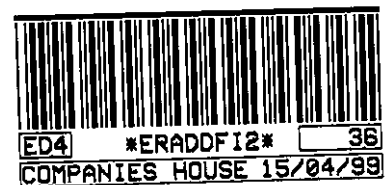


Registered Number 52242

THE CONNAUGHT HOTEL (52242) LIMITED
(Formerly The Connaught Hotel Limited)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1998



THE CONNAUGHT HOTEL (52242) LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31st December, 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company did not trade during the year and the directors do not therefore recommend the payment of a dividend.

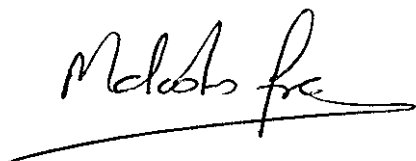
During the year, The Savoy Hotel Plc de-listed and changed its name to The Savoy Hotel Ltd, following a successful Offer for both A and B shares of the company by Blackstone Hotel Acquisitions Company ('BHAC'). On 5 January 1999, following the restructuring described above, the company changed its name to Claridge's Hotel Ltd.

DIRECTORS

A J Fort
R Pajares

Mr. R Pajares and Mr. A J Fort are directors of the ultimate holding company, Claridge's Hotel Ltd, and as such their interests in the shares and debentures of the company, its fellow subsidiary companies and its ultimate holding company at 1 January and 31 December 1998 are disclosed in the statutory accounts of Claridge's Hotel Ltd.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M. France', with a long horizontal flourish extending to the right.

M. France
Secretary,
1 Savoy Hill,
London WC2R 0BP

1 April 1999

Registered in England No: 5334

THE CONNAUGHT HOTEL (52242) LIMITED

BALANCE SHEET AT 31ST DECEMBER 1998

	Notes	1998 £	1997 £
ASSETS			
DEBTORS			
Amount owed by ultimate holding company falling due after more than one year		<u>2,445,128</u>	<u>2,445,128</u>
NET ASSETS		<u>£2,445,128</u>	<u>£2,445,128</u>
Financed by:			
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	4	165,000	165,000
PROFIT AND LOSS ACCOUNT		<u>2,280,128</u>	<u>2,280,128</u>
		<u>£2,445,128</u>	<u>£2,445,128</u>

The company was dormant (within the meaning of section 250 of the Companies Act 1985) throughout the year ended 31st December 1998.

The financial statements on pages 2 and 3 were approved by the board of directors on 1 April, 1999 and are signed on its behalf by:



A J Fort
Director

THE CONNAUGHT HOTEL (52242) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICY - BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis of accounting.

2. TRADING

The company did not trade during the year.

3. DIRECTORS' EMOLUMENTS

No remuneration was paid to any director during the year (1997 : Nil).

4. CALLED UP SHARE CAPITAL

	1998	1997
Authorised, allotted, called up and fully paid: 660,000 stock units of 25p each	<u>£165,000</u>	<u>£165,000</u>

5. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Claridge's Hotel Ltd, which is incorporated in Great Britain.

6. RELATED PARTY TRANSACTIONS

There have been no related party transactions during the year.