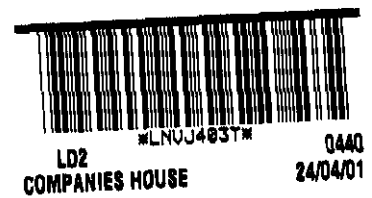


GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

Registered No: 569988

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000



GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The company did not trade during the year.

RESULTS

The results of the company for the year are shown on page 4. Profit on ordinary activities before taxation was £30, (1999 – loss of £15).

The directors do not expect any future significant profits or losses as the Company is not expected to trade. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the company at 31 December 2000, both of whom were directors throughout the year, were:

J O Hagger
J H M Newsum

DIRECTORS' INTERESTS

Mr JHM Newsum had the following non-beneficial interests in the share capital of the following group companies:

Grosvenor Group Holdings Limited **At 1 January and 31 December 2000**

Ordinary shares of £1 each	5,232,083
Non-voting ordinary shares of £1 each	41,856,664
12% Non-cumulative irredeemable preference shares of £1 each	5,232,083

The interests disclosed at 1 January 2000 were in Grosvenor Limited, which changed its name to Grosvenor Group Holdings Limited on 1 March 2000.

Grosvenor Estate International Investments Limited

Preferred 'A' shares of £1 each	100	100
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Mr J O Hagger had no interest in the securities of the company, its ultimate parent undertaking Grosvenor Group Holdings Limited, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

After the year end there was a change in Mr J H M Newsum's interests. Since January 2001 his non-beneficial interest in Grosvenor Group Holdings Limited has been as follows:

Ordinary shares of £1 each	4,170,816
Non-voting ordinary shares of £1 each	33,366,528
12% Non-cumulative irredeemable preference shares of £1 each	4,170,816

Where the director has a joint interest in securities, the above disclosures include the number of securities that are jointly held.

Except as disclosed above, there have been no changes in directors' interests since 31 December 2000.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

DIRECTORS' REPORT

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 at the end of the financial year and of the profit or loss for the year.

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 are also responsible for the company's system of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors have adopted the going concern basis in preparing the financial statements.

AUDITORS

Pursuant to Section 386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to re-appoint the auditors annually.

By Order of the Board



C M Tolhurst
Secretary
19 March 2001

Registered office:
70 Grosvenor St
London
W1X 9DB

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

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

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 the financial statements which are required to be prepared in accordance with applicable United Kingdom law and Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

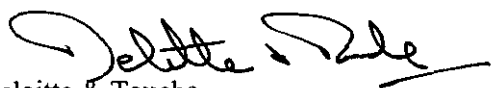
BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 31 December 2000 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

19 March 2001

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

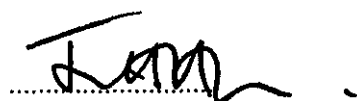
<u>Results of continuing operations</u>	<u>Note</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Administrative expenses		<u>30</u>	<u>(15)</u>
<u>Profit/(loss) on ordinary activities before taxation</u>	2	30	(15)
Tax on profit/(loss) on ordinary activities		<u>-</u>	<u>-</u>
<u>Retained profit/(loss) for the year</u>	5	<u>30</u>	<u>(15)</u>

The company had no recognised gains or losses or movements in shareholders' funds in the current or preceding year, other than those reported in the profit and loss account.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
<u>Current assets</u>			
Loan to group undertaking		<u>15,102,426</u>	<u>15,102,396</u>
<u>Net assets</u>		<u>15,102,426</u>	<u>15,102,396</u>
 <u>Capital and reserves</u>			
Called up share capital - equity	3	100	100
- non equity	3	51,908	51,908
Share premium account - non-equity	4	649,935	649,935
Profit and loss account - equity	5	<u>14,400,483</u>	<u>14,400,453</u>
<u>Shareholders' funds</u>			
<u>including non-equity interests</u>		<u>15,102,426</u>	<u>15,102,396</u>

Approved by the Board on 19 March 2001 and signed on its behalf by:



J O Hagger
Director

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the UK. The company's principal accounting policies are unchanged compared with the year ended 31 December 1999.

The company is a wholly owned subsidiary of Grosvenor Group Holdings Limited, its ultimate parent undertaking, which is registered in England and Wales and prepares consolidated financial statements. Consequently, the company is not required to present a cash flow statement.

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

None of the directors of the company received any emoluments during the current or preceding years in respect of services to the company.

The company has no employees and therefore has no employment costs.

Auditors' remuneration has been borne by a fellow subsidiary undertaking.

3. SHARE CAPITAL

At beginning and end of year	Authorised	Allotted, Called Up and Fully Paid
	£	£
Equity		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Non-equity		
50,000 9% (now 6.3% plus tax credit) non-cumulative 1 st preference shares of £1 each	50,000	50,000
5,000 10% (now 7.0% plus tax credit) non-cumulative 2 nd preference shares of £1 each	5,000	608
100 Preferred 'A' shares of £1 each	100	100
100 Preferred 'B' shares of £1 each	100	100
1,000 1 st deferred shares of £1 each	1,000	1,000
100 2 nd deferred shares of £1 each	100	100
	<hr/>	<hr/>
	56,300	51,908
	<hr/>	<hr/>

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SHARE CAPITAL (continued)

Dividends are payable out of the profits for the year to the first preference shareholders followed by the second preference shareholders, the preferred 'B' shareholders up to an aggregate dividend of £700,000 (before deduction of tax) and the balance to the holders of the ordinary shares. No dividends are payable to the shareholders of the preferred 'A' shares, the first and second deferred shares or the preferred 'B' shares after the aggregate amount has been paid ('the expiry date').

On a winding up the rights attaching to the shares are as follows:

1 st preference shareholders	repaid amounts paid up
2 nd preference shareholders	repaid amounts paid up
Preferred 'A' and 'B' shareholders	repaid amounts paid up
Preferred 'A' shareholders	paid the share premium account and a sum equal to notional compound interest at 9% from the date of creation of the premium reserve.
1 st deferred shareholders	repaid amount paid up and a capital premium of £1 per share
Ordinary shareholders	repaid amounts paid up and a capital premium of £100,000,000
2 nd deferred shareholders	repaid amounts paid up
Ordinary shareholders	paid any balance remaining.

Subject to the restrictions noted below every member present at a General Meeting shall have one vote and on a poll every member present shall have one vote for each share of which he is the holder.

The first and second preference shareholders and the first and second deferred shareholders do not have the right to attend or vote at any General Meeting. Until the expiry date the ordinary shareholders do not have the right to attend or vote at any General Meeting. After the expiry date the preferred 'B' shareholders do not have the right to attend or vote at any General Meeting.

4. SHARE PREMIUM ACCOUNT

	<u>2000</u>	<u>1999</u>
	£	£
Balance at 1 January 2000 and 31 December 2000	<u>649,935</u>	<u>649,935</u>

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

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

At 31 December 2000 this notional interest amounted to £6,365,193 (1999 : £5,710,197).

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**

5. <u>PROFIT AND LOSS ACCOUNT</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
At 1 January	14,400,453	14,400,468
Retained profit/(loss) for the year	30	(15)
At 31 December	<u>14,400,483</u>	<u>14,400,453</u>

6. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY**

The company's ultimate parent undertaking is Grosvenor Group Holdings Limited, a company registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Estate Holdings, an intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared.

Copies of the consolidated financial statements of Grosvenor Group Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

7. **RELATED PARTY TRANSACTIONS**

The company has applied the exemption granted by FRS8 "Related party disclosures" not to disclose transactions with Grosvenor Group Holdings Limited, fellow subsidiaries of Grosvenor Group Holdings Limited or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.