000). No deferred tax has been shown above in respect of revaluation reserves as these are not considered to represent a timing difference.

19. Share capital

	1999 £'000	1998 £'000
Authorised		
4,500,000 (1998: 4,500,000) ordinary shares of 20 pence each	**900**	900
Allotted, called up and fully paid		
2,937,014 ordinary shares of 20 pence each (1998: 3,317,514)	**587**	664

During the year a total of 380,500 ordinary 20p shares (with a nominal value of £76,100) were purchased and cancelled. The nominal value was credited to a capital redemption reserve and the total amount paid of £1,102,233 including costs charged to the profit and loss reserve as required by section 170 of the Companies Act 1985.

Details of share options held by the directors are set out in the report of the directors on page 11. At 30 September 1999 there were also outstanding the following options for senior executives and employees to purchase ordinary shares of 20 pence each.

Date granted	Amount paid on grant	No. of ordinary shares	Option price per share	Exerciseable between
12 May 1995	£1	6,500	158p	1999 - 2005
24 March 1998	£1	2,000	286p	2001 - 2005
16 March 1999	£1	2,500	300p	2002 - 2009

The total amount of options outstanding is 82,500.

20. Share premium account

	Group and company £'000
At 30 September 1998 and 1999	**4,810**

Notes to the Financial Statements
continued

Notes

21. Investment property revaluation reserve

	Group £'000	Company £'000
At 30 September 1998	3,876	1,798
On revaluation in the year	185	185
Realised on disposals in the year	(878)	(878)
Share of surplus on revaluation of investment property in joint venture undertaking	446	-
At 30 September 1999	3,629	1,105

22. Other reserves

	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Other £'000	Total £'000
Group					
At beginning of year	70	30	1,869	-	1,969
Nominal value of shares purchased (note 19)	77	-	-	-	77
At end of year	147	30	1,869	-	2,046
Company					
At beginning of year	70	-	1,869	19	1,958
Nominal value of shares purchased (note 19)	77	-	-	-	77
At end of year	147	-	1,869	19	2,035

23. Profit and loss account

Company	£'000
At 30 September 1998	863
Retained profit for the financial year	49
Revaluation surplus realised on property disposed of in the year	878
Amounts paid on purchase of own shares	(1,103)
At 30 September 1999	687

24. Reconciliation of movement in shareholders' funds

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
At beginning of year	12,469	10,530	10,093	9,341
Profit for the financial year	1,676	489	166	545
Dividends	(117)	(116)	(117)	(116)
Revaluation of investment properties	185	323	185	323
Share of unrealised surplus on revaluation of investment property in joint venture undertaking	446	1,243	-	-
Own shares purchased in year	(1,103)	-	(1,103)	-
At end of year	13,556	12,469	9,224	10,093

Notes to the Financial Statements
continued

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25. Goodwill

The cumulative amount of goodwill written off is £476,000 (1998: £476,000).

26. Commitments

(i) Expenditure on development and investment properties

There were the following commitments under contract at 30 September 1999:

	1999 £'000	1998 £'000
Group	250	625
Company	-	-
Share of joint venture undertaking's commitments	15	10

(ii) Operating leases

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 1999 (1998: Nil).

27. Gross cash flows

	1999 £'000	1998 £'000
Returns on investments and servicing of finance		
Interest paid	(318)	(416)
Interest received	105	148
	(213)	(268)
Taxation		
Corporation tax paid	(17)	(26)
Corporation tax recovered	-	5
	(17)	(21)
Capital expenditure and financial investment		
Payments to acquire investment properties	(14)	(291)
Payment to acquire tangible fixed assets	(13)	(626)
Purchase of listed investment	(152)	(166)
Proceeds of sale of investment properties	3,571	414
Proceeds of sale of tangible fixed assets	9	19
Proceeds of sale of listed investments	217	534
	3,618	(116)
Management of liquid resources		
Proceeds of sale of current asset investments	-	64
Financing		
Amounts paid on purchase of own shares	(1,103)	-
Repayment of bank loan	(1,300)	-
	(2,403)	-

Notes to the Financial Statements
continued

Notes

28. Analysis of net debt

	At 1 October 1998 £'000	Cash flow £'000	At 30 September 1999 £'000
Cash at bank	3	1,176	1,179
Bank overdraft	(1,275)	1,108	(167)
Cash	(1,272)	2,284	1,012
Debt			
Bank loans due within one year	(1,300)	1,300	-
Bank loan due after more than one year	(3,200)	-	(3,200)
	(5,772)	3,584	(2,188)

29. Financial instruments

The group has adopted the requirements of Financial Reporting Standard 13 - Derivatives and Other Financial Instruments: Disclosures ("FRS13") - which became effective during the year. The group's strategy in respect of the use of financial instruments to manage risk is detailed in the Financial Review on page 7. The group has taken advantage of the exemption under FRS13, to exclude short-term debtors and creditors from the following disclosures.

Financial assets

The group's financial assets comprise short-term debtors and cash in hand and at bank. At 30 September 1999 the group had £1,179,000 (1998: nil) deposited with banks and financial institutions all available for withdrawal within seven days. It is the board's policy that deposits are placed only after due consideration of the creditworthiness of the institution.

Financial liabilities

The group's financial liabilities comprise bank borrowings and short-term trade and other creditors.

Bank facilities at 30 September 1999

	Facility £'000	Floating interest rate	Utilisation £'000
Overdraft	1,350	Base +1.175%	167
Short-term loan	2,000	Base +1.500%	-
Long-term loan	3,200	Base +1.175%	3,200

Bank facilities at 30 September 1998

	Facility £'000	Floating interest rate	Utilisation £'000
Overdraft	1,350	Base +1.175%	1,275
Short-term loan	2,800	Base +1.175%	1,300
Long-term loan	3,200	Base +1.175%	3,200

Notes to the Financial Statements
continued

Notes

29. Financial instruments *(continued)*

Since the year-end the group's bankers have extended the overdraft and short-term loan facilities for a further year until September 2000. As is normal for such facilities any borrowings are repayable on demand.
The long-term loan was established in November 1997 for a period of ten years. Interest only is payable for twenty quarters from December 1997. Thereafter repayments are on a quarterly basis over the remaining period. The maturity analysis of this loan may be found in note 17. Overdraft and loans are secured on specified properties within the group's portfolio.

Fair values
Since financial assets and liabilities are not subject to fixed interest rates there is no difference between book value and fair value.

Foreign exchange and derivatives
All the group's dealings are conducted in sterling. The group, therefore, has no direct exposure to exchange rate fluctuations. The group does not trade in derivatives.

30. Related party transactions

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

Party	Nature of transaction	Value		Balance owed by/(to) related party at 30 September	
		1999	1998	**1999**	1998
		£'000	£'000	**£'000**	£'000
Campmoss Property Company Limited	Loans made by the company to acquire and develop properties	**279**	1,571	**48**	2,207
	Loan repaid to the company	**2,440**	2,242	**-**	-
	Loan interest due to the company	**73**	75	**-**	-
	Management fees due to the company	**69**	70	**-**	-
General Industries plc (formerly Wadharma Assured Tenancy Limited)	Loan received by the company	**61**	240	**-**	(171)
	Loan repaid by the company	**232**	160	**-**	-
	Loan interest payable by the company	**11**	-	**-**	-
	Management fee due to the company	**6**	8	**-**	-
	Purchase of share capital by the group	**152**	-	**-**	-
HACAS Group PLC	Purchase of share capital by the group	**-**	167	**-**	-
	Director's salary paid	**3**	-	**-**	-

Campmoss Property Company Limited is a joint venture undertaking of the company. Of the amounts due from Campmoss Property Company Limited at 30 September 1999 £39,000 (1998: £2,200,000) represented outstanding loans made by the company, the remainder relating to trading between them.

HACAS Group PLC is a company of which Mr Wollenberg is a director and both he and the company are shareholders.

General Industries plc (formerly Wadharma Assured Tenancy Limited) is a company of which Mr Wollenberg is a director and both he and the company are shareholders.

Notice of Annual General Meeting

Notice

Notice is hereby given that the one hundred and thirteenth annual general meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey on Thursday 27 January 2000 at 12 noon, for the following purposes:

Ordinary business

1 To receive the reports of the directors and auditors and the financial statements for the year ended 30 September 1999.

2 To declare a dividend to be paid on 18 February 2000.

3 To re-elect J Richard Wollenberg as a director.

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 resolution 5 as an ordinary resolution and resolutions 6 and 7 as special resolutions.

5 That the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the company to allot, grant options over or otherwise deal with or dispose of the unissued share capital of the company provided that the authority hereby given:

a) shall be limited to unissued shares in the share capital of the company having an aggregate nominal value of £207,300; and

b) shall expire at the end of the next annual general meeting of the company to be held in 2001 unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot, grant options over or otherwise deal with or dispose of any shares under this authority in pursuance of an offer or agreement so to do made by the company before the expiry of this authority.

Special resolutions

6 That the directors be and they are 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 by the preceding ordinary resolution, 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 £29,370 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.

7 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 293,000 representing approximately 10% of the present issued share capital of the company as at 6 December 1999;

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 fifteen 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.

By order of the board, **DA Whitaker,** secretary, 6 December 1999.

Registered office: **Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF24 0TE**

Notes

1. Copies of the directors' service contracts 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 fifteen 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/her. A proxy need not also be a member of the company.

Financial Calendar

Financial Calendar

7 December 1999	Results announced for the year ended 30 September 1999.
21 January 2000	Record date for final dividend.
27 January 2000	Annual general meeting.
18 February 2000	Final dividend to be paid.
June 2000	Interim results for 2000 to be announced.
July 2000	Interim dividend for 2000 to be paid.
30 September 2000	Year end.