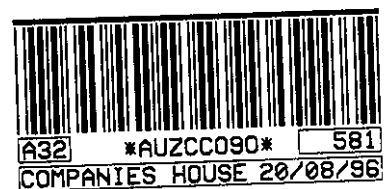


**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**Company No: 569988**

**REPORT &**  
**FINANCIAL STATEMENTS**

**31ST DECEMBER 1995**



**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**DIRECTORS' REPORT**

The directors submit their report together with the financial statements for the year ended 31st December 1995.

**1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is investment.

The directors do not anticipate any significant change in the activity of the company.

**2. DIRECTORS**

The directors of the company during the year were:

J H M Newsum

J O Hagger

**3. RESULTS AND DIVIDENDS**

The loss for the year on ordinary activities before taxation was £18 which has been deducted from reserves. The state of the company's affairs at 31st December 1995 is fully set out in the attached balance sheet.

The directors do not propose to pay a dividend.

**4. DIRECTORS' INTERESTS IN SHARE CAPITAL**

The directors, according to the register required to be kept under Section 325 of the Companies Act 1985, held no interest in shares and loans which are required by the Act to be notified to the company.

Mr J H M Newsum held the following non-beneficial interest in the share and loan capital of Grosvenor Estate Holdings at 1st January 1995 and 31st December 1995:

2,572,302	ordinary shares of £1 each
20,578,416	non-voting ordinary shares of £1 each
2,572,302	12% non-cumulative irredeemable preference shares of £1 each

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**DIRECTORS' REPORT**

**5. DIRECTORS' RESPONSIBILITIES**

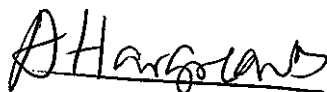
The Directors have responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period.

The directors have adopted the going concern basis in preparing the accounts.

In preparing the financial statements, the directors are required to ensure that suitable accounting policies are selected and consistently applied, that the judgements and estimates made are reasonable and prudent, and that applicable accounting standards are followed.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company and to prevent and detect fraud and other irregularities.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'A A Hargreaves', written over a horizontal line.

A A Hargreaves  
Secretary

12 March 1996

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

We have audited the financial statements on pages 4 to 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

**BASIS OF OPINION**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS  
Chartered Accountants  
Registered Auditors

Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

12 March 1996

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1995**

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
<b><u>Results of continuing operations:</u></b>			
Interest receivable		-	9
Administrative expenses		( 18)	( 32)
<b><u>Loss on ordinary activities before taxation</u></b>		( 18)	( 23)
Taxation		-	-
<b><u>Loss for the financial year</u></b>	5	( 18)	( 23)

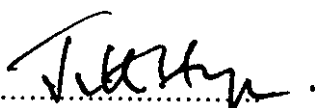
**Total recognised gains and losses**

There are no recognised gains and losses other than the loss for the financial year.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITEDBALANCE SHEET31ST DECEMBER 1995

<u>Current Assets</u>	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
Loan to Grosvenor Estate Holdings	2	15,102,459	15,102,477
Cash at bank		-	-
<u>Net Current Assets</u>		<u>15,102,459</u>	<u>15,102,477</u>
<u>Capital and Reserves</u>			
Called up share capital	3	52,008	52,008
Premium reserve	4	649,935	649,935
Profit and loss account	5	14,400,516	14,400,534
<u>Shareholders' Funds</u>	6	<u>15,102,459</u>	<u>15,102,477</u>

Approved by the Board on 12 March 1996



.....  
J O Hagger

Director

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1995****1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention.

**2. LOAN**

The loan made to Grosvenor Estate Holdings is unsecured, interest free and repayable on demand.

**3. SHARE CAPITAL**

	<b><u>Authorised 1995 and 1994</u></b>	<b><u>Allotted, Called Up and Fully Paid 1995 and 1994</u></b>
9% (now 6.3% plus tax credit) non-cumulative 1st preference shares of £1 each	50,000	50,000
10% (now 7.0% plus tax credit) non-cumulative 2nd preference shares of £1 each	5,000	608
Preferred 'A' shares of £1 each	100	100
Preferred 'B' shares of £1 each	100	100
Ordinary shares of £1 each	100	100
1st deferred shares of £1 each	1,000	1,000
2nd deferred shares of £1 each	100	100
	<u>£56,400</u>	<u>£52,008</u>

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1995****4. PREMIUM RESERVE**

	<b><u>1995</u></b>	<b><u>1994</u></b>
Balance at 1st January and 31st December 1995	£649,935	£649,935

Transfers are made to premium reserve equal to ten-sevenths of the dividends declared on the preferred 'B' shares.

The premium reserve can be utilised only by paying up in full unissued shares to be issued to the preferred 'A' shareholders.

In the event of liquidation of the parent company, the amount of the premium reserve together with a sum equal to notional compound interest at 9% thereon will be distributable to the preferred 'A' shareholders. At 31st December 1995 this notional interest amounted to £3,897,462 (1994 : £3,521,989)

**5. PROFIT AND LOSS ACCOUNT**

	<b><u>1995</u></b>	<b><u>1994</u></b>
At 1st January 1995	14,400,534	14,400,557
Loss for the year	( 18)	( 23)
At 31st December 1995	£14,400,516	£14,400,534

**6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b><u>1995</u></b>	<b><u>1994</u></b>
Loss for the financial year	( 18)	(23)
Opening shareholders' funds	15,102,477	15,102,500
Closing shareholders' funds	£15,102,459	£15,102,477

**7. CONTINGENT LIABILITY**

The company is party to a group overdraft facility of £15,000,000.

**8. ULTIMATE PARENT COMPANY**

The ultimate parent company is Grosvenor Estate Holdings, an unlimited company registered in England and Wales.