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GROSVENOR GROUP HOLDINGS LIMITED

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CORPORATE GOVERNANCE

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE PROVISIONS OF THE COMBINED CODE

To the extent required by its shareholders, the Group follows the principles of corporate governance recommended as best practice by the London Stock Exchange. A summary of the application by the Group of the principles set out in Section 1 of the Principles of Good Governance and Code of Best Practice ("the Combined Code") appended to the Stock Exchange Listing Rules is set out below. The Group has been in full compliance with the principles and provisions set out in Section 1 of the Combined Code throughout the year, except for Part B1 which addresses the level and make-up of directors' remuneration and Part C which addresses relations with shareholders. The Group has adopted the transitional approach for those parts of the Combined Code relating to internal control set out in a letter from the London Stock Exchange to listed companies at the end of September 1999.

BOARD OF DIRECTORS

The Board currently comprises ten directors, four of whom work full time for the Group. The Board is responsible to the shareholders for the proper management of the Group. It is responsible for setting and monitoring Group strategy, reviewing performance, ensuring adequate funding, examining major acquisition possibilities, formulating policy on key issues, and reporting to shareholders.

The roles of Chairman and Chief Executive are clearly defined. The Chairman is primarily responsible for overseeing the working of the Board. The Chief Executive is responsible for the implementation of the strategy and policies set by the Board and the day to day management of the business. John Sclater is the senior independent director.

The biographies of the members of the Board are on page 24, and demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources (including key appointments) and standards of conduct. A statement of the directors' responsibilities in respect of the accounts is set out on page 36 and a statement on going concern is given on page 34.

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of board meetings. The directors have access to the Company Secretary, and may, at the Company's expense, take independent professional advice and receive training as they see fit.

AUDIT COMMITTEE

During the year the Audit Committee comprised John Sclater (Chairman), David Home and Tony Wyand. The Committee meets at least twice a year and meetings are also attended, by invitation, by Jeremy Newsum and Jonathan Hagger. It is responsible for reviewing a wide range of financial matters including the annual financial statements and accompanying reports, Group audit arrangements, accounting policies and internal control. The Audit Committee advises the Board on the appointment of external auditors and discusses the nature, scope and results of the audit with the external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises John Sclater (Chairman), Jimmy James and Tony Wyand and has responsibility for determining the remuneration, contract terms and other benefits of executive directors and other senior staff, it also considers and makes recommendations to the Board on the Group's overall remuneration and employment policies. The composition of directors' remuneration is not included in the Remuneration Report although a schedule of the Group's directors' remuneration is provided to and is approved by the shareholders. The Remuneration Report is set out on pages 32 to 33. Details of directors' remuneration required to be disclosed under the Companies Act 1985 are set out in note 10 to the accounts.

NOMINATIONS COMMITTEE

The Board considers that a separate Nominations Committee is not necessary as there is currently a formal procedure under which the non-executive directors discuss and agree nominations prior to approval and discussion by the Board.

RELATIONS WITH SHAREHOLDERS AND LENDERS TO THE GROUP

Given the private ownership of the Group, the requirements of the Combined Code to communicate with institutional shareholders are not fully relevant. The shareholders are well represented on the Board and the Group reports monthly to the majority of them. This Annual Report is widely distributed and the Group's policy is to maintain close contact during each financial year with bondholders and other lenders to the Group.

CORPORATE GOVERNANCE

INTERNAL CONTROL

WIDER ASPECTS OF INTERNAL CONTROL

The Board confirms that plans are in hand to establish the Procedures necessary to implement 'Internal Control: Guidance for Directors on the Combined Code'. These are expected to be in place by the Autumn of 2000. This takes account of the time needed to ensure the operation of the procedures in all geographical areas of the Group. These include the holding of risk management workshops in all regional operating companies, attended by all local Board members, together with prioritising change issues, the Group's objectives, and risks and formalising a control strategy for each of the significant risks. A risk management policy document will also be sent to all employees setting out the Board's attitude to risk to the achievement of the business objectives.

Risk management and internal control will be considered on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 December 2000.

INTERNAL FINANCIAL CONTROL

The Board is responsible for the Group's system of internal financial control and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss. Key procedures are described under the following five headings:

FINANCIAL INFORMATION

The Group has a comprehensive system for reporting financial results to the Board; each operating team prepares quarterly results with a comparison against budget together with a forecast out-turn for the year and the risks associated with it. The Board reviews these for the Group as a whole.

QUALITY AND INTEGRITY OF PERSONNEL

The Group's policy in this area is to retain employees of high calibre, professional integrity and potential, and to train and develop them.

OPERATING TEAM FINANCIAL CONTROLS

Key controls over major financial risks include reviews against performance indicators and exception reporting. Each operating team makes regular assessments of their exposure to major financial risks and the extent to which these risks are controlled.

COMPUTER SYSTEMS

The Group has established controls and procedures over the security of data held on computer systems and has put in place comprehensive disaster recovery arrangements. These arrangements are reviewed and tested regularly.

CONTROLS OVER CO-ORDINATED FUNCTIONS

A number of the Group's accounting and financial functions within the UK are operated on a centralised basis. Each of these functions has detailed procedures manuals and currently reports to the Board on an ad hoc basis.

The Board has conducted a review of the effectiveness of the system of internal financial control for the year ended 31 December 1999 and has taken account of material developments which have taken place since the year end. The review was performed on the basis of the criteria set out in the Guidance for Directors 'Internal Control and Financial Reporting' issued in December 1994.

Although the Group does not currently have an internal audit function, the Board reviews the need for this additional control on a regular basis, taking into account the increasing size and complexity of the Group's operations.

IMRO

Grosvenor Investment Management Limited, a wholly owned subsidiary, is regulated by the Investment Management Regulatory Organisation (IMRO) for the purposes of undertaking regulated property management activities. All transactions with managed funds are separately accounted for under a full client account regime.

REMUNERATION REPORT

REMUNERATION OF THE EXECUTIVE DIRECTORS AND SENIOR STAFF

POLICY

In determining the remuneration policy for executive directors, the committee considers a number of factors, including:

- the importance of attracting, retaining and motivating executives of the appropriate calibre and experience; and
- the size and long-term nature of the Group's business.

The remuneration of executive directors, therefore, has been designed to address the interests of both directors and shareholders, and currently comprises four main elements:

- basic salary and benefits
- annual performance related bonus
- long-term incentive plan
- pension

BASIC SALARY AND BENEFITS

Basic annual salaries are reviewed by the Committee annually, or on promotion, and are assessed having regard to individual skill and performance, and salary levels in comparable organisations, particularly within the property industry.

Taxable benefits are provided at levels similar to those for comparable positions in industry, and include life and health insurance, long term savings plan and car allowance.

ANNUAL PERFORMANCE RELATED BONUS SCHEMES AND LONG-TERM INCENTIVE PLANS

Executive directors, with the exception of Ralph Hayward, and all management staff, with the exception of those employed by the Canadian subsidiary, Grosvenor Americas Limited (GAL), participated in 1999 in an annual performance related bonus scheme and a long term incentive plan administered by the Remuneration Committee. The annual performance related bonus scheme is linked to the achievement of total return above the Group's weighted average cost of capital.

Management staff of GAL and Ralph Hayward participated in a separate annual performance related bonus scheme administered by GAL. Ralph Hayward and other executives of GAL also participated in an incentive scheme, the Executive Capital Plan, operated by GAL. This scheme sets a notional share value for GAL based on net assets per share and notional shares are awarded based on measures of performance over the previous three years. The benefits arising under this scheme crystallise at the earlier of redemption or the executive's retirement or resignation date.

PENSIONS

Executive directors, with the exception of Ralph Hayward, and all management staff, with the exception of those employed by GAL, are eligible to be members of the Grosvenor Estate Pension Scheme (GEPS) and, if applicable, supplementary pension arrangements. GEPS is non-contributory and provides members with a maximum pension of up to two-thirds of pensionable salary on retirement at age 62 after 20 years pensionable service. The cost of the Group's contribution to GEPS in respect of each director is based on the senior executive member current contribution rate of 29% per year. The scheme also provides for dependants' pensions of two-thirds of the member's pension and an insured lump sum payment of four times basic salary in the event of death in service. GAL has made separate arrangements for provision of pensions for directors and staff. Details of the pension schemes' funding and assumptions are given in note 9 of the Accounts.

CONTRACTS OF SERVICE

The notice period for the termination of the employment of each director is six months.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees of non-executive directors are reviewed periodically by the Chairman. Non-executive directors do not have service contracts and are not eligible for the annual performance related bonuses.

DIRECTORS' INTERESTS

DIRECTORS' INTERESTS IN CONTRACTS

As shown on page 24, certain of the company's directors are trustees of the Grosvenor Trusts. Transactions between the group and the Grosvenor Trusts are disclosed in note 35 to the financial statements. Certain of the company's non-executive directors are also directors of other companies with which the group may from time to time enter into transactions on normal commercial terms. In the opinion of the Board, none of these relationships is such as to impair the independence of the non-executive directors concerned.

REMUNERATION REPORT

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors who served during the year in the share and loan capital of the company and its subsidiaries are shown below.

GROSVENOR GROUP HOLDINGS LIMITED

	Ordinary shares		Non-voting ordinary shares		12% Non-cumulative irredeemable preference shares	
	GEH at 1 January 1999	GGHL at 31 December 1999	GEH at 1 January 1999	GGHL at 31 December 1999	GEH at 1 January 1999	GGHL at 31 December 1999
BENEFICIAL						
The Duke of Westminster	5,579,541	5,978,588	44,636,328	47,828,704	5,579,541	5,978,588
NON-BENEFICIAL						
John R Sclater	2,659,781	2,659,781	21,278,248	21,278,248	2,659,781	2,659,781
Jeremy H M Newsum	5,232,083	5,232,083	41,856,664	41,856,664	5,232,083	5,232,083
The Earl of Home	3,788,654	3,788,654	30,309,232	30,309,232	3,788,654	3,788,654
Sir John N C James	4,484,274	4,484,274	35,874,192	35,874,192	4,484,274	4,484,274
Mark A Loveday	-	5,076,998	-	40,615,984	-	5,076,998
Sir Richard Baker Wilbraham	5,076,998	-	40,615,984	-	5,076,998	-

The interests disclosed at 1 January 1999 were in Grosvenor Estate Holdings, the former ultimate parent company. Following the group reorganisation on 18 November 1999 described in the Directors' Report, the shares were replaced by identical holdings in Grosvenor Group Holdings Limited.

GROSVENOR ESTATE HOLDINGS

At 1 January 1999 and 31 December 1999 Sir John James held a non-beneficial interest in £5,250,000 Redeemable Loan Stock 1996-2010.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

	Preferred 'A' shares	
	At 1 January 1999	At 31 December 1999
NON-BENEFICIAL		
John R Sclater	100	100
Jeremy H M Newsum	100	100
The Earl of Home	100	100
Mark A Loveday	-	100
Sir Richard Baker Wilbraham	100	-

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

Except as disclosed above, none of the directors of the company who served during the year had any interests in the securities of the company or any of its subsidiary undertakings.

There has been no change in directors' interests since 31 December 1999. The Earl of Home, Mark Loveday and Sir Richard Baker Wilbraham are no longer Directors.

By order of the Board

Jonathan Hagger
Secretary
16 March 2000

DIRECTORS' REPORT

for the year ended 31 December 1999

The directors present their annual report and the Group's audited consolidated financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activities are property investment, development and fund management in Britain and Ireland, the Americas, Continental Europe, Australia and Asia Pacific.

Information on the Group's business and an analysis of its performance during the year are presented in the Chairman's Statement and the Reviews on pages 2 to 23.

GROUP REORGANISATION

Details of the Group reorganisation are discussed in the Group Chief Executive's Review on page 7 and the Group Finance Director's Review on page 9 and in notes 1 and 3 to the Accounts.

CHANGE OF NAME AND GROUP HOLDING COMPANY

On 18 June 1999, the company changed its name from Grosvenor Worldwide Properties Limited to Grosvenor Limited. On 18 November 1999 Grosvenor Ltd became the ultimate holding company of the Group, acquiring a 100% interest in Grosvenor Estate Holdings (GEH). On 1 March 2000 the name of the company became Grosvenor Group Holdings Limited (GGHL).

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated profit and loss account on page 38. Profit for the year after taxation was £35,786,000 (1998 – £46,447,000). The directors recommend payment of dividends of £1,847,000 (1998 – £3,600,000).

GOING CONCERN

After reviewing detailed cashflow projections including capital expenditure proposals, taking into account resources and borrowing facilities and making such further enquiries as they consider appropriate, the directors consider that there is a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

Jeremy H M Newsum and Jonathan O Hagger served as directors throughout the year.

The appointment and resignation of the directors of the company during the year are set out below:

The Duke of Westminster – Non-executive Chairman	(appointed 11 November 1999)	
John R Slater – Deputy Chairman *	(appointed 11 November 1999)	
Ralph W Hayward	(appointed 11 November 1999)	
The Earl of Home *	(appointed 11 November 1999, resigned 21 February 2000)	
Sir John N C James *	(appointed 11 November 1999)	
Roderick D Kent *	(appointed 8 March 2000)	
Mark A Loveday *	(appointed 11 November 1999, resigned 21 February 2000)	
Stephen H R Musgrave	(appointed 11 November 1999)	
Kurt F Viermetz *	(appointed 11 November 1999)	
Anthony B Wyand *	(appointed 11 November 1999)	
Martin Aldred +	(resigned 11 November 1999)	
Ray C Williams +	(resigned 11 November 1999)	* Independent non-executive directors

+Martin Aldred and Ray C Williams were directors of the dormant company, Grosvenor Worldwide Properties Limited, prior to the reorganisation.

CHARITABLE CONTRIBUTIONS

Charitable contributions during the year amounted to £550,108 (1998 – £503,000) all of which was donated to the Westminster Foundation which supports a wide range of charitable causes (1998 – £500,000).

DIRECTORS' REPORT

for the year ended 31 December 1999

YEAR 2000 COMPLIANCE

A Year 2000 compliance project identified, reviewed and tested computer and embedded systems at risk. All material remedial actions were completed by 30 September 1999 and comprehensive contingency plans were put in place. No compliance failures have subsequently been reported and all systems will continue to be monitored throughout 2000. The Group's results include a charge of £412,000 in respect of Year 2000 compliance.

ENVIRONMENTAL POLICY

The Group takes a long-term view of its activities and responsibilities. Environmental considerations are therefore an important factor throughout the management of all group companies. Two main principles are observed:

- Grosvenor seeks to identify and minimise its environmental impact, wherever it occurs, seeking continuous improvement in performance;
- Grosvenor seeks to make a positive contribution to sustainable development, giving consideration to environmental, economical and social sustainability in all its operations. These principles are applied through specific objectives and targets which are designed to be appropriate to the separate businesses within the Group.

The director responsible for environmental policy in 1999 was Stephen Musgrave.

POLICY ON PAYMENT OF SUPPLIERS

Payment terms are agreed with suppliers on an individual basis. It is the policy of both the Company and the Group to abide by the agreed terms, provided that the suppliers also comply with all relevant terms and conditions. The Company has no trade creditors. In respect of the Group's activities in the UK, trade creditors at 31 December 1999 represented 21 days purchases (1998 – 24 days).

EMPLOYEES

The Group gives full and fair consideration to applications by disabled persons for employment. Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other staff. The directors recognise the importance of good communications and relations with the Group's employees. Each part of the Group maintains employee relationships appropriate to its own particular needs and environment.

AUDITORS

Deloitte & Touche were appointed as the Company's auditors on 17 November 1999 and pursuant to Section 386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to re-appoint them annually.

By order of the Board



Jonathan Hagger
Secretary
16 March 2000

Company registration number 3219943
Registered Office
53 Davies Street
London W1Y 1FH

The registered office will change on 27 March 2000 to:

The Grosvenor Office
70 Grosvenor Street
London W1X 9DB

STATEMENT OF 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 the Group and of the profit or loss of the Group for the period.

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 Group and to prevent and detect fraud and other irregularities.

CORPORATE ADVISERS AND BANKERS

AUDITORS:	Deloitte & Touche
VALUERS:	Gerald Eve, Jones Lang LaSalle
SOLICITORS:	Boodle Hatfield, Slaughter and May
LEAD BANKERS:	NatWest Bank plc, Royal Bank of Scotland

REPORT OF THE AUDITORS TO THE MEMBERS OF GROSVENOR GROUP HOLDINGS LIMITED

We have audited the financial statements on pages 38 to 64 which have been prepared under the accounting policies set out on pages 42 to 44.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 36, the Company's directors are responsible for preparing the Annual Report and financial statements. Our responsibilities are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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, or if we have not received all the information and explanations we required for our audit.

We review whether the statement on pages 30 and 31 reflects the Company's compliance with the provisions of the Combined Code with which it is required by its shareholders to comply. 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 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 and 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 31 December 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.



DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

Hill House

1 Little New Street

London EC4A 3TR

16 March 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

RESULTS OF CONTINUING OPERATIONS

TURNOVER

NET RENTAL INCOME

PROFIT ON TRADING PROPERTIES

TOTAL GROSS PROFIT

Administrative expenses

GROUP OPERATING PROFIT

Share of operating profit of associates

TOTAL OPERATING PROFIT

Profit on sale of investment properties

PROFIT BEFORE INTEREST

Investment income

Net interest

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Tax on profit on ordinary activities

PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

Minority interests (equity)

Minority interests (non-equity)

Dividends on equity and non-equity shares

Dividend in specie

RETAINED PROFIT FOR THE YEAR

Note	1999 £'000	1998 £'000
4	144,404	151,566
	46,595	40,805
	9,635	10,942
	56,230	51,747
	(15,732)	(11,866)
5	40,498	39,881
	26,923	21,471
	67,421	61,352
7	10,482	30,941
	77,903	92,293
	1,580	1,303
11	(30,698)	(26,096)
	48,785	67,500
12	(12,999)	(21,053)
	35,786	46,447
	(2,370)	(1,860)
	(487)	(487)
	32,929	44,100
13	(1,847)	(3,600)
14	(28,804)	-
30	2,278	40,500

BALANCE SHEETS

31 December 1999

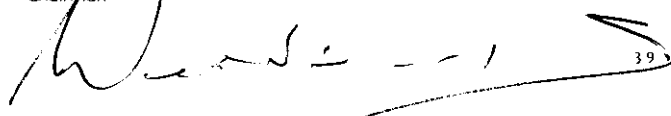
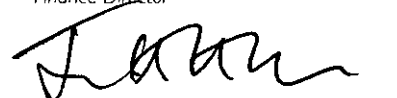
	Notes	Group 1999 £'000	Group 1998 £'000	Company* 1999 £'000
FIXED ASSETS				
Tangible assets				
Investment properties	15	1,774,162	1,153,715	-
Other tangible assets	16	26,327	4,014	-
Investments				
Subsidiary undertakings	17	-	-	1,328,451
Associate undertakings	18	80,823	186,800	-
Trade investments	19	117,633	84,882	-
		1,998,945	1,429,411	1,328,451
CURRENT ASSETS				
Trading properties	20	59,291	38,653	-
Other trading stocks		-	3,630	-
Debtors	21	47,879	32,423	20,000
Cash at bank and in hand		52,458	30,601	-
		159,628	105,307	20,000
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Borrowings	23	(34,295)	(12,938)	-
Other creditors	22	(80,693)	(74,397)	(1,847)
		44,640	17,972	18,153
NET CURRENT ASSETS				
		2,043,585	1,447,383	1,346,604
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Borrowings	23	(659,468)	(282,743)	-
Other creditors	22	(4,309)	(453)	-
PROVISIONS FOR LIABILITIES AND CHARGES				
	26	(1,226)	(855)	-
		1,378,582	1,163,332	1,346,604
CAPITAL AND RESERVES				
Called up share capital	29	59,787	55,796	59,787
Merger capital reserve	30	144,833	61,397	1,268,664
Profit and loss account	30	106,271	97,466	18,153
Revaluation reserve	30	813,426	728,770	-
Other reserves	30	192,685	175,978	-
		1,317,002	1,119,407	1,346,604
SHAREHOLDERS' FUNDS - INCLUDING NON-EQUITY INTERESTS				
Minority interest (equity)		55,220	38,036	-
Minority interest (non-equity)		6,360	5,889	-
		1,378,582	1,163,332	1,346,604

* See notes 1 and 3 for details of the Group reorganisation. Prior year balances are all £nil.

Approved by the Board on 16 March 2000 and signed on behalf of the Board

The Duke of Westminster OBE TD DL
Chairman

Jonathan Hagger
Finance Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Retained profit for the year before dividends		32,929	44,100
Unrealised surplus on revaluation of properties	30	111,878	169,631
Tax (charged)/credited to reserves	30	(8,901)	1,094
Currency translation differences on foreign currency net investments	30	4,913	(6,656)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		140,819	208,169

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 December 1999

	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation	48,785	67,500
Realisation of property revaluation gains of previous years	17,260	22,715
Historical cost profit on ordinary activities before taxation	66,045	90,215
Historical cost retained profit for the year – after taxation, minority interests and dividends	10,788	61,711

The excess of the historical cost profit over the profit reported in the profit and loss account represents the additional profit that would have been reported had the investment properties sold during the year not been revalued in earlier years.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	33	31,462	24,638
DIVIDENDS FROM ASSOCIATES		904	807
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,652	3,319
Interest paid		(22,669)	(21,750)
Investment income		1,581	1,303
Preference dividends paid		(670)	(670)
		(20,106)	(17,798)
TAXATION			
Corporation tax paid		(27,525)	(26,664)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of, and improvements to, properties		(142,390)	(43,794)
Sale of freehold and leasehold properties		44,080	84,849
Lease premiums received		46,353	58,296
Purchase of other fixed assets		(4,778)	(3,082)
Sale of other fixed assets		629	1,196
Loans repaid by/(advanced to) associates		9,977	(458)
		(46,129)	97,007
ACQUISITIONS AND DISPOSALS			
Disposal/(purchase) of shares in associates		477	(139)
Purchase of trade investments		(44,072)	(25,769)
Disposal of trade investments		4,232	-
Cash acquired with subsidiary		10,946	-
Cash disposed of with subsidiary		(10,946)	-
		(39,363)	(25,908)
EQUITY DIVIDENDS PAID		(2,930)	(2,700)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(103,687)	49,382
MANAGEMENT OF LIQUID RESOURCES			
(Placement)/withdrawal of short term deposits		(3,070)	30,618
FINANCING			
Loans drawdown		136,695	59,631
Loans repaid		(17,798)	(129,365)
		118,897	(69,734)
INCREASE IN CASH IN THE YEAR	34	12,140	10,266

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and other land and buildings, and in accordance with applicable accounting standards in the United Kingdom.

GROUP REORGANISATION

Grosvenor Group Holdings Limited was dormant until 18 November 1999. On that date the Grosvenor Estate Holdings Group was restructured with Grosvenor Group Holdings Limited becoming the ultimate parent undertaking for the Group. Under Financial Reporting Standard 6, Acquisitions and Mergers, the consolidated profit and loss account and all consolidated comparative figures of Grosvenor Group Holdings Limited are produced on the basis that the Group had always been in existence, as the ultimate shareholders in Grosvenor Group Holdings Limited were at the time of the reorganisation the same as for the Grosvenor Estate Holdings Group.

BASIS OF CONSOLIDATION

The Group's consolidated financial statements include those of the company and its subsidiary undertakings.

An undertaking is regarded as a subsidiary undertaking if the company has control over its operating and financial policies.

The Company has elected under Section 230 of the Companies Act 1985 not to include its own profit and loss account in these financial statements.

TURNOVER

Turnover comprises gross income net of VAT including rents receivable, service charges and income from property trading activities.

GOODWILL

When a subsidiary undertaking or associate is acquired, fair values are attributed to its identifiable assets and liabilities. Goodwill represents the difference between the fair value of the consideration paid for the business and the fair values of its identifiable assets and liabilities.

In accordance with FRS10 'Goodwill and intangible assets', goodwill arising on acquisitions completed on or after 1 January 1998 is capitalised and amortised to the profit and loss account over its useful economic life. Goodwill arising on acquisitions completed prior to 1 January 1998 was written off directly to reserves and has not been reinstated.

If an acquired business is subsequently sold, any goodwill relating to it which has not previously been dealt with in the profit and loss account is taken into account in calculating the profit or loss on disposal of the business.

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any material diminution in value.

JOINT ARRANGEMENTS

An undertaking is regarded as a joint arrangement if the Group has joint control over its operating and financial policies.

In accordance with FRS 9, Associates and Joint Ventures, the Group accounts for its share of the individual items of income, expenditure, assets, liabilities and cash flows of incorporated joint arrangements. The directors consider that this departure from the requirement of the Companies Act 1985 to account for incorporated joint arrangements as either associates or trade investments according to whether the Group has significant influence over their operating and financial policies is necessary for the financial statements to show a true and fair view because joint arrangements are in substance an extension of the Group's own business.

ASSOCIATES

An undertaking is regarded as an associate if the Group holds a participating interest and has significant influence, but not control, over its operating and financial policies.

The Group accounts for associates under the equity method, whereby the Group's profit and loss account includes its share of the profits and losses of associates at and below operating profit and the Group's balance sheet includes its share of the net assets of its associates within fixed asset investments.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTIES

Investment properties are valued annually at open market value by independent valuers every three years, and in intervening years by the directors. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that any permanent diminution in value below original cost is taken to the profit and loss account. Investment properties under development are stated at the lower of cost and net realisable value. Profits and losses on the disposal of investment properties are calculated by reference to book value and are included in the profit and loss account.

OTHER TANGIBLE ASSETS

Tangible assets other than investment properties and other land and buildings are stated at cost less provision for any permanent diminution in value. Other land and buildings are stated at valuation.

DEPRECIATION

In accordance with SSAP19 'Accounting for investment properties' no depreciation is provided on freehold investment properties or on leasehold investment properties with an unexpired term exceeding twenty years. The directors consider that this departure from the requirement of the Companies Act 1985 for all properties to be depreciated is necessary for the financial statements to show a true and fair view, since depreciation is reflected in the open market valuation and cannot be separately identified.

Short leasehold properties with 20 years or less unexpired are depreciated on a straight line basis over the remaining period of the lease.

Other tangible assets are depreciated on a straight line basis so as to spread their cost over their expected useful lives at rates varying between 10% and 33 1/3% per annum.

DEVELOPMENT PROPERTIES

Development properties are properties under development that are not presently intended to be retained in the Group's investment portfolio. Development properties are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, professional fees, construction costs and capitalised interest but excludes overheads. Sales of development properties are recognised on exchange of contracts or, if exchange is conditional, on the date all material conditions have been satisfied. During the construction period profits are not recognised but provision is made for any foreseeable losses.

In the event that it is decided a development property will be retained as an investment, it is transferred to the Group's investment portfolio at the lower of cost and net realisable value at the date of transfer and any loss dealt with in the profit and loss account.

CAPITALISATION OF INTEREST

Interest relating to the financing of development properties and major improvements to investment properties is capitalised. Interest capitalised is calculated by reference to the actual interest payable on borrowings or, where a project is financed out of general funds, to the average rate for all borrowings. Interest is capitalised from the commencement of the project, until the date of practical completion of the project.

OTHER TRADING STOCKS

Stocks are stated at the lower of cost and net realisable value.

FOREIGN CURRENCY TRANSLATION

At entity level, transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date or, if hedged, at the exchange rate under the related hedging transaction and the resultant exchange differences are dealt with in the profit and loss account.

On consolidation, the results of overseas companies are translated into sterling at the average exchange rate for the period and their assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. To the extent permitted by SSAP 20 'Foreign currency translation', exchange differences arising on foreign currency borrowings taken out to hedge foreign equity investments are taken directly to reserves.

In the cash flow statement, cash flows denominated in foreign currencies are translated into sterling at the average exchange rate for the period.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

DEFERRED TAXATION

Deferred taxation is accounted for in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes and in respect of unrealised revaluation surpluses to the extent that it is considered probable that a tax liability or asset will crystallise in the foreseeable future.

PENSION SCHEMES

Pension costs are charged to the profit and loss account on a systematic basis over the period expected to benefit from the service of the employees concerned.

FINANCIAL INSTRUMENTS

Derivative instruments utilised by the Group are interest rate swaps and forward exchange contracts. The Group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

2. FOREIGN CURRENCIES

The principal exchange rates used to translate the results, assets, liabilities and cashflows of overseas companies were as follows:

	Average rate		Year end rate	
	1999	1998	1999	1998
Euros	1.52	—	1.61	1.42
Canadian dollar	2.41	2.46	2.34	2.56
US dollar	1.62	1.66	1.61	1.66
Australian dollar	2.53	2.63	2.46	2.71
Singapore dollar	2.74	2.77	2.69	2.75
Hong Kong dollar	12.55	12.85	12.53	12.89

3. ACQUISITIONS AND DISPOSALS

As at 1 January 1999, the Group had a 49% interest in the equity voting shares, a 94% share of the equity non-voting shares, and a 100% share of the non-equity shares of Grosvenor International Holdings Limited (GIHL), a company incorporated in Canada and which was accounted for as an associate as at 31 December 1998. Accordingly in previous years the Group has recognised 57.65% of the net assets and net profits of GIHL on the equity accounting basis, being the effective equity interest in that associate.

On 31 December 1999, Grosvenor Group Holdings Limited acquired the remaining equity and non equity shares in GIHL for a consideration of £87,426,000 increasing the Group's interest to 100% of all equity and non-equity shares. There was no goodwill arising as a result of the acquisition. The consideration was satisfied by way of an issue of shares in Grosvenor Group Holdings Limited. Details of the fair values of assets and liabilities acquired, consideration for the acquisition and profits prior to acquisition are set out in note 31.

On 18 November 1999, the Group disposed of Deva Holdings Limited and its subsidiaries (Deva Group) which held Grosvenor's non-property businesses. The disposal was effected by way of a dividend in specie resulting in no profit or loss on disposal. The results of the Deva Group have been shown under demerged operations in notes 4 and 5. The cash effects of the disposal are set out in note 31.

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENTAL ANALYSIS

	Turnover		Profit/(loss) before taxation		Assets employed	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Continuing operations:						
Property investment *	75,944	69,521	75,452	88,880	1,958,857	1,356,981
Property trading	58,829	69,223	5,565	6,226	61,030	53,129
Demerged operations:						
Non property	9,631	12,822	(1,534)	(1,510)	–	18,302
	144,404	151,566	79,483	93,596	2,019,887	1,428,412
Net interest/borrowings	–	–	(30,698)	(26,096)	(641,305)	(265,080)
	144,404	151,566	48,785	67,500	1,378,582	1,163,332

* Profit on property investment includes £10.5 million on sale of investment properties (1998 – £30.9m).

The business can be analysed geographically as follows:

	Turnover		Profit/(loss) before taxation		Assets employed	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000
United Kingdom	125,134	119,425	45,368	72,670	1,319,687	1,131,181
Rest of Europe	19,115	32,141	16,344	5,577	167,007	181,181
Canada	113	–	5,910	5,592	158,323	36,288
United States	42	–	9,528	7,480	267,170	50,339
Australia	–	–	3,262	2,741	69,188	21,388
South East Asia	–	–	(929)	(464)	38,512	8,035
	144,404	151,566	79,483	93,596	2,019,887	1,428,412
Net interest/borrowings	–	–	(30,698)	(26,096)	(641,305)	(265,080)
	144,404	151,566	48,785	67,500	1,378,582	1,163,332

NOTES TO THE FINANCIAL STATEMENTS

5. ANALYSIS OF CONTINUING AND DEMERGED OPERATIONS

	Continuing 1999 £'000	Demerged 1999 £'000	Total 1999 £'000	Continuing 1998 £'000	Demerged 1998 £'000	Total 1998 £'000
Turnover	134,773	9,631	144,404	138,744	12,822	151,566
Direct costs	(78,964)	(9,210)	(88,174)	(87,267)	(12,552)	(99,819)
Net rental income and gross profit on trading	55,809	421	56,230	51,477	270	51,747
Administrative expenses	(13,776)	(1,956)	(15,732)	(10,015)	(1,851)	(11,866)
Operating profit	42,033	(1,535)	40,498	41,462	(1,581)	39,881

6. OPERATING PROFIT

OPERATING PROFIT IS STATED AFTER CHARGING:

Depreciation of tangible fixed assets
Operating lease rentals:
Plant and machinery
Land and buildings
Auditors' remuneration
Audit
Other services

1999 £'000	1998 £'000
1,315	1,790
—	3
2,263	1,680
152	147
460	573

7. PROFIT ON SALE OF INVESTMENT PROPERTIES

Group undertakings
Share of associates' losses

1999 £'000	1998 £'000
10,794	32,940
(312)	(1,999)
10,482	30,941

All of the above relate to continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE INFORMATION

STAFF COSTS:

Wages and salaries

Social security costs

PENSION COSTS:

Defined benefit schemes

Defined contribution schemes

	1999 £'000	1998 £'000
	14,362	12,864
	1,397	1,184
	1,469	1,066
	199	264
	17,427	15,378
	438	483
	6	6
	7	6
	451	495
	148	146
	44	42
	68	74
	260	262
	191	233
	451	495

AVERAGE NUMBER OF EMPLOYEES BY GEOGRAPHIC REGION: +

United Kingdom

Continental Europe

Asia Pacific

AVERAGE NUMBER OF EMPLOYEES BY BUSINESS:

Property investment

Property trading

Other activities

Demerged activities

+GIHL employees are not included as the company was an associate for the duration of 1999. At 31 December 1999 GIHL had 54 employees in North America and 11 employees in Australia. After demerging the Deva Group and acquiring GIHL the Group had 331 employees at 31 December 1999.

NOTES TO THE FINANCIAL STATEMENTS

9. PENSION SCHEMES

UNITED KINGDOM

In the United Kingdom the Group's principal pension schemes are the Grosvenor Estates Pension Scheme (GEPS), a defined benefit pension scheme, and the Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution scheme. Both schemes are administered by independent trustees.

Independent qualified actuaries complete valuations of the GEPS at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules.

The most recent actuarial valuation was carried out at 31 December 1999 using the projected unit funding method. The most important actuarial assumptions were that investment returns would be 0.5% to 1.5% above the rate of inflationary salary increases, 3.875% higher than the annual increase in present and future pensions in payment and that returns from equities (assumed to be the asset portfolio held before retirement and 50% of the portfolio held after retirement) would be 3.5% higher than the annual increase in dividend income over the relevant period.

At 31 December 1999, the market value of the GEPS assets was £70.4 million and the actuarial value of the assets was sufficient to cover 105% of the benefits that had accrued to members, after allowing for expected increases in earnings. The surplus of assets over liabilities is being amortised over an average service lifetime of 14 years, with the variation being calculated as a percentage of salary. From 1 January 2000, this will mean a regular cost of 22.5% and a variation of 2.9%. The UK pension charge for 1999 is based on the actuarial valuation carried out as at 31 December 1996.

In addition, the Group operates an unfunded defined benefit scheme to satisfy pension commitments not catered for by the principal schemes.

Defined benefit pension costs charged to the profit and loss account were £1,469,000 (1998 – £1,066,000). At 31 December 1999, the provision for pension liabilities was £1,075,000 (1998 – £855,000) which related wholly to the unfunded pension scheme.

The Group's contributions to the defined contribution scheme were £199,000 (1998 – £264,000).

OVERSEAS

Following the acquisition of the remaining share capital of GHL on 31 December 1999, the new enlarged Group operates a number of defined benefit pension schemes in Australia, Canada and the USA. These schemes provide benefits based upon pensionable salary and length of service. The contribution rate is calculated on the projected unit method and actuarial valuations of the assets and liabilities are performed by independent consulting actuaries. The market value of the assets of the plans amounted to £17.7 million and the actuarial valuation of the assets was 128% of the accrued benefits. The total charge included in the Group's consolidated profit and loss account for the year was £120,000, representing 57.65% of total defined benefit pension scheme costs in the year.

10. DIRECTORS' REMUNERATION DETAILS

AGGREGATE EMOLUMENTS:

Salaries
Performance related bonus
Other benefits

	1999		1998	
	Total £'000	Highest paid director £'000	Total £'000	Highest paid director £'000
Salaries	611	230	539	160
Performance related bonus	137	58	835	656*
Other benefits	156	51	157	48
	904	339	1,531	864

* Includes an amount of £551,000 which was linked to the results of the Group's development activities over the two years ended 31 December 1998.

Retirement benefits are accruing to four directors under defined benefit schemes sponsored by group companies. Retirement benefits accrued to the highest paid director under the defined benefit pension scheme are as follows:

Accrued annual pension at 31 December

	1999 £'000	1998 £'000
Accrued annual pension at 31 December	74	130

NOTES TO THE FINANCIAL STATEMENTS

11. NET INTEREST

	Group £'000	1999 Share of associates £'000	Total £'000	Group £'000	1998 Share of associates £'000	Total £'000
INTEREST PAYABLE:						
Bank loans and overdrafts	12,582	12,139	24,721	10,891	11,212	22,103
Other loans	11,675	—	11,675	10,546	2,504	13,050
Capitalised interest	(3,214)	(323)	(3,537)	(3,210)	(437)	(3,647)
Net interest payable	21,043	11,816	32,859	18,227	13,279	31,506
Interest receivable	(1,642)	(519)	(2,161)	(3,322)	(2,088)	(5,410)
	19,401	11,297	30,698	14,905	11,191	26,096

Cost of sales includes £146,000 of capitalised interest reflected in the carrying value of development properties sold in 1999 (1998 – £570,000).

12. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
CURRENT YEAR		
Corporation tax at 30.25% (1998 – 31%)	7,514	18,768
Overseas tax	1,709	495
Deferred tax	(58)	(8)
Associated undertakings:		
UK tax	—	17
Overseas tax	3,834	1,781
	12,999	21,053
TAX CHARGED/(CREDITED) TO RESERVES		
Tax relating to revaluation gains recognised in prior years		
Corporation tax	8,750	1,999
Deferred tax	151	(3,093)
Total tax charges recognised in the statement of total recognised gains and losses	21,900	19,959

NOTES TO THE FINANCIAL STATEMENTS

13. DIVIDENDS ON EQUITY AND NON EQUITY SHARES

	1999 £'000	1998 £'000
Equity shares		
Ordinary shares 2.1p per share (1998 – 5.835p)	126	326
Non-voting ordinary shares 2.1p per share (1998 – 5.835p)	1,004	2,604
	1,130	2,930
Non-equity shares		
12% Non-cumulative irredeemable preference shares, 12p per share (1998 – 12p)	717	670
	1,847	3,600

14. DIVIDEND IN SPECIE

On 18 November 1999, as part of the Group reorganisation referred to in note 1, the then parent company Grosvenor Estate Holdings paid a dividend in order to demerge the non-property subsidiaries of the Group. The dividend in specie charged to the consolidated profit and loss account of £28,804,000 is equivalent to the book value of non property subsidiaries at the date of the demerger.

15. INVESTMENT PROPERTIES

	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Total £'000
VALUATION:				
At 1 January 1999	716,399	435,935	3,129	1,155,463
Additions	88,822	56,160	–	144,982
Acquired with subsidiary	488,294	–	–	488,294
Disposals	(26,174)	(51,826)	(408)	(78,408)
Transfers	3,993	(34,028)	(2,450)	(32,485)
Surplus transferred to revaluation reserve	2,894	98,710	–	101,604
Exchange differences	(5,074)	–	–	(5,074)
At 31 December 1999	1,269,154	504,951	271	1,774,376
DEPRECIATION:				
At 1 January 1999	–	–	(1,748)	(1,748)
Charge for year	–	–	(9)	(9)
Disposals	–	–	357	357
Transfers	–	–	1,186	1,186
At 31 December 1999	–	–	(214)	(214)
NET BOOK VALUE:				
At 31 December 1999	1,269,154	504,951	57	1,774,162
At 31 December 1998	716,399	435,935	1,381	1,153,715

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTIES (CONTINUED)

Investment properties were valued at 31 December 1999 by the directors using employees who are Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Valuations by professional independent valuers are carried out every three years. The last full independent valuation took place at 31 December 1998.

The historical cost of the Group's investment properties was £879 million (1998 – £351m). The tax which would be payable on the surplus arising on the revaluation of fixed assets, in the event of their sale at such valuation, is estimated to be approximately £159 million (1998 – £126 million).

The carrying value of investment properties under development includes capitalised interest of £nil (1998 – £2,510,000).

16. OTHER TANGIBLE ASSETS

	Land and buildings £'000	Leasehold improve- ments £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
COST OR VALUATION:				
At 1 January 1999	–	–	12,362	12,362
Additions	–	2,322	4,543	6,865
Disposals	(291)	–	(3,279)	(3,570)
Disposed with demerged subsidiaries	(10,222)	(369)	(7,444)	(18,035)
Transfers	31,626	638	221	32,485
Exchange differences	–	1	–	1
At 31 December 1999	21,113	2,592	6,403	30,108
DEPRECIATION:				
At 1 January 1999	–	–	(8,348)	(8,348)
Charge for year	(9)	(245)	(1,052)	(1,306)
Disposals	–	–	2,168	2,168
Disposed with demerged subsidiaries	653	111	4,195	4,959
Transfers	(653)	(566)	33	(1,186)
Exchange differences	–	(38)	(30)	(68)
At 31 December 1999	(9)	(738)	(3,034)	(3,781)
NET BOOK VALUE:				
At 31 December 1999	21,104	1,854	3,369	26,327
At 31 December 1998	–	–	4,014	4,014

The historical cost of land and buildings is £12,472,000 (1998 – £nil).

Land and buildings are freehold and were valued at 31 December 1999 by the directors using employees who are Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Valuations by professional independent valuers are carried out every three years.

NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARY UNDERTAKINGS

(A) COMPANY

At 1 January 1999

Additions

At 31 December 1999

Shares at cost £'000
—
1,328,451
1,328,451

(B) GROUP

The principal subsidiary undertakings at 31 December 1999 are:

PROPERTY INVESTMENT

Grosvenor West End Properties *
 Eaton Square Properties Limited
 Grosvenor (Basingstoke) Limited
 Grosvenor Commercial Properties *
 Grosvenor Investment Management Limited
 Grosvenor Properties *
 Grosvenor Realty Investments Limited
 Grosvenor First European Property Investments SA (Luxembourg) †
 Old Broad Street Properties Limited

PROPERTY DEVELOPMENT

Grosvenor Developments Limited
 Victoria Investments (London) Limited

MANAGEMENT SERVICES

Grosvenor Estate Management Limited

INTERMEDIATE HOLDING COMPANIES

Grosvenor Estate Holdings *
 Grosvenor Limited
 Grosvenor International Holdings Limited (Canada)
 Grosvenor Overseas Holdings Limited

* Unlimited company

† 75% owned

All the above companies except Grosvenor Estate Holdings are indirectly owned. All companies are incorporated in Great Britain except where indicated.

All interests are in the form of ordinary shares except for Grosvenor Limited and Grosvenor International Holdings Limited, where the Group also holds all the preference shares in issue.

NOTES TO THE FINANCIAL STATEMENTS

18. ASSOCIATE UNDERTAKINGS

(A) GROUP

	Note	Shares £'000	Share of retained profits £'000	Share of revaluation reserves £'000	Loans £'000	Total £'000
At 1 January 1999		66,659	55,468	52,119	12,554	186,800
Retained profit for the year		-	9,926	-	-	9,926
Revaluation surplus for the year		-	-	12,759	-	12,759
Transfer to investments in subsidiary undertakings	31	(17,105)	(62,761)	(39,144)	-	(119,010)
Disposals		(610)	2,882	-	(12,554)	(10,282)
Exchange differences		(4,513)	4,203	940	-	630
At 31 December 1999		44,431	9,718	26,674	-	80,823

Shares are stated at cost, less £8,714,000 written off to reserves in respect of goodwill arising on acquisitions prior to 1 January 1998.

Principal associated undertakings at 31 December 1999:

	Principal activities	Country of incorporation	Shares held
Sonae Imobiliária SGPS SA (Listed on the Lisbon Stock Exchange)	Property investment and development	Portugal	25%

The interest is in the form of ordinary shares and is indirectly owned through a 75% subsidiary.

(B) JOINT ARRANGEMENTS

At 31 December 1999, the Group had the following principal interests in incorporated joint arrangements which are accounted for on the basis explained in note 1, but which are classified as associates under the Companies Act 1985:

	Principal activities	Country of incorporation	Effective interest
Pacific Quay Developments Limited	Property development	Scotland	33⅓%
European Prime Properties SA	Property investment	France	50%
Barkhill Limited	Property investment	Republic of Ireland	50%
Parnolia Limited	Property contractor	England & Wales	50%

In addition, in Britain the Group has a 33⅓% interest in the Arkle Fund, a 36⅔% interest in the GMETRO Fund and interests in a number of other unincorporated limited partnerships in North America, all involved in property investment.

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE INVESTMENTS

	Listed £'000	Unlisted £'000	Total £'000
At 1 January 1999	64,862	20,020	84,882
Additions	44,077	–	44,077
Disposals	–	(5,443)	(5,443)
Exchange differences	(5,342)	(541)	(5,883)
At 31 December 1999	103,597	14,036	117,633

The market value of listed investments at 31 December 1999 was £125,083,000 (1998 – £78,849,000).

Principal trade investments at 31 December 1999:

	Principal activities	Country of incorporation	Effective interest
Asia Standard International Group Limited (Listed on the Hong Kong Stock Exchange)	Property investment and developer	Hong Kong	15%
Hermanos Revilla SA	Property investment	Spain	5%
Herrmill Investments Pte Limited	Investment	Singapore	17.7%
Société Foncière Lyonnaise SA (Listed on the Paris Stock Exchange)	Property investment	France	7.7%
Wates City of London Properties plc (Listed on the London Stock Exchange)	Property investment and development	Great Britain	17.25%

20. TRADING PROPERTIES

Capitalised interest included in trading properties amounted to £840,000 (1998 – £1,308,000).

21. DEBTORS

	Group 1999 £'000	1998 £'000	Company 1999 £'000
Amounts falling due within one year:			
Trade debtors	14,602	13,875	–
Amounts owed by subsidiary undertakings	–	–	20,000
Taxation recoverable	–	843	–
Other debtors	20,955	11,449	–
Prepayments and accrued income	11,206	5,990	–
	46,763	32,157	20,000
Amounts falling due after more than one year:			
Deferred taxation	323	266	–
Prepayments	793	–	–
	1,116	266	–
	47,879	32,423	20,000

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1999 £'000	1998 £'000	Company 1999 £'000
Trade creditors	8,253	8,673	-
Other creditors	9,257	6,098	-
UK corporation tax	18,596	28,313	-
Other taxes and social security	7,852	3,068	-
Accruals and deferred income	34,888	24,645	-
Proposed dividends	1,847	3,600	1,847
	80,693	74,397	1,847

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1999 £'000	1998 £'000	Company 1999 £'000
Other creditors	4,309	453	-

23. BORROWINGS AND OTHER FINANCIAL LIABILITIES

	Group 1999 £'000	1998 £'000	Company 1999 £'000
BORROWINGS - UNSECURED			
Bank loans and overdrafts	358,190	187,831	-
12.5% Redeemable Loan Stock 1996 - 2010	5,250	5,250	-
8.375% Loan Stock 2019	52,500	52,500	-
	415,940	245,581	-
BORROWINGS - SECURED ON LAND AND BUILDINGS			
Bank and institutional mortgages	227,823	100	-
10.42% Mortgage Debenture 2034	50,000	50,000	-
	277,823	50,100	-
Total Borrowings	693,763	295,681	-

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments of the Group can be found in the Group Finance Director's Review on pages 8 to 11. The disclosures below exclude short-term debtors and creditors as permitted by FRS 13.

NOTES TO THE FINANCIAL STATEMENTS

23. BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

MATURITY PROFILE

The maturity profile of the Group's financial liabilities at 31 December 1999 was as follows:

	Bank loans & overdrafts £'000	Other loans £'000	1999 Total £'000	1998 Total £'000
From 1 to 2 years	67,463	—	67,463	19,363
From 2 to 5 years	270,385	—	270,385	100,520
After 5 years	213,770	107,850	321,620	162,860
Due after more than one year	551,618	107,850	659,468	282,743
Due within one year	34,295	—	34,295	12,938
	585,913	107,850	693,763	295,681

In addition, the Group has £5,979,000 (1998 – £5,580,000) of sterling irredeemable preference shares in issue.

The debt at 31 December 1999 includes £283,121,000 of borrowings and overdrafts of £7,219,000 acquired through the acquisition of GIHL.

INTEREST RATE RISK AND CURRENCY PROFILE

The interest rate and currency profile of the financial liabilities of the Group at 31 December 1999 was as follows:

	1999			1998		
	Weighted average Interest rate %	Years	£'000	Weighted average Interest rate %	Years	£'000
FIXED INTEREST BORROWINGS						
Sterling	9.1	15.3	192,850	9.2	18.0	173,729
US dollars	7.6	5.0	140,119	—	—	—
Canadian dollars	7.2	5.0	93,152	6.6	8.0	16,631
Euros/Legacy currencies	5.1	1.9	80,704	5.5	2.8	88,684
Australian dollars	7.5	3.0	12,161	—	—	—
	7.7	8.3	518,986	7.9	12.5	279,044
FLOATING RATE BORROWINGS						
Sterling	5.7	—	58,719	—	—	—
US dollars	6.3	—	29,509	—	—	—
Canadian dollars	7.9	—	12,848	—	—	—
Euros/Legacy currencies	3.8	—	23,058	3.9	—	16,637
Australian dollars	7.2	—	20,717	—	—	—
Hong Kong dollars	6.8	—	29,926	—	—	—
	6.1	—	174,777	3.9	—	16,637

The above analysis by currency and interest rate risk profile recognises the effect of currency and interest swap agreements in place at 31 December 1999 included in fixed interest borrowings above. Borrowings of £278,411,000 included in fixed interest borrowings above, were covered by interest rate swap agreements, expiring between 2000 and 2007.

NOTES TO THE FINANCIAL STATEMENTS

23. BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

BORROWING FACILITIES

Undrawn committed borrowing facilities available to the Group at 31 December 1999 were as follows:

	1999 £'000	1998 £'000
Expiring less than 1 year	–	–
Expiring from 1 to 2 years	17,870	637
Expiring from 2 to 5 years	79,743	94,480
Expiring after more than 5 years	78,390	109,990
Total	176,003	205,107

24. ANALYSIS OF FINANCIAL ASSETS

The Group held the following financial assets as at 31 December 1999

	1999 £'000	1998 £'000
Cash deposits and cash in hand	52,458	30,601
Trade investments – listed	103,597	64,862
– unlisted	14,036	20,020
	170,091	115,483

The cash deposits comprised term bank deposits placed on money markets for up to 3 months.

ANALYSIS OF FINANCIAL ASSETS BY CURRENCY

The Group's financial assets at 31 December 1999 were held in the following currencies:

	1999 £'000	1998 £'000
Sterling	60,088	51,254
US dollars	3,959	–
Canadian dollars	12,985	–
Euros/Legacy currencies	52,901	55,837
Australian dollars	1,221	–
Singapore dollars	8,469	8,284
Hong Kong dollars	30,468	108
	170,091	115,483

NOTES TO THE FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

A valuation was carried out at 31 December 1999 and 31 December 1998 to calculate the market value of the Group's debt instruments and other financial liabilities and assets on a replacement basis taking into account the prevailing interest rates for the respective periods of the appropriate debt instruments. The valuations are as follows:

		1999		1998	
		Book £'000	Fair £'000	Book £'000	Fair £'000
Borrowings	– Fixed rate	(240,575)	(273,335)	(122,850)	(170,236)
	– Floating	(453,188)	(453,188)	(159,893)	(159,893)
	– Total	(693,763)	(726,523)	(282,743)	(330,129)
Cash		52,458	52,458	30,601	30,601
Interest rate swaps		–	2,765	–	(5,234)
Foreign exchange hedges		–	(328)	–	(322)
Trade Investments – Listed		103,597	125,083	64,862	78,849
	– Unlisted	14,036	14,036	20,020	20,020
Preference shares		(5,979)	(8,287)	(5,580)	(10,079)
		(529,650)	(540,796)	(172,840)	(216,294)

The valuation indicated a value of £11.1 million in excess of the actual net financial liabilities at 31 December 1999, which if taken to reserves after tax relief at 30 per cent would reduce the Group's net asset value by £7.8 million.

The fair value of interest rate swap derivatives amounts to a positive present value difference of £2.8 million, of which losses of £0.1 million were projected at 31 December 1999 to crystallise in the year to 31 December 2000 and gains of £2.9 million in subsequent years.

The fair values of the Group's cash, short-term deposits and loans are not materially different from those at which they are carried in the accounts. Unlisted investments are shown at book value.

Market values have been used to determine the fair value of trade investments and interest rate swaps. The fair values of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates.

GAINS AND LOSSES ON CURRENCY HEDGES

Losses on currency hedges of £549,000 have been taken to other reserves during the year as permitted under SSAP 20 as the hedges have been taken out against the carrying value of foreign investments.

No further analysis of the net amount of monetary assets and liabilities by functional currencies is given as there are no material exchange gains and losses taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

26. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Pension obligations £'000	Total £'000
At 1 January 1999	—	855	855
Profit and loss account	—	220	220
Transfer to corporation tax	(57)	—	(57)
Credited to revaluation reserve (note 30)	151	—	151
Transfer to debtors	57	—	57
At 31 December 1999	151	1,075	1,226

The analysis of the deferred taxation (asset)/liability is as follows:

Revaluation surplus as above

Other timing differences (note 21)

	1999 £'000	1998 £'000
Revaluation surplus as above	151	—
Other timing differences (note 21)	(323)	(266)
	(172)	(266)

27. COMMITMENTS

(A) PROPERTY EXPENDITURE COMMITMENTS:

Investment properties:

Contracted but not provided for

Development properties:

Contracted but not provided for

Other:

Contracted but not provided for

	1999 £'000	1998 £'000
Investment properties: Contracted but not provided for	2,550	30,520
Development properties: Contracted but not provided for	17,408	22,516
Other: Contracted but not provided for	3,075	—

(B) ANNUAL COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES WHICH EXPIRE:

	1999		1998	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Within one year	126	—	452	4
Between two and five years	77	—	568	—
After five years	3,388	—	1,357	—
	3,591	—	2,377	4

The Company had no commitments either for property expenditure or under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

28. CONTINGENT LIABILITIES

In connection with the demerger of Deva Group (see note 3), a subsidiary of the Company has provided guarantees up to a maximum of £25,000,000.

The company and certain subsidiary undertaking have given performance undertakings to third parties in respect of various contractual obligations entered into in the ordinary course of business.

29. SHARE CAPITAL

	1999		1998	
	Number of shares	£'000	Number of shares	£'000
AUTHORISED				
Equity interests:				
Ordinary shares of £1	8,000,000	8,000	100	—
Non-voting ordinary shares of £1	64,000,000	64,000	—	—
Non-equity interests:				
12% Non-cumulative irredeemable preference shares of £1	8,000,000	8,000	—	—
	80,000,000	80,000	100	—
ALLOTTED, CALLED UP AND FULLY PAID				
Equity interests:				
Ordinary shares of £1	5,978,588	5,979	100	—
Non-voting ordinary shares of £1	47,828,704	47,829	—	—
Non-equity interests:				
12% Non-cumulative irredeemable preference shares of £1	5,978,588	5,979	—	—
	59,785,880	59,787	100	—

CHANGES IN THE YEAR

On 18 October 1999, the authorised share capital was increased by 7,999,900 ordinary shares, 64,000,000 non-voting shares and 8,000,000 12% non-cumulative irredeemable preference shares. On 18 November 1999, 5,579,441 ordinary shares, 44,636,328 non-voting shares, and 5,579,541 12% non-cumulative irredeemable preference shares were issued in exchange for the entire share capital of Grosvenor Estate Holdings.

On 31 December 1999, a further 399,047 ordinary shares, 3,192,376 non-voting shares, and 399,047 12% non-cumulative irredeemable preference shares were issued in exchange for the remaining interest in GIHL.

RIGHTS OF CLASSES OF SHARES

Profits determined by the directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on the 12% non-cumulative irredeemable preference shares. The balance of profits available for distribution is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to shareholders the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares the amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

Holders of the 12% non-cumulative irredeemable preference shares and non-voting ordinary shares are not entitled to vote at general meetings of the members of the Company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares.

NOTES TO THE FINANCIAL STATEMENTS

30. RESERVES

(A) GROUP

	Merger capital reserve £'000	Profit and loss account £'000	Revaluation reserve £'000	Other reserves £'000	Total £'000
At 1 January 1999	61,397	97,466	728,770	175,978	1,063,611
Arising on issue of shares	83,436	—	—	—	83,436
Retained profit for the year	—	2,278	—	—	2,278
Surplus on revaluation of investment properties	—	—	111,878	—	111,878
Corporation tax	—	—	(8,916)	—	(8,916)
Deferred tax	—	—	(151)	—	(151)
Adjustment to tax provided in previous years	—	—	166	—	166
Transfer of profit on disposal of investment properties	—	6,762	(13,191)	6,429	—
Translation differences	—	(235)	(5,130)	10,278	4,913
At 31 December 1999	144,833	106,271	813,426	192,685	1,257,215

The cumulative amount of goodwill written off directly to reserves in respect of business acquisitions completed on or before 1 January 1998 amounted to £6,381,000 (1998 – £6,381,000).

The increase in the merger capital reserve arose on the issue of shares to acquire the remaining interest in Grosvenor International Holdings Limited (see note 31).

(B) COMPANY

	Merger capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 1999	—	—	—
Arising on issue of shares	1,268,664	—	1,268,664
Retained profit for the year	—	18,153	18,153
At 31 December 1999	1,268,664	18,153	1,286,817

The parent company's profit after tax was £20,000,000 (1998 – £nil).

The merger capital reserve was created following the issue of share capital of £59,787,000 in return for the investments in Grosvenor Estate Holdings and Grosvenor International Holdings Limited. The difference between the value of the issued share capital and the nominal value of shares issued has been transferred to a merger capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

31. CASH EFFECTS OF ACQUISITIONS AND DISPOSALS

Details of acquisitions and disposals are set out in note 3. The fair values of the assets and liabilities of GIHL, the subsidiary acquired, were as set out below. Fair values were equal to book values. As the subsidiary undertaking was acquired on 31 December 1999, it did not contribute to the Group's cashflows in the year.

NET ASSETS ACQUIRED

	1999 £'000
Investment properties	488,294
Tangible fixed assets	2,082
Development properties	14,914
Debtors	5,847
Cash at bank and in hand	18,165
Bank overdrafts	(7,219)
Bank loans	(283,121)
Creditors	(13,518)
Taxation	(2,861)
Minority interest	(16,146)
	206,437
Satisfied by:	
Shares allotted (see note 29)	87,427
Cost and post acquisition reserves of existing investment transferred from associated undertakings	119,010
	206,437

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF GIHL FOR THE YEAR ENDED 31 DECEMBER

	1999 £000	1998 £000
Turnover	60,768	56,628
Operating profit	33,055	26,456
(Loss)/profit on sale of investment properties	(542)	976
Interest payable	(19,783)	(16,020)
Profit on ordinary activities before taxation	12,730	11,412
Tax on profit on ordinary activities	(4,318)	(2,120)
Profit on ordinary activities after taxation	8,412	9,292
Minority interests	(776)	(787)
	7,636	8,505
Dividends	(1,038)	(959)
Retained profit for the year	6,598	7,546

In addition to the above, GIHL recognised a revaluation surplus of £13,508,000 (1998 – £11,990,000) and currency translation losses of £4,965,000 (1998 gains of £4,459,000).

NOTES TO THE FINANCIAL STATEMENTS

31. CASH EFFECTS OF ACQUISITIONS AND DISPOSALS (CONTINUED)

DISPOSAL OF DEVA GROUP

	1999 £'000
Land and buildings	9,827
Other fixed assets	3,917
Trade investments	1,204
Other trading stock	3,370
Debtors	5,991
Cash at bank and in hand	11,468
Bank overdrafts	(522)
Creditors	(6,451)
Net assets disposed of at 18 November 1999	28,804
Satisfied by:	
Dividend in specie	28,804

32. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit for the financial year	32,929	44,100
Dividends	(30,651)	(3,600)
	2,278	40,500
Other recognised gains and losses	107,890	164,069
Acquisition funded by issue of shares	87,427	-
Net addition to shareholders' funds	197,595	204,569
Opening shareholders' funds	1,119,407	914,838
Closing shareholders' funds	1,317,002	1,119,407
Attributable to:		
Equity shareholders	1,311,023	1,113,827
Non-equity shareholders	5,979	5,580
	1,317,002	1,119,407

NON EQUITY MINORITY INTEREST

Non equity minority interests wholly comprise preferred shares in Grosvenor Estate International Investments Limited. Preferred shareholders receive a return of their capital on a winding up of the Company in preference to the Group which owns 100% of the ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

33. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £'000	1998 £'000
Operating profit	40,498	39,881
Depreciation	1,315	1,790
Provisions	220	24
Capitalised interest	146	570
(Increase)/decrease in development properties and other trading stocks	(6,146)	897
(Increase)/decrease in debtors	(15,600)	117
Increase/(decrease) in creditors	11,029	(18,641)
Net cash inflow from operating activities	31,462	24,638

34. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £'000	1998 £'000
Increase in cash in the year	12,140	10,266
Placement/(withdrawal) of short term deposits	3,070	(30,618)
Net (drawdown)/repayment of loans	(118,897)	69,734
Loans acquired with subsidiary	(283,121)	-
Exchange differences	10,583	(4,738)
(Increase)/decrease in net debt in the year	(376,225)	44,644
Debt in creditors falling due within one year	(25,378)	(9,059)
Debt in creditors falling due after more than one year	(659,468)	(282,743)
Cash at bank and in hand	52,458	30,601
Overdrafts	(8,917)	(3,879)
Net debt at 31 December	(641,305)	(265,080)
Net debt at 1 January	265,080	309,724
(Increase)/decrease in net debt in the year	(376,225)	44,644

35. RELATED PARTY TRANSACTIONS

Group companies paid £934,000 (1998 - £986,000) in arm's length rentals to Grosvenor Trusts. Group companies received £317,000 (1998 - £348,000) in arm's length rentals and service charges from certain directors, members of the Grosvenor family and Grosvenor Trusts.

In the ordinary course of its business the Group provides services to certain members of the Grosvenor Family and Grosvenor Trusts. Income from these services totalled £4,072,000 (1998 - £4,495,000).

The Group arranged insurance cover on normal commercial terms for certain directors, members of the Grosvenor Family and Grosvenor Trusts through its insurance broking subsidiary (now demerged). Aggregate premiums paid in the year were £453,000 (1998 - £669,000).

The Company paid interest of £656,250 (1998 - £656,250) to a Grosvenor Trust on its holding of 12.5% Unsecured Loan Stock.

FIVE YEAR SUMMARY

	1995 £'m	1996 £'m	1997 £'m	1998 £'m	1999 £'m
ASSETS EMPLOYED					
Investment properties	863.9	892.7	1,065.2	1,153.7	1,774.2
Investments	73.7	151.1	218.9	271.7	198.4
	937.6	1,043.8	1,284.1	1,425.4	1,972.6
Other tangible fixed assets	3.9	3.6	3.6	4.0	26.3
Development properties	27.0	50.4	37.8	38.6	59.3
Other net current liabilities	(31.7)	(90.9)	(40.6)	(21.0)	(19.0)
Provisions for liabilities and charges	(1.3)	(9.9)	(7.9)	(0.9)	(1.2)
	935.5	997.0	1,277.0	1,446.1	2,038.0
FINANCED BY					
Share capital	55.8	55.8	55.8	55.8	59.8
Reserves	635.4	701.4	859.0	1,063.7	1,257.1
Loans (due after more than one year)	239.8	234.8	326.8	282.7	659.5
Minority interest	4.5	5.0	35.4	43.9	61.6
	935.5	997.0	1,277.0	1,446.1	2,038.0
TURNOVER					
Property investment	56.7	54.3	64.2	69.6	75.9
Property trading	13.3	31.3	106.2	69.2	58.8
Demerged activities	14.1	14.5	12.4	12.8	9.7
	84.1	100.1	182.8	151.6	144.4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION					
Property investment	35.0	33.5	33.7	33.1	36.1
Property trading	(0.7)	4.1	19.1	8.4	5.9
Demerged activities	1.7	1.4	(0.5)	(3.8)	(1.5)
	36.0	39.0	52.3	39.9	40.5
Group operating profit	36.0	39.0	52.3	39.9	40.5
Share of operating profit of associates	10.7	9.0	16.4	21.5	26.9
	46.7	48.0	68.7	61.4	67.4
Total operating profit	46.7	48.0	68.7	61.4	67.4
Profit on sale of investment properties	4.0	6.5	26.4	30.9	10.5
Interest	(24.3)	(26.4)	(31.0)	(26.1)	(30.7)
Other items	-	-	1.4	1.3	1.6
	26.4	28.1	65.5	67.5	48.8
Profit before taxation	26.4	28.1	65.5	67.5	48.8

Where the effect is material, the above figures have been restated to reflect accounting policy changes.