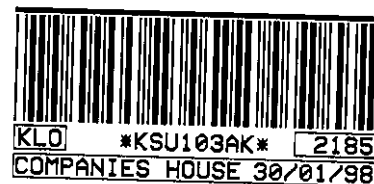


SAMSON PROPERTIES (LEXHAM MEWS) LIMITED
Directors' Report and Financial Statements
for the year ended 31st March 1997

Company No.: 2922171 (England and Wales)



SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Company Information

Directors	J. A. Samuels P. J. Thompson
Secretary	P.J. Thompson
Company Number	2922171 (England and Wales)
Registered Office	50 Queen Anne Street London W1M OHQ
Auditors	Gordon Leighton & Co. 50 Queen Anne Street London W1M OHQ
Business Address	60 Pembroke Road London W8 6NX

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

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SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Directors' Report
for the year ended 31st March 1997

The directors present their report and the financial statements for the year ended 31st March 1997.

Principal Activities and Review of the Business

The principal activity of the company in the year was that of property development.

The directors are satisfied with both the company's results for the year and financial position as at 31st March 1997.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £235,222 is transferred to reserves.

Fixed Assets

Details of movements in fixed assets during the year are set out in note 7 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1997	1996
J.A. Samuels	Ordinary shares	-	-
P.J. Thompson	Ordinary shares (non-beneficial)	1	1


The interests of the directors in the shares of the ultimate parent company are as disclosed in the parent company's accounts.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Gordon Leighton & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 28/1/98.

P.J. Thompson
Director



SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Statement of directors' responsibilities in respect of the accounts

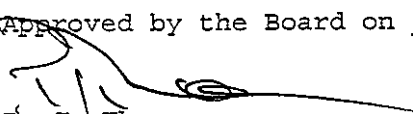
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on

28/1/98


P. J. Thompson
Director

REPORT OF THE AUDITORS' TO THE MEMBERS OF
SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

Basis of opinion

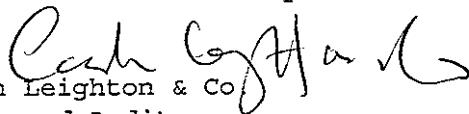
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 financial statements give a true and fair view of the state of the company's affairs at 31st March 1997 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gordon Leighton & Co
Registered Auditor
Chartered Accountants
50 Queen Anne Street
London
W1M 0HQ

28/01/98

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Profit and Loss Account
for the year ended 31st March 1997

	Notes	1997 £	1996 £
Turnover	2	2,949,874	952,656
Cost of sales		(2,263,765)	(784,174)
Gross profit		686,109	168,482
Administrative expenses		(138,972)	(5,628)
Operating profit	3	547,137	162,854
Other interest receivable and similar income	4	-	357
Interest payable and similar charges	5	(198,817)	(172,753)
Profit on ordinary activities before taxation		348,320	(9,542)
Tax on profit on ordinary activities	6	(113,098)	-
Profit for the year	13	£ 235,222	£ (9,542)

There are no recognised gains and losses other than those passing through the profit and loss account.

None of the company's activities were acquired or discontinued during the above two financial years.

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Balance Sheet
as at 31st March 1997

	Notes	1997 £	1996 £
Fixed Assets			
Tangible assets	7	34,255	40,707
Current Assets			
Stocks	8	1,853,108	2,666,842
Debtors	9	334,195	427,925
		<u>2,187,303</u>	<u>3,094,767</u>
Creditors: amounts falling due within one year	10	(1,824,649)	(3,123,787)
Net Current Assets		<u>362,654</u>	<u>(29,020)</u>
Total Assets Less Current Liabilities		396,909	11,687
Creditors: amounts falling due after more than one year	11	(150,000)	-
		<u>£ 246,909</u>	<u>£ 11,687</u>
Capital and Reserves			
Called up share capital	12	2	2
Profit and loss account	13	246,907	11,685
Shareholders' Funds	14	<u>£ 246,909</u>	<u>£ 11,687</u>

The financial statements were approved by the Board on 28/1/98.



P.J. Thompson

Director

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly-owned subsidiary undertaking. The consolidated accounts of the holding company, Samson Properties plc, are publicly available from the Companies House.

1.2 Turnover

Turnover represents net proceeds from the sale of land and buildings.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	15% Reducing balance
Motor vehicles	-	25% Reducing balance

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. Operating Profit

Operating profit is stated after charging:

	1997 £	1996 £
Depreciation of tangible assets	10,706	231
Auditors' remuneration	7,700	5,000
Remuneration of auditors for non-audit work	3,050	-

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997 (continued)

4.	Other Interest Receivable and Similar Income	1997 £	1996 £
	Bank interest received	-	357
		<u> </u>	<u> </u>
5.	Interest Payable	1997 £	1996 £
	On bank loans and overdrafts	54,024	130,135
	Share of profit payable to joint venturers	140,651	42,618
	On loans repayable within five years	4,142	-
		<u> </u>	<u> </u>
		£ 198,817	£ 172,753
		<u> </u>	<u> </u>
6.	Taxation	1997 £	1996 £
	U.K. Current year taxation		
	U.K. Corporation tax at 33% (1996 - 25%)	115,564	-
		<u> </u>	<u> </u>
		115,564	-
	Prior years		
	U.K. Corporation tax	(2,466)	-
		<u> </u>	<u> </u>
		£ 113,098	£ -
		<u> </u>	<u> </u>

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997 (continued)

7. Tangible Assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1st April 1996	1,313	39,625	40,938
Additions	4,254	-	4,254
	<hr/>	<hr/>	<hr/>
At 31st March 1997	5,567	39,625	45,192
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st April 1996	231	-	231
Charge for year	800	9,906	10,706
	<hr/>	<hr/>	<hr/>
At 31st March 1997	1,031	9,906	10,937
	<hr/>	<hr/>	<hr/>
Net book values			
At 31st March 1997	£ 4,536	£ 29,719	£ 34,255
	<hr/>	<hr/>	<hr/>
At 31st March 1996	£ 1,082	£ 39,625	£ 40,707
	<hr/>	<hr/>	<hr/>

8. Stocks

	1997 £	1996 £
Stock of properties	1,853,108	2,666,842
	<hr/>	<hr/>

9. Debtors

	1997 £	1996 £
Trade debtors	285,789	297,254
Other debtors	48,406	130,671
	<hr/>	<hr/>
	£ 334,195	£ 427,925
	<hr/>	<hr/>

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997 (continued)

10.	Creditors: amounts falling due within one year	1997 £	1996 £
	Bank loans and overdrafts	637,807	1,625,595
	Amounts owed to group undertaking	239,139	654,339
	Corporation tax	115,564	-
	Other creditors	533,750	785,000
	Accruals and deferred income	298,389	58,853
		<u>£1,824,649</u>	<u>£3,123,787</u>

The bank loans and overdrafts are secured over certain of the company's stock of properties.

11.	Creditors: amounts falling due after more than one year	1997 £	1996 £
	Loans		
	Wholly repayable within five years	758,576	1,617,472
	Included in current liabilities	(608,576)	(1,617,472)
		<u>£ 150,000</u>	<u>£ -</u>

The loan is unsecured and due for repayment in December 2001 with the term extendable at the discretion of the lenders. Interest is payable at 3% above the Bank base rate.

12.	Share Capital	1997 £	1996 £
	Authorised		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997 (continued)

13. Profit And Loss Account	1997 £	1996 £
Retained profits at 1st April 1996	11,685	21,227
Retained profit for the year	235,222	(9,542)
Retained profits at 31st March 1997	<u>£ 246,907</u>	<u>£ 11,685</u>

14. Reconciliation of Movements in Shareholders' Funds	1997 £	1996 £
Profit for the financial year	235,222	(9,542)
Opening shareholders' funds	11,687	21,229
Closing shareholders' funds	<u>£ 246,909</u>	<u>£ 11,687</u>

15. Directors' Emoluments	1997 £	1996 £
Remuneration	45,360	-
	<u>£ 45,360</u>	<u>£ -</u>

16. Transactions With Directors

During the year Mrs.S. Samuels, the wife of Mr.J.A. Samuels (a director of the company), together with other third parties participated in various property development projects of the company as joint venturers. The share of profit and loss in such projects were determined in the ordinary course of business and at arm's length.

SAMSON PROPERTIES (LEXHAM MEWS) LIMITED

Notes to the Financial Statements
for the year ended 31st March 1997 (continued)

17. Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1997 Number	1996 Number
Administration	6	-
	<u>6</u>	<u>-</u>
Employment costs		
	£	£
Wages and salaries	65,418	-
Social security costs	8,229	-
	<u>£ 73,647</u>	<u>£ -</u>

18. Ultimate Parent Company

The ultimate parent company is Samson Properties Plc, a company registered in England and Wales.