32/99

Financial Overview

TOTAL RETURN 13.1%

Another strong performance in 2001 delivered a total return on property assets, adjusted for share price movements and goodwill, of 13.1%, which is 4% above the Group's cost of capital. The unadjusted return was 11.3%, which compared with 16.4% in 2000 and an average over the last three years of 13.9%. The return in 2000 included a profit of £30m on selling the investment in Wates.

Revenue return on property assets (excluding disposal profits and revaluation gains) is 4.3% which reflects the highly reversionary nature of the core London assets, and is closely in line with 2000.

PROFIT BEFORE TAX £81.8M

Total revenue profit as shown in the table opposite increased by £7.9m to £53.8m, a result of higher rental income net of direct costs and overheads, and lower interest.

Including disposals of investment properties of £28.0m, profit before tax increased to £81.8m compared with £67.3m in 2000 (excluding Wates).

Provisions released as a result of the agreement of several prior years' tax liabilities lead to a tax charge for the group of £15.1m compared to £25.8m in 2000.

PROFIT AFTER TAX	2001 £m	2000 £m
Net rental income and fees	**109.3**	102.8
Development profit	**6.5**	7.5
Administrative expenses	**(34.1)**	(31.3)
	81.7	79.0
Associates and joint ventures	**12.0**	11.0
Dividend income	**1.5**	2.0
Interest	**(41.4)**	(46.1)
Revenue profit	**53.8**	45.9
Investment property sales	**28.0**	21.4
	81.8	67.3
Trade investment sales (Wates)	**–**	30.2
Profit before tax	**81.8**	97.5
Tax	**(15.1)**	(25.8)
Profit after tax	**66.7**	71.7

NET RENTAL INCOME INCREASED BY £6.5M

Net rental income in the UK increased by £1.6m. The most significant change was in Grosvenor Americas (GA) which increased by £6.5m, caused principally by a number of developments becoming income producing during 2001 and some favourable lettings achieved. Net rental income in Australia was down compared to the previous year because the Top Ryde shopping centre (Sydney) was sold at the end of 2000. Net rental income in Europe and Asia was broadly in line with 2000.

PROFITS FROM INVESTMENTS INCREASED TO £13.5M

Shares of profits from associates and joint ventures related to the 25% investment in Sonae Imobiliária, the Portuguese shopping centre developer and owner, and also Grupo Lar Grosvenor, the 50% Spanish joint venture which was established during 2000. Both of these investments are held by our European operating company. The investment in Sonae was increased to 33% in December 2001 as a result of privatisation.

Dividend income arose from trade investments held by our Asia and European businesses. In 2000 it also included dividends from the investment in Wates.

Financial Overview

DEVELOPMENT PROFITS OF £6.5M

Development profits arose mainly in the UK. Projects completed during 2001 included the Central Park business park in Rugby and South Gyle business park in Edinburgh and residential developments on the Belgravia Estate.

NET INTEREST COSTS DOWN BY £4.7M TO £41.4M

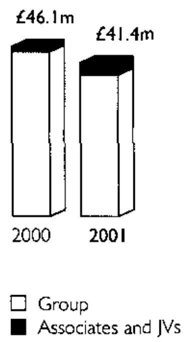
Net interest costs including share of associates and joint ventures fell from £46.1m to £41.4m.

While Group interest fell by £6.3m to £38.3m as a result of over lower overall borrowings during the period, together with lower average cost of debt, the Group's share of associate's and joint ventures' interest increased by £1.6m as a result of new borrowings, particularly in Sonae Imobiliária.

The average cost of debt during 2001 was 7.2% compared with 7.3% in 2000. Higher cash deposits during the period further reduced the net interest cost. Interest capitalised in 2001 was £3.9m compared with £3.5m in 2000.

Interest cover was 1.7 times compared with 1.5 in 2000.

NET INTEREST



PROFITS ON PROPERTY DISPOSALS INCREASED BY £6.6M TO £28.0M

Total proceeds from lease premiums and freehold sales were £185.7m, compared to £179.4m in 2000, which gave rise to £25.4m of disposal profits in the UK operating company, of which £24.1m related to lease premiums from the London Estate.

Overseas, in addition to the sale of Vancouver Centre noted above, Grosvenor European Prime Properties, the joint investment held by our European operating company, sold three properties during the year, two of which were its remaining London properties, sold in December.

TAX CHARGE FELL BY £10.7M TO £15.1M

The tax charge for the year was £15.1m, but this included a credit of £8m in respect of prior years following the agreement during 2001 of a number of earlier years' liabilities. Excluding this, the total charge is £23.1m which gives an effective rate of 28.2% compared with 26.5% in 2000.

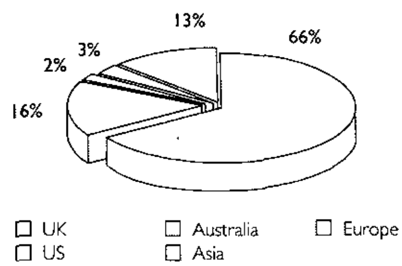
NET ASSETS INCREASED TO £1.8 BILLION

Net assets at 31 December 2001 were £1.8 billion, an increase of 10.3%.

Retained profits contributed £58.5m to the increase, property revaluations (including share of joint ventures and associates) were £123.2m and exchange movements caused a reduction of £3.2m.

34% of the Group's net assets were exposed to currencies other than Sterling.

NET ASSETS BY REGION



Financial Overview

TOTAL PROPERTY ASSETS INCREASED BY £161M TO £2.4 BILLION

Total Group property assets, including developments and the carrying value of joint ventures and trade investments, were £2.4 billion, an increase of £161.3m over 2000. This comprised an increase in investment properties of £130.2m, investments in joint ventures and associates up by £54.1m (see below) and development properties lower by £19.8m due to a number of schemes having matured during the year.

The Group's investment properties were valued at £2,007.1m at 31 December 2001, compared with £1,876.9m in 2000. £184.3m was spent on additions and improvements, and properties with a carrying value of £163.2m were sold. The revaluation uplift for the year was £110.8m.

Assets under management were £7.2bn (see page 50). For full details of the group's property interests see pages to 50 to 57.

SHARE OF ASSOCIATES AND JOINT VENTURES UP BY £54.1M

The Group's share of net assets of joint ventures and associates increased by £54.1m to £179.3m. Share of profits and revaluation contributed £5.5m and £22.3m respectively, and exchange movements resulted in a reduction of £3.4m. The remaining increase was due to the acquisition of an additional 8% of Sonae Imobiliária at a cost of £29.7m. The 8% share of net assets acquired is valued at £40.0m, with £10.3m deferred as goodwill in accordance with accounting standards.

The new investment in Sonae was made as part of a privatisation of the company so that the Group now owns 33%, with its partner, Sonae SGPS, owning the remaining 67%. The investment has been reclassified from an associate to a joint venture and the Group's share of net assets now stands at £154.7m (2000 £103m).

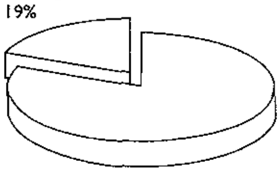
The Group's share of gross assets of Sonae Imobiliária is £316.6m and of Grupo Lar Grosvenor is £68.9m.

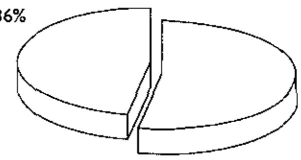
£200M OF NEW LONG TERM DEBT ISSUED

In June 2001 we took advantage of favourable long term interest rates to issue a 6.5% £100m 25 year listed bond secured in an innovative structure on a portfolio of London Estate assets. We returned to the market in December 2001 and issued a further £100m under the same structure.

The balance of the Group's debt at 31 December 2001 is shown below:

TOTAL DEBT £735.1M



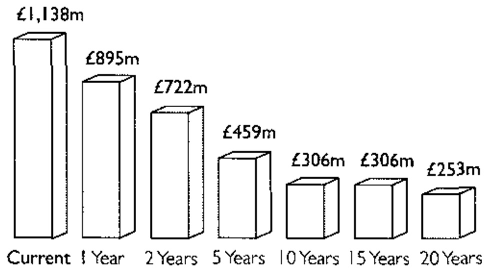


Total net debt was £536.9m compared with £567.0 at 31 December 2000. Average debt utilisation during the year was £626.7m. The Group's share of joint venture debt at 31 December 2001 was £145.6m.

Financial Overview

Gearing at 31 December 2001 was 31.2% (2000 36.5%). Undrawn committed facilities were £408.2m. The average life of committed debt facilities was 9.3 years compared with 5.6 years in 2000, the change being principally due to the bond issues referred to above.

COMMITTED DEBT FACILITIES



Foreign currency borrowings amounting to £339.1m were drawn at the end of 2001 (2000 – £372.6m). This represented borrowings of overseas subsidiaries of £320m (2000 – £304.4m) and UK subsidiaries of £19.1m (2000 – £68.2m). The latter represented the residue of currency debt drawn to finance investment overseas which is being unwound in accordance with the Board's foreign exchange hedging policy, as referred to on page 66.

INCREASE IN CASH AND SHORT TERM INVESTMENTS OF £143.6M

Cashflow generated from operations after debt service was £38.3m (2000 – £33.3m). After tax paid, which was high in 2001 due to the tax arising on the Wates disposal in 2000, cash generated was £2.9m (2000 – £9.9m).

Net drawings on loans was £118.3m, disposal proceeds were £240.5m (including the receipt for Wates sold at the end of 2000) and acquisitions totalled £213.2m. Partly due to the opportunistic raising of bond finance, cash and short term investments were £198.2m at 31 December 2001, an increase of £143.6m.

Corporate Governance

COMPLIANCE WITH THE COMBINED CODE

The Group follows the principles of corporate governance recommended as best practice by the Financial Services Authority ("the Combined Code"). Throughout 2001 the Group has been in compliance with the provisions set out in Section 1 of the Combined Code, except for Part B3 which addresses disclosure of directors' remuneration and Part C which is not relevant. The Board believes that the principles behind the Code's recommendations in these areas are fully satisfied in the context of the ownership of the Group.

BOARD OF DIRECTORS

The Board 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, 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. The Deputy Chairman is the senior independent director.

The biographies of the members of the Board on page 58 demonstrate a range of experience and 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 71 and a statement of going concern is given on page 69.

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

The Audit Committee comprises three non-executive directors and is chaired by the Deputy Chairman. The Committee meets at least twice a year with the auditors and is attended by invitation by the Group Chief Executive, Group Finance Director and other senior personnel as appropriate. It is responsible for reviewing a wide range of financial matters including the annual financial statements and accompanying reports, Group audit arrangements, accounting policies, internal control and the actions and procedures involved in the management of risk throughout the Group.

NOMINATIONS COMMITTEE

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

RELATIONS WITH SHAREHOLDERS AND LENDERS

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 fully represented on the Board and receive a monthly report. 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 at Group and operating company levels.

INTERNAL CONTROL

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. This is designed to manage rather than eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board considers that there is a continuous process for identifying, evaluating and managing significant risks faced by the Group in the course of its business, which has been in place throughout the year and up to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Audit Committee and the Board, is consistent with the internal control guidance for directors in the Combined Code and enhances the existing system of internal control which has complied with best practice for many years.

A key part of the system of internal control is the delegation of management responsibility for all the Group's property investment, development and fund management activities together with supporting functions to regional management teams. Both the UK and Ireland and Americas regions have local boards with non-executive chairmen which oversee the regions' operations. These boards form an integral part of the overall internal control process. Local boards for Continental Europe and Australia Asia Pacific work closely with the holding company team to ensure appropriate internal controls are maintained. The relationship between regional boards and the Group Board is clearly defined and is set out in formally approved financial delegation procedures.

Corporate Governance

INTERNAL CONTROL (continued)

The Board carried out its annual assessment of internal control for the year 2001 at its meeting in March 2002 by considering reports from the management and the Audit Committee and taking account of events since December 2001.

Risk management is a constant agenda item for all parts of the business with the emphasis on continuous improvement. Specific financial and other controls can be summarised under the following headings:

OPERATING AND HOLDING COMPANY CONTROLS

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

QUALITY AND INTEGRITY OF PERSONNEL

It is the Group's policy to retain employees of high calibre, professional integrity and potential. Comprehensive training and development programmes are in place for all key personnel.

FINANCIAL INFORMATION

The Group and each operating company have comprehensive systems for reporting financial results. Financial results are reviewed on a quarterly basis (consistent with the pattern of rent billing in the majority of the Group's operations) with comparisons against budget and prior periods together with a forecast for the full financial year and the potential variances to that forecast. Treasury reporting is reviewed on a monthly basis, with further reporting each quarter.

TREASURY POLICIES

As a company committed to private ownership the Group's expansion capital is drawn from banks and financial institutions rather than from shareholders. Additional financial resources for operations are provided by jointly investing with partners.

Treasury policies, approved by the Board, are:

- to raise all core debt at operating company level and operate a decentralised treasury management structure;
- to ensure sufficient committed loan facilities to support current and future business requirements;
- to ensure that the Group's debt can be supported from maintainable cashflow through clear internal guidelines;
- to manage interest rate exposure with a combination of fixed rate debt and interest rate swaps, maintaining a fixed interest rate floor of 60% of borrowings;
- not to hedge long-term net asset positions held in foreign currencies;
- to pool funds efficiently on a regional basis and invest short-term cash with approved institutions up to limits agreed by the Board.

Transactions in financial instruments are either governed by specific delegations to operating company boards or have prior Board approval. The Group does not enter into any speculative positions.

SYSTEMS

There are established controls and procedures over the security and integrity of data held on computer systems and the Group has put in place appropriate disaster recovery arrangements which are tested and reviewed regularly.

The Group does not have an internal audit function. However, the Board reviews the need for this additional control on a regular basis.

FINANCIAL SERVICES AUTHORITY (FSA)

Grosvenor Investment Management Limited, a wholly owned subsidiary, is regulated by the Financial Services Authority (FSA) for the purposes of undertaking regulated property management activities. All transactions with managed funds are separately accounted for under a full client accounting regime.

Remuneration Report

REPORT ON EMPLOYMENT AND REMUNERATION MATTERS SPECIFICALLY RELATING TO EXECUTIVE DIRECTORS AND SENIOR STAFF

THE GROUP'S EMPLOYMENT PHILOSOPHY recognises the value of staff to the long term success of the Group. The promotion of loyalty is an important business concept for the Group and the value of long-term relationships between employer and employee is promoted. Grosvenor is an equal opportunities employer and staff are kept informed on matters affecting them as employees and on the financial and economic factors affecting the Group's performance. The Group is committed to improving performance through regular review and continuous development of staff. A review of non-executive directors' performance will be carried out in 2002.

THE REMUNERATION COMMITTEE is made up of the three Non-Executive Directors and is chaired by the Deputy Chairman. The Group Chief Executive and Group Human Resources Director are in attendance unless their own affairs are being discussed. The Committee is responsible for considering and making recommendations to the Board on the Group's overall remuneration strategy and employment policies and specifically determines the remuneration and contract terms of executive directors and other senior staff. They consult with independent professional advisers as necessary.

THE GROUP'S REMUNERATION POLICY recognises the importance of attracting, retaining and motivating executives of the appropriate calibre and experience to enhance the performance and reputation of the Group. The size, complexity and international perspective as well as the long-term nature of the business are all important factors. The Group strives to provide fully competitive benefits, together with above average fixed and variable compensation elements, in comparison to local competition. The Group complies with all compensation and benefits elements and practices which are required by local law. Additionally, compensation includes variable elements to reward superior company, team and individual performance in line with market practice. The Remuneration Committee has discretion to award individual bonuses in recognition of special performance.

THE REMUNERATION of executive directors and senior staff includes a blend of short and long-term rewards and has been designed to address the interests of both employees and shareholders. The elements are:-

- **BASIC SALARY AND BENEFITS** are competitive within the property industry in the locations in which the Group operates. Salaries are reviewed annually, or on promotion. Taxable benefits are provided at levels similar to those for comparable positions and include health insurance, long term savings plan and car allowance.
- **BONUS AND INCENTIVE SCHEMES** operate for executive directors and senior staff, with the exception of those employed by Grosvenor Americas (GA), which are covered below. The annual performance-related bonus scheme is linked to the achievement of total return above the Group's Weighted Average Cost of Capital. The incentive arrangements are designed to reward outstanding performance at the team and individual level. It is a requirement of the scheme that at least 50% of the incentive element of the award is deferred for a minimum period of two years after the award is made. The deferred element attracts a return equivalent to the total return of the company of each subsequent year after the award is made. Staff of GA, including the Chief Executive, participate in a separate annual-performance related bonus scheme and a long-term incentive plan administered by GA. The long-term incentive plan sets a notional share value for GA based on net assets per share and notional shares are awarded according to 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 AND LIFE ASSURANCE** for executive directors and senior staff, with the exception of those employed by GA, are provided through membership of the Grosvenor Estate Pension Scheme (GEPS) and, if applicable, supplementary pension arrangements. GEPS is non-contributory and provides a maximum pension of up to two-thirds of pensionable salary on retirement. The cost of the Group's contribution to GEPS in respect of each director is based on the senior executive member current average contribution rate of 29.5% 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. GA has made separate arrangements for provision of pensions for directors and staff. Details of the pension schemes' funding and assumptions are given in note 7 of the financial statements.

Remuneration Report

A SCHEDULE OF DIRECTORS' REMUNERATION is approved by the shareholders and details of directors' remuneration in accordance with the Companies Act 1985 are set out in note 8 to the financial statements.

THE NOTICE PERIOD for the termination of the employment of an executive director is six months.

NON-EXECUTIVE DIRECTORS representing the shareholders receive no fee. The fees for other non-executive directors are reviewed every two years by the Chairman. Non-executive directors do not have service contracts and do not participate in bonus arrangements.

TRANSACTIONS BETWEEN THE GROUP AND GROSVENOR TRUSTS are disclosed in note 33 to the financial statements. Certain of the Company's directors are trustees of Grosvenor Trusts and 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.

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	
	At 1 January 2001	At 31 December 2001	At 1 January 2001	At 31 December 2001	At 1 January 2001	At 31 December 2001
Beneficial						
The Duke of Westminster	5,978,588	6,006,373	47,828,704	48,050,984	5,978,588	6,006,373
Non-beneficial						
John R Sclater	2,659,781	2,687,566	21,278,248	21,500,528	2,659,781	2,687,566
Jeremy H M Newsum	4,170,816	4,170,816	33,366,528	33,366,528	4,170,186	4,170,816
Robin Broadhurst	3,633,569	3,661,354	29,068,552	29,290,832	3,633,569	3,661,354

There have been no changes in beneficial or non-beneficial interests since 31 December 2001.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

	Preferred 'A' shares	
	At 1 January 2001	At 31 December 2001
Non-beneficial		
John R Sclater	100	–
Jeremy H M Newsum	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.

JOHN SCLATER
Chairman of the Remuneration Committee
14 March 2002

Directors' Report

for the year ended 31 December 2001

The directors present their annual report and the Group's audited consolidated financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activities are property development, investment and fund management in UK and Ireland, North America, 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 7 to 57.

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated profit and loss account on page 73. Profit for the year after taxation was £66.7m (2000 – £71.7m). An interim dividend of £1.6m (2000 – £nil) was paid in October 2001 and the directors recommend payment of a final dividend of £3.2m (2000 – £4.0m).

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

Details of the directors of the Company are given on page 58. All directors served throughout the year.

CHARITABLE CONTRIBUTIONS

Charitable contributions during the year amounted to £1.0m (2000 – £1.3m), of which £0.9m (2000 – £1.2m) was donated to the Westminster Foundation which supports a wide range of charitable causes.

Directors' Report

for the year ended 31 December 2001

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, aiming for 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, policies, targets and benchmarks which are managed at operating company level. The director responsible for environmental policy in 2001 is Jeremy Newsum.

HEALTH AND SAFETY POLICY

Through its health and safety policy the Group is committed to ensuring high standards of health and safety throughout its operations. Health and safety is managed by the operating companies and monitored by the Group to ensure that the standards required in each of the business areas are achieved or exceeded.

The director with responsibility for health and safety policy is Jonathan Hagger.

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 2001 represented 11 days purchases (2000 – 8 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

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

JONATHAN HAGGER
Secretary
14 March 2002

Company registration number 3219943
Registered Office
70 Grosvenor Street
London W1K 3JP

Statement of Directors' Responsibilities

United Kingdom Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit and loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 77 to 79 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable that the financial statements comply with the Companies Act 1985.The directors are also responsible for safeguarding the assets of the company, the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Advisers and Bankers

AUDITORS:	Deloitte & Touche
VALUERS:	Insignia Richard Ellis, Jones Lang LaSalle, Healey & Baker
SOLICITORS:	Boodle Hatfield, Slaughter and May
LEAD BANKERS:	The Royal Bank of Scotland

Report of the Auditors to the members of Grosvenor Group Holdings Limited

We have audited the financial statements of Grosvenor Group Holdings Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements, in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code with which it is required by its shareholders to comply and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the Annual Report for the above year as described in the contents section and 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 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 and the Group as at 31 December 2001 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

DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR
14 March 2002

Consolidated Profit and Loss Account

for the year ended 31 December 2001

Results of continuing operations	Notes	**2001 £m**	2000 £m
Turnover: group and share of joint ventures		**257.7**	250.5
Less: share of joint venture's turnover		**(1.3)**	(2.1)
Group turnover	3	**256.4**	248.4
Net rental income		**109.3**	102.8
Profit on development properties		**6.5**	7.5
Total gross profit		**115.8**	110.3
Administrative expenses		**(34.1)**	(31.3)
Group operating profit	4	**81.7**	79.0
Share of operating profit/(loss) of joint ventures		**0.5**	(0.1)
Share of operating profit of associated undertakings		**11.5**	11.1
Total operating profit		**93.7**	90.0
Profit on sale of investment properties	5	**28.0**	21.4
Profit on sale of trade investment		**–**	30.2
Profit before interest		**121.7**	141.6
Dividend income		**1.5**	2.0
Net interest	9	**(41.4)**	(46.1)
Profit on ordinary activities before taxation		**81.8**	97.5
Tax on profit on ordinary activities	10	**(15.1)**	(25.8)
Profit on ordinary activities after taxation		**66.7**	71.7
Minority interests (equity)		**(3.4)**	(3.4)
Minority interests (non-equity)		**–**	(0.7)
		63.3	67.6
Dividends on equity and non-equity shares	11	**(4.8)**	(4.0)
Retained profit for the year	29	**58.5**	63.6

Balance Sheets

31 December 2001

	Notes	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Fixed assets					
Tangible assets					
Investment properties	12	**2,007.1**	1,876.9	**–**	–
Other tangible assets	13	**28.3**	32.5	**–**	–
Investments					
Subsidiary undertakings	14	**–**	–	**1,329.2**	1,328.5
Associated undertakings	15	**–**	103.1	**–**	–
Trade investments	16	**89.8**	89.8	**–**	–
Joint ventures					
Share of gross assets		**385.5**	40.1	**–**	–
Share of gross liabilities		**(206.2)**	(18.0)	**–**	–
	17	**179.3**	22.1	**–**	–
		2,304.5	2,124.4	**1,329.2**	1,328.5
Current assets					
Development properties	19	**69.5**	89.3	**–**	–
Debtors	20	**83.9**	114.3	**23.7**	18.2
Short term liquid investments		**85.0**	–	**–**	–
Cash and short term deposits		**113.2**	54.6	**–**	–
		351.6	258.2	**23.7**	18.2
Creditors: amounts falling due within one year					
Borrowings	22	**(86.7)**	(29.4)	**–**	–
Other creditors	21	**(110.0)**	(120.4)	**(3.2)**	(4.0)
Net current assets		**154.9**	108.4	**20.5**	14.2
Total assets less current liabilities		**2,459.4**	2,232.8	**1,349.7**	1,342.7
Creditors: amounts falling due after more than one year					
Borrowings	22	**(648.4)**	(592.2)	**–**	–
Other creditors	21	**(2.7)**	(1.9)	**–**	–
Provisions for liabilities and charges	25	**(3.1)**	(1.4)	**–**	–
		1,805.2	1,637.3	**1,349.7**	1,342.7
Capital and reserves					
Called up share capital	28	**60.1**	59.8	**60.1**	59.8
Share premium	29	**6.7**	–	**6.7**	–
Merger capital reserve	29	**144.8**	144.8	**1,268.7**	1,268.7
Profit and loss account	29	**361.3**	271.3	**14.2**	14.2
Revaluation reserve	29	**1,017.6**	952.2	**–**	–
Other reserves	29	**132.5**	126.9	**–**	–
Shareholders' funds – including non-equity interests	30	**1,723.0**	1,555.0	**1,349.7**	1,342.7
Minority interest (equity)		**82.2**	75.3	**–**	–
Minority interest (non-equity)		**–**	7.0	**–**	–
		1,805.2	1,637.3	**1,349.7**	1,342.7

Approved by the Board on 14 March 2002 and signed on behalf of the Board

THE DUKE OF WESTMINSTER OBE TD DL
Chairman

JONATHAN HAGGER FCA FCT
Group Finance Director

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2001

	Notes	2001 £m	2000 £m
Profit for the financial year before dividends		**63.3**	67.6
Unrealised surplus on revaluation of properties	29	**124.3**	175.5
Tax charged to reserves	29	**(17.5)**	(9.7)
UITF 28 adjustment (see note 12)		**(1.1)**	–
Currency translation differences on foreign currency net investments	29	**(3.2)**	8.6
Total recognised gains and losses relating to the year		**165.8**	242.0

Note of Historical Cost Profits and Losses

for the year ended 31 December 2001

	2001 £m	2000 £m
Reported profit on ordinary activities before taxation	**81.8**	97.5
Realisation of property revaluation gains of previous years	**39.0**	32.8
Historical cost profit on ordinary activities before taxation	**120.8**	130.3
Historical cost retained profit for the year – after taxation, minority interests and dividends	**80.0**	86.7

The excess of the historical cost profit over that 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 2001

	Notes	2001 £m	2000 £m
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	**78.3**	79.9
Dividends from associates		**1.2**	1.0
Returns on investments and servicing of finance			
Interest received		**5.0**	3.2
Interest paid		**(47.0)**	(52.1)
Investment income		**1.5**	2.0
Preference dividends paid		**(0.7)**	(0.7)
		(41.2)	(47.6)
Taxation			
Corporation tax paid		**(35.4)**	(23.4)
Capital expenditure and financial investment			
Purchase of, and improvements to, properties		**(182.5)**	(69.8)
Sale of freehold and leasehold properties		**82.2**	53.4
Lease premiums received		**103.5**	126.0
Purchase of other fixed assets		**(0.4)**	(6.2)
Sale of other fixed assets		**–**	0.6
		2.8	104.0
Acquisitions and disposals			
Purchase of shares in joint venture		**(29.7)**	(15.5)
Purchase of trade investments		**(0.6)**	(2.6)
Purchase of short term investments		**(85.0)**	–
Disposal of shares in associates		**–**	0.2
Disposal of trade investments		**54.8**	–
		(60.5)	(17.9)
Equity dividends paid		**(4.9)**	(1.1)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**(59.7)**	94.9
Management of liquid resources			
(Placement)/withdrawal of short term deposits		**(40.1)**	10.9
Financing			
Loans drawndown		**323.6**	92.2
Loans repaid		**(205.3)**	(185.8)
		118.3	(93.6)
INCREASE IN CASH IN THE YEAR	32	**18.5**	12.2

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.

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 sales taxes including rents receivable, service charges and income from property development activities.

GOODWILL

When a subsidiary undertaking, joint venture 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 FRS 10 '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 a participating interest and joint control over operating and financial policies but the undertaking is not an entity distinguishable from the business of its investors.

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 joint arrangements. The directors consider that this departure from the requirement of the Companies Act 1985 to account for participating interests in joint arrangements as associates 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.

JOINT VENTURES

An undertaking is regarded as a joint venture if the Group has joint control over its operating and financial policies and the undertaking is considered to be an entity in accordance with FRS 9.

The Group accounts for joint ventures under the gross equity method, which is the same as the equity method as applied to associates except that on the face of the profit and loss account, the Group discloses its share of joint ventures' turnover, and on the face of the balance sheet, the Group separately discloses its share of joint ventures' gross assets and gross liabilities underlying the net equity amount.

ASSOCIATED UNDERTAKING

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. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that if a permanent diminution in value below original cost arises it 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 except for other land and buildings are stated at cost less provision for any impairment. Other land and buildings are stated at open market value for existing use.

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 33.3% per annum, except for freehold property occupied by the Group which is depreciated over expected useful life where material.

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 until individual units are completed 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 specific to a project 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.

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 SSAP20 '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.

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.

Notes to the Financial Statements

1. ACCOUNTING POLICIES (CONTINUED)

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 against known transactions. 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 its 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	
	2001	2000	**2001**	2000
Euro	**1.61**	1.64	**1.63**	1.59
US dollar	**1.44**	1.52	**1.46**	1.49
Canadian dollar	**2.23**	2.25	**2.32**	2.24
Australian dollar	**2.80**	2.62	**2.84**	2.69
Hong Kong dollar	**11.26**	11.85	**11.35**	11.65
Singapore dollar	**2.59**	2.62	**2.69**	2.59

3. SEGMENTAL ANALYSIS

	Turnover		Profit/(loss) before taxation		Assets employed	
	2001 £m	2000 £m	**2001 £m**	2000 £m	**2001 £m**	2000 £m
Continuing operations:						
Property investment *	**158.6**	139.3	**112.6**	131.4	**2,151.2**	2,075.1
Property development	**97.8**	109.1	**10.1**	12.2	**56.6**	107.1
Group	**256.4**	248.4	**122.7**	143.6	**2,207.8**	2,182.2
Share of joint ventures**	**1.3**	2.1	**0.5**	–	**179.3**	22.1
Group and share of joint ventures	**257.7**	250.5	**123.2**	143.6	**2,387.1**	2,204.3
Net interest/borrowings	**–**	–	**(41.4)**	(46.1)	**(581.9)**	(567.0)
	257.7	250.5	**81.8**	97.5	**1,805.2**	1,637.3

* Profit on property investment includes £28.0m on sale of investment properties (2000 – £21.4m) and in 2000 £30.2m on sale of trade investments. It also includes fees for fund management activities.

** The increase in assets employed in joint ventures arises from the reclassification of the investment in Sonae Imobiliária SGPS SA on 20 December, previously treated as an associated undertaking.

Notes to the Financial Statements

3. SEGMENTAL ANALYSIS (CONTINUED)

The business can be analysed geographically as follows:

	Turnover		Profit/(loss) before taxation		Assets employed	
	2001 £m	2000 £m	**2001 £m**	2000 £m	**2001 £m**	2000 £m
United Kingdom and Eire	**170.7**	164.3	**67.8**	91.6	**1,453.3**	1,354.8
Continental Europe	**8.6**	14.0	**17.6**	20.0	**129.0**	242.3
Canada	**26.7**	21.6	**13.1**	7.9	**170.4**	174.5
United States	**44.0**	40.2	**22.4**	21.0	**338.3**	309.1
Australia Asia Pacific	**6.4**	8.3	**1.8**	3.1	**116.8**	101.5
Group	**256.4**	248.4	**122.7**	143.6	**2,207.8**	2,182.2
Share of joint ventures – Continental Europe	**1.3**	2.1	**0.5**	–	**179.3**	22.1
Group and share of joint ventures	**257.7**	250.5	**123.2**	143.6	**2,387.1**	2,204.3
Net interest/borrowings	**–**	–	**(41.4)**	(46.1)	**(581.9)**	(567.0)
	257.7	250.5	**81.8**	97.5	**1,805.2**	1,637.3

4. OPERATING PROFIT

	2001 £m	2000 £m
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	**1.4**	1.3
Operating lease rentals:		
Land and buildings	**3.2**	2.8
Auditors' remuneration:		
Audit – Deloitte & Touche	**0.3**	0.2
– Other	**0.2**	0.3
Other services – Deloitte & Touche	**0.1**	0.3
– Other	**0.1**	0.1

Notes to the Financial Statements

5. PROFIT ON SALE OF INVESTMENT PROPERTIES

	2001 £m	2000 £m
Group undertakings	**28.0**	21.2
Share of joint venture's profits	**–**	0.2
	28.0	21.4

All of the above relate to continuing operations.

6. EMPLOYEE INFORMATION

	2001 £m	2000 £m
Staff costs:		
Wages and salaries	**25.7**	23.8
Social security costs	**1.7**	1.9
Pension costs:		
Defined benefit schemes	**2.3**	1.9
Defined contribution schemes	**0.1**	0.2
	29.8	27.8

	Numbers	Numbers
Average number of employees by geographic region:		
United Kingdom and Eire	**270**	242
Continental Europe	**10**	7
North America	**59**	57
Australia Asia Pacific	**21**	19
	360	325
Average number of employees by business:		
Property investment	**137**	104
Property development	**51**	46
Management and administration	**115**	116
Shopping centre and property management	**57**	59
	360	325

Average number of employees above includes staff in offices and shopping centre staff, caretakers and wardens.

Notes to the Financial Statements

7. 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 £70.4m 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 resulted in a regular cost of 22.3% and a variation of 2.7%.

A new UK accounting standard, FRS 17 "Retirement Benefits", sets out a different basis for valuing pension scheme liabilities, in particular the discount rates used. FRS 17 has a phased implementation period, with only certain disclosures of balance sheet items required in the 2001 annual report. Although GEPS is a defined benefit scheme, it is a multi-employer scheme and the Group's share of the underlying assets and liabilities cannot be identified. However, the actuarial valuations have been updated at 31 December 2001 by an independent qualified actuary, in accordance with the basis set out in FRS 17. The valuations indicate a surplus of £2.4m for the whole scheme which does not suggest any immediate need for any change in the employer contribution to GEPS.

In addition, the Group operates an unfunded defined benefit scheme to satisfy pension commitments not catered for by the principal schemes. The total provision for this scheme at 31 December 2001 is £1.7m. Under the assumptions required by FRS 17, this provision would be £2.4m.

OVERSEAS

The Group operates a number of defined benefit pension schemes in Australia, Canada and the USA, the most significant of which are in 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 £17.5m and the most recent actuarial valuation of the assets was 127% of the accrued benefits (as at 31 December 2000 for US and 31 December 2001 for Canada).

Using the basis set out in FRS 17 the fair value of the assets is £17.5m and the present value of the scheme liabilities is £19.3m giving an overall deficit of £1.8m. The assumptions underlying this valuation are an inflation rate of 2.8%, rate of increase in pensions of 2.7%, salary growth of 4.7% and a discount rate of 7%. The distribution of the fair value of the scheme assets (and expected returns for 2002) are: equities £9.6m (7.0%), bonds £5.7m (2.8%) and other £2.2m (0.6%).

GROUP PENSION COSTS

Defined benefit pension costs charged to the profit and loss account were £2.3m (2000 – £1.9m). At 31 December 2001, the provision for pension liabilities was £1.7m (2000 – £1.4m) which related wholly to the unfunded pension scheme.

The Group's contributions to the defined contribution scheme were £0.1m (2000 – £0.2m).

Notes to the Financial Statements

8. DIRECTORS' REMUNERATION DETAILS

	2001 Total £000	2001 Highest paid director £000	2000 Total £000	2000 Highest paid director £000
Aggregate remuneration:				
Emoluments	**1,327**	**309**	1,202	285
Performance-related bonus	**481**	**165**	367	118
Long term incentive plan	**763**	**522**	512	357
	2,571	**996**	2,081	760

The long term incentive plan above includes the increase in value in 2001 of awards made in prior periods which have been deferred in accordance with plan rules, as explained on page 67.

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:

	2001 £000	2000 £000
Accrued annual pension at 31 December	**203**	188

9. NET INTEREST

	2001 Group £m	2001 Share of joint ventures £m	2001 Share of associates £m	2001 Total £m	2000 Group £m	2000 Share of joint ventures £m	2000 Share of associates £m	2000 Total £m
Interest payable:								
Bank loans and overdrafts	**32.7**	**0.8**	**4.6**	**38.1**	32.0	0.2	2.8	35.0
Other loans	**14.3**	**–**	**–**	**14.3**	20.0	–	–	20.0
Capitalised interest	**(3.9)**	**–**	**–**	**(3.9)**	(3.5)	–	–	(3.5)
Net interest payable	**43.1**	**0.8**	**4.6**	**48.5**	48.5	0.2	2.8	51.5
Interest receivable	**(4.8)**	**(0.2)**	**(2.1)**	**(7.1)**	(3.9)	(0.2)	(1.3)	(5.4)
	38.3	**0.6**	**2.5**	**41.4**	44.6	–	1.5	46.1

Cost of sales includes £0.6m of capitalised interest (2000 – £nil) relating to the carrying value of development properties sold in 2001.

Notes to the Financial Statements

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £m	2000 £m
Current year		
Corporation tax at 30% (2000 – 30%)	**15.5**	20.4
Adjustment in respect of prior years	**(8.0)**	–
Overseas tax	**4.8**	4.1
Deferred tax	**0.5**	(0.2)
Joint Ventures:		
Overseas tax	**0.1**	0.1
Associated undertakings:		
Overseas tax	**2.2**	1.4
	15.1	25.8
Tax charged to reserves		
Tax relating to revaluation gains recognised in prior years		
Corporation tax	**16.2**	9.9
Deferred tax	**1.3**	(0.2)
Total tax charges recognised in the statement of total recognised gains and losses	**32.6**	35.5

Liabilities in respect of several prior years have been agreed in 2001 which has resulted in the release of £7.1m of provisions brought forward.

11. DIVIDENDS ON EQUITY AND NON EQUITY SHARES

	2001 £m	2000 £m
Equity shares		
Ordinary shares:		
Interim (paid) – 3.0p per share (2000 – nil)	**0.2**	–
Final (proposed) – 4.6p per share (2000 – 6.1p)	**0.3**	0.4
	0.5	0.4
Non-voting ordinary shares:		
Interim (paid) – 3.0p per share (2000 – nil)	**1.4**	–
Final (proposed) – 4.6p per share (2000 – 6.1p)	**2.2**	2.9
	3.6	2.9
Total dividends on equity shares	**4.1**	3.3
Non-equity shares		
12% Non-cumulative irredeemable preference shares:		
Final (proposed) – 12.0p per share (2000 – 12.0p)	**0.7**	0.7
	4.8	4.0

Notes to the Financial Statements

12. INVESTMENT PROPERTIES

	Freehold £m	Long leasehold £m	Short leasehold £m	Total £m
Valuation:				
At 1 January 2001	1,534.6	342.2	0.3	**1,877.1**
Additions	151.3	33.0	–	**184.3**
Disposals	(117.7)	(45.3)	(0.2)	**(163.2)**
Surplus transferred to revaluation reserve	61.6	49.2	–	**110.8**
Exchange differences	(0.7)	(0.1)	–	**(0.8)**
At 31 December 2001	1,629.1	379.0	0.1	**2,008.2**
Depreciation:				
At 1 January 2001	–	–	(0.2)	**(0.2)**
Charge for year	–	–	–	**–**
Disposals	–	–	0.2	**0.2**
At 31 December 2001	–	–	–	**–**
Adjustment for effect of UITF 28	(1.0)	(0.1)	–	**(1.1)**
Net book value:				
At 31 December 2001	1,628.1	378.9	0.1	**2,007.1**
At 31 December 2000	1,534.6	342.2	0.1	**1,876.9**

Investment properties were valued at 31 December 2001 by external valuers on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. All valuations were performed by Insignia Richard Ellis, Chartered Surveyors, except that:

i) the Group's £549.1m interest in freehold properties held by Grosvenor Americas and Grosvenor Australia, and the £21.9m interest in long leasehold properties held by Grosvenor Asia were valued by Jones Lang LaSalle, Chartered Surveyors;

ii) the Group's £30.0m interest in freehold properties held by Grosvenor European Prime Properties SA were valued by Healey & Baker, Chartered Surveyors;

(iii) the Group's £40.5m interest in freehold properties and £27.2m interest in long leasehold properties held by the Arkle Fund were valued by DTZ Debenham Tie Leung, Chartered Surveyors; and

(iv) the Group's £42.7m interest in freehold properties and £27.8m interest in long leasehold properties held by the GMetro Fund were valued by ATIS Real Weatheralls Limited, Chartered Surveyors.

The historical cost of the Group's investment properties was £890m (2000 – £825m). 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 £229m (2000 – £214m).

The carrying value of investment properties includes capitalised interest of £7.2m (2000 – £5.4m).

The adjustment for the effect of UITF 28 relates to tenant improvements and accrued income for averaging of rent free periods which are carried in current assets.

Notes to the Financial Statements

13. OTHER TANGIBLE ASSETS

	Land and buildings £m	Leasehold improvements £m	Fixtures, fittings and motor vehicles £m	Total £m
Cost or Valuation:				
At 1 January 2001	25.0	4.2	6.3	**35.5**
Additions	–	0.1	0.3	**0.4**
Disposals	–	–	(0.8)	**(0.8)**
Deficit transferred to revaluation reserve	(3.2)	–	–	**(3.2)**
At 31 December 2001	21.8	4.3	5.8	**31.9**
Depreciation:				
At 1 January 2001	–	(0.4)	(2.6)	**(3.0)**
Charge for year	–	(0.6)	(0.8)	**(1.4)**
Disposals	–	–	0.8	**0.8**
At 31 December 2001	–	(1.0)	(2.6)	**(3.6)**
Net book value:				
At 31 December 2001	21.8	3.3	3.2	**28.3**
At 31 December 2000	25.0	3.8	3.7	**32.5**

The properties which the Group occupies for operational purposes are included in other tangible assets rather than investment properties.

Land and buildings are freehold and were valued at 31 December 2001 by Insignia Richard Ellis, Chartered Surveyors, on the basis of open market value for existing use in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The historical cost of land and buildings is £12.7m (2000 – £12.7m).

14. SUBSIDIARY UNDERTAKINGS

Company	Shares at cost £m
At 1 January 2001	**1,328.5**
Additions	**0.7**
At 31 December 2001	**1,329.2**

On 30 March 2001 the Company acquired the 100 preferred A shares in its subsidiary, Grosvenor Estate International Investments Limited, which had previously been held outside the Group.

Notes to the Financial Statements

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

The principal subsidiary undertakings at 31 December 2001 are:

INTERMEDIATE HOLDING COMPANIES

Grosvenor Estate Holdings *
Grosvenor Limited
Grosvenor Americas Limited (Canada)
Grosvenor Continental Europe Holdings Limited
Grosvenor First European Property Investments SA (Luxembourg) †
Grosvenor Asia Holdings Limited (formerly Grosvenor Worldwide Developments Limited)
Grosvenor Australia Properties Pty Limited (Australia)

PROPERTY INVESTMENT

Grosvenor West End Properties *
Eaton Square Properties Limited
Grosvenor (Basingstoke) Limited
Grosvenor Commercial Properties *
Grosvenor Properties *
Old Broad Street Properties Limited

PROPERTY DEVELOPMENT

Grosvenor Developments Limited

FINANCING

Grosvenor UK Finance plc

* Unlimited company
† 75% owned

All the above companies except Grosvenor Estate Holdings are indirectly owned. All companies are wholly owned and incorporated in Great Britain except where indicated. All interests are in the form of ordinary shares except for Grosvenor Estate Holdings, Grosvenor Americas Limited and Eaton Square Properties Limited, where the Group also holds all the preference shares in issue.

15. ASSOCIATED UNDERTAKINGS

Group

	Shares £m	Share of retained profits £m	Share of revaluation reserves £m	Total £m
At 1 January 2001	44.7	17.7	40.7	**103.1**
Retained profit for the year	–	5.7	–	**5.7**
Revaluation surplus for the year	–	–	19.1	**19.1**
Exchange differences	(1.2)	(0.6)	(1.1)	**(2.9)**
Transferred to joint ventures	(43.5)	(22.8)	(58.7)	**(125.0)**
At 31 December 2001	–	–	–	**–**

Following the privatisation of Sonae Imobiliária SGPS SA, the addition of a further 8% of the shares and the signing of a shareholders agreement, taking the Group's interest to 33%, the investment has been reclassified as a joint venture (see note 17).

Notes to the Financial Statements

16. TRADE INVESTMENTS

	Listed £m	Unlisted £m	**Total £m**
At 1 January 2001	72.7	17.1	**89.8**
Additions	–	0.6	**0.6**
Exchange differences	(0.2)	(0.4)	**(0.6)**
At 31 December 2001	72.5	17.3	**89.8**

The market value of listed investments at 31 December 2001 was £59.1m (2000 – £53.9m).

Principal trade investments at 31 December 2001:

	Principal activities	Country of incorporation	Effective interest
Asia Standard International Group Limited (Listed on the Hong Kong Stock Exchange)	Property investment and development	Hong Kong	15%
Hermanos Revilla SA	Property investment	Spain	5%
Hermill Investments Pte Limited	Property investment	Singapore	17.7%
Société Foncière Lyonnaise SA (Listed on the Paris Stock Exchange)	Property investment	France	7.1%

17. JOINT VENTURES

Group

	Shares £m	**Share of retained profits £m**	**Share of revaluation reserves £m**	**Goodwill £m**	**Total £m**
At 1 January 2001	12.0	0.8	9.3	–	**22.1**
Additions	40.0	–	–	(10.3)	**29.7**
Transferred from associated undertakings	43.5	22.8	58.7	–	**125.0**
Retained profit for the year	–	(0.2)	–	–	**(0.2)**
Revaluation surplus for the year	–	–	3.2	–	**3.2**
Exchange differences	(0.3)	–	(0.2)	–	**(0.5)**
At 31 December 2001	95.2	23.4	71.0	(10.3)	**179.3**

Shares are stated at cost, less £8.7m written off to reserves in respect of goodwill arising on acquisitions prior to 1 January 1999.

Principal joint ventures at 31 December 2001:

	Principal activities	**Country of incorporation**	**Shares held**
Grupo Lar Grosvenor BV	Property investment and development in Spain	The Netherlands	50% ordinary shares
Sonae Imobiliária SGPS SA	Property investment and development	Portugal	33% ordinary shares

Both interests are in the form of ordinary shares and are held indirectly through a 75% subsidiary, with the exception of 8% of the investment in Sonae Imobiliária SGPS SA which is held directly.

Notes to the Financial Statements

17. JOINT VENTURES (CONTINUED)

Summarised balance sheets of the Group's share of joint ventures are set out below.

	Sonae Imobiliária £m	Groupo Lar Grosvenor £m	Total £m
Fixed assets	256.2	32.6	**288.8**
Current assets	60.4	36.3	**96.7**
Liabilities due within one year	(51.2)	(13.6)	**(64.8)**
Liabilities due after more than one year	(110.6)	(30.8)	**(141.4)**
	154.8	24.5	**179.3**
Borrowings included in liabilities (non-recourse to the Group)	(118.5)	(27.1)	**(145.6)**

18. JOINT ARRANGEMENTS

At 31 December 2001, 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
Grosvenor European Prime Properties SA	Property investment	Luxembourg	50%
Barkhill Limited	Property investment	Republic of Ireland	50%
Grosvenor Land Property Fund Limited	Property investment in Hong Kong	Bermuda	21.4%
Goldmax International Limited	Property development in Hong Kong	British Virgin Islands	29.9%

In addition, the Group has a number of other unincorporated limited partnerships all involved in property investment, principally, in the UK, a 33.3% interest in the Arkle Fund, a 31.1% interest in the GMetro Fund, a 50% interest in the Moorgate Investment Partnership and in North America it has a 10% interest in American Freeholds.

19. DEVELOPMENT PROPERTIES

Capitalised interest included in development properties amounted to £3.7m (2000 – £3.4m).

Notes to the Financial Statements

20. DEBTORS

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Amounts falling due within one year:				
Trade debtors	**21.5**	19.1	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**23.7**	18.2
Other debtors	**22.0**	83.4	**–**	–
Prepayments and accrued income	**37.0**	9.2	**–**	–
	80.5	111.7	**23.7**	18.2
Amounts falling due after more than one year:				
Deferred taxation	**–**	0.4	**–**	–
Prepayments	**3.4**	2.2	**–**	–
	3.4	2.6	**–**	–
	83.9	114.3	**23.7**	18.2

Other debtors in 2000 includes £54.8m in respect of the proceeds of the Wates disposal.

Prepayments and accrued income in 2001 includes £30m in respect of exchanges for property disposals which had not completed at 31 December 2001.

21. OTHER CREDITORS

Amounts falling due within one year

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Trade creditors	**11.4**	12.0	**–**	–
Other creditors	**25.9**	18.9	**–**	–
Corporation tax	**26.0**	33.0	**–**	–
Other taxes and social security	**2.9**	8.5	**–**	–
Accruals and deferred income	**40.6**	44.0	**–**	–
Proposed dividends	**3.2**	4.0	**3.2**	4.0
	110.0	120.4	**3.2**	4.0

Amounts falling due after more than one year

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Other creditors	**2.7**	1.9	**–**	–

22. BORROWINGS AND OTHER FINANCIAL LIABILITIES

	Group 2001 £m	Group 2000 £m	**Company 2001 £m**	Company 2000 £m
Borrowings – unsecured				
Bank loans and overdrafts	**206.9**	298.7	**–**	–
12.5% Redeemable Loan Stock 1996 – 2010	**5.3**	5.3	**–**	–
8.375% Loan Stock 2019	**52.5**	52.5	**–**	–
	264.7	356.5	**–**	–
Borrowings – secured on Land and Buildings				
Bank and institutional mortgages	**217.6**	215.1	**–**	–
6.5% Debenture Stock due 2026	**202.8**	–	**–**	–
10.42% Mortgage Debenture 2034	**50.0**	50.0	**–**	–
	470.4	265.1	**–**	–
Total Borrowings	**735.1**	621.6	**–**	–

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 Corporate Governance report on page 66. The disclosures below exclude short-term debtors and creditors as permitted by FRS 13.

MATURITY PROFILE

The maturity profile of the Group's financial liabilities at 31 December 2001 was as follows:

	Bank loans & overdrafts £m	Other loans £m	**2001 Total £m**	2000 Total £m
From 1 to 2 years	83.7	–	**83.7**	91.5
From 2 to 5 years	131.8	–	**131.8**	243.8
After 5 years	122.3	310.6	**432.9**	256.9
Due after more than one year	337.8	310.6	**648.4**	592.2
Due within one year	86.7	–	**86.7**	29.4
	424.5	310.6	**735.1**	621.6

In addition, the Group has £6.0m (2000 – £6.0m) of sterling irredeemable preference shares in issue.

22. BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

INTEREST RATE RISK AND CURRENCY PROFILE

The interest rate and currency profile of the financial liabilities of the Group at 31 December 2001 was as follows:

	2001 Weighted average Interest rate			2000 Weighted average Interest rate		
	%	**Years**	**£m**	%	Years	£m
Fixed interest borrowings						
Sterling	**7.4**	**20.7**	**378.3**	9.1	19.2	152.9
Euro	**4.6**	**1.3**	**24.4**	5.0	2.2	57.4
US dollars	**7.3**	**3.3**	**128.4**	7.4	5.5	141.6
Canadian dollars	**7.4**	**3.3**	**50.3**	7.2	4.8	88.3
Australian dollars	**7.5**	**4.0**	**10.6**	–	–	–
	7.3	**14.3**	**592.0**	7.7	9.7	440.2
Floating Rate borrowings						
Sterling	**4.7**	**–**	**17.7**	6.2	–	96.1
Euro	**3.8**	**–**	**32.0**	5.0	–	6.7
US dollars	**5.2**	**–**	**52.6**	7.7	–	27.3
Canadian dollars	**6.0**	**–**	**19.7**	7.7	–	24.2
Australian dollars	**5.9**	**–**	**11.6**	7.5	–	20.5
Hong Kong dollars	**4.7**	**–**	**9.5**	6.3	–	6.6
	4.9	**–**	**143.1**	6.7	–	181.4

The above analysis by currency and interest rate risk profile recognises the effect of currency and interest swap agreements in place at 31 December 2001. Borrowings of £217.9m (2000 – £219.3m) included in fixed interest borrowings above, were covered by interest rate swap agreements, expiring between 2002 and 2007.

Notes to the Financial Statements

22. BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

BORROWING FACILITIES

Undrawn committed borrowing facilities available to the Group at 31 December 2001 were as follows:

	2001 £m	2000 £m
Expiring less than 1 year	**161.4**	149.1
Expiring from 1 to 2 years	**90.0**	37.6
Expiring from 2 to 5 years	**131.0**	167.2
Expiring after more than 5 years	**25.8**	21.1
Total	**408.2**	375.0

23. ANALYSIS OF FINANCIAL ASSETS

The Group held the following financial assets as at 31 December 2001

	2001 £m	2000 £m
Cash and short term deposits	**113.2**	54.6
Current asset investments	**85.0**	–
Trade investments – listed	**72.5**	72.7
– unlisted	**17.3**	17.2
	288.0	144.5

ANALYSIS OF FINANCIAL ASSETS BY CURRENCY

The Group's financial assets at 31 December 2001 were held in the following currencies:

	2001 £m	2000 £m
Sterling	**129.1**	23.5
Euro	**67.9**	59.5
US Dollars	**15.9**	9.6
Canadian dollars	**20.3**	1.3
Australian dollars	**1.4**	1.6
Hong Kong dollars	**41.6**	40.2
Singapore dollars	**8.5**	8.8
Japanese Yen	**3.3**	–
	288.0	144.5

Notes to the Financial Statements

24. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

A valuation was carried out at 31 December 2001 and 31 December 2000 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:

		2001 Book £m	**Fair £m**	2000 Book £m	Fair £m
Borrowings	– Fixed rate	**(374.1)**	**(426.2)**	(220.8)	(257.7)
	– Floating	**(361.0)**	**(361.0)**	(400.8)	(400.8)
	– Total	**(735.1)**	**(787.2)**	(621.6)	(658.5)
Cash		**113.2**	**113.2**	54.6	54.6
Interest rate swaps		**–**	**(9.9)**	–	(0.4)
Foreign exchange hedges		**–**	**0.1**	–	0.3
Current asset investments		**85.0**	**85.0**	–	–
Trade Investments	– Listed	**72.5**	**59.1**	72.7	53.9
	– Unlisted	**17.3**	**17.3**	17.2	17.2
Preference shares		**(6.0)**	**(8.5)**	(6.0)	(8.5)
		(453.1)	**(530.9)**	(483.1)	(541.4)

The valuation indicated a total value of £77.8m in excess of the book value net financial liabilities at 31 December 2001. If this were taken to reserves after tax relief at 30 per cent, it would reduce the Group's net asset value by £54.5m. A significant part of excess fair value relates to long term debt which does not mature for at least 18 years.

The fair value of interest rate swap derivatives amounts to a negative present value difference of £9.9m of which £6.7m was projected at 31 December 2001 to crystallise in the year to 31 December 2002 and £3.2m 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 and interest rate swaps and trade investments, which in the latter case does not take account of the intrinsic value of the properties. The fair values of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates except for the 12.5% Redeemable Loan Stock 1996-2010 which will be redeemed on 15 April 2002 and has been valued at the redemption value.

GAINS AND LOSSES ON CURRENCY HEDGES

Gains on currency hedges of £1.6m (2000 – £1.1m losses) 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

25. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £m	Pension obligations £m	Total £m
At 1 January 2001	–	1.4	**1.4**
Profit and loss account	0.5	0.3	**0.8**
Transfer from debtors	(0.4)	–	**(0.4)**
Transfer from revaluation reserve	1.3	–	**1.3**
At 31 December 2001	1.4	1.7	**3.1**

	2001 £m	2000 £m
The analysis of the deferred taxation liability/(asset) is as follows:		
Revaluation surplus	**1.3**	–
Other timing differences	**0.1**	(0.4)
	1.4	(0.4)

26. COMMITMENTS

(A) PROPERTY EXPENDITURE COMMITMENTS:

	2001 £m	2000 £m
Investment properties:		
Contracted but not provided	**23.8**	0.1
Development properties:		
Contracted but not provided	**14.0**	22.5

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

	2001 Land and buildings £m	2000 Land and buildings £m
Within one year	**–**	–
Between two and five years	**0.7**	0.7
After five years	**2.5**	2.5
	3.2	3.2

The parent company had no commitments either for property expenditure or operating leases.

Notes to the Financial Statements

27. CONTINGENT LIABILITIES

In connection with the demerger of Deva Group Limited (non-core activities) in 1999 a Group company has provided guarantees up to a maximum of £25m.

Certain Group companies have given performance undertakings to third parties in respect of various contractual obligations entered into in the ordinary course of business.

28. SHARE CAPITAL

	2001 Number of shares	2001 £m	2000 Number of shares	2000 £m
Authorised				
Equity interests:				
Ordinary shares of £1	**8,000,000**	**8.0**	8,000,000	8.0
Non-voting ordinary shares of £1	**64,000,000**	**64.0**	64,000,000	64.0
Non-equity interests:				
12% Non-cumulative irredeemable preference shares of £1	**8,000,000**	**8.0**	8,000,000	8.0
	80,000,000	**80.0**	80,000,000	80.0
Allotted, called up and fully paid				
Equity interests:				
Ordinary shares of £1	**6,006,373**	**6.0**	5,978,588	6.0
Non-voting ordinary shares of £1	**48,050,984**	**48.1**	47,828,704	47.8
Non-equity interests:				
12% Non-cumulative irredeemable preference shares of £1	**6,006,373**	**6.0**	5,978,588	6.0
	60,063,730	**60.1**	59,785,880	59.8

On 30 March 2001 the Company issued 27,785 ordinary shares, 222,280 non-voting ordinary shares and 27,785 non-cumulative irredeemable preference shares in consideration for the 100 preferred A shares in the Company's subsidiary, Grosvenor Estate International Investments Limited, which had previously been held outside the Group.

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

29. RESERVES

(A) GROUP

	Share premium £m	Merger capital reserve £m	Profit and loss account £m	Revaluation reserve £m	Other reserves £m	Total £m
At 1 January 2001	–	144.8	271.3	952.2	126.9	**1,495.2**
Retained profit for the year	–	–	58.5	–	–	**58.5**
Surplus on revaluation of investment properties	–	–	–	124.3	–	**124.3**
Premium on shares issued during the year	6.7	–	–	–	–	**6.7**
Corporation tax	–	–	–	(16.2)	–	**(16.2)**
Deferred tax	–	–	–	(1.3)	–	**(1.3)**
Other transfers	–	–	(4.1)	(1.6)	5.7	**–**
Transfer of profit on disposal of investment properties	–	–	39.0	(39.4)	0.4	**–**
UITF 28 adjustment (see note 12)	–	–	–	(1.1)	–	**(1.1)**
Translation differences	–	–	(3.4)	0.7	(0.5)	**(3.2)**
At 31 December 2001	6.7	144.8	361.3	1,017.6	132.5	**1,662.9**

The cumulative amount of goodwill written off directly to reserves in respect of business acquisitions completed on or before 1 January 1998, the date of adoption of FRS 10, amounted to £6.4m (2000 – £6.4m).

(B) COMPANY

	Share premium £m	Merger capital reserve £m	Profit and loss account £m	Total £m
At 1 January 2001	–	1,268.7	14.2	**1,282.9**
Premium on shares issued during the year	6.7	–	–	**6.7**
At 31 December 2001	6.7	1,268.7	14.2	**1,289.6**

The parent company's profit after tax was £4.8m (2000 – £30,000) and dividends charged were £4.8m (2000 – £4.0m).

Notes to the Financial Statements

30. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £m	2000 £m
Profit for the financial year	**63.3**	67.6
Dividends	**(4.8)**	(4.0)
	58.5	63.6
Other recognised gains and losses	**102.5**	174.4
Acquisition funded by issue of shares	**7.0**	–
Net addition to shareholders' funds	**168.0**	238.0
Opening shareholders' funds	**1,555.0**	1,317.0
Closing shareholders' funds	**1,723.0**	1,555.0
Attributable to:		
Equity shareholders	**1,717.0**	1,549.0
Non-equity shareholders	**6.0**	6.0
	1,723.0	1,555.0

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

	2001 £m	2000 £m
Group operating profit	**81.7**	79.0
Depreciation	**1.4**	1.3
Provisions	**–**	0.1
Decrease/(increase) in development properties	**21.9**	(26.7)
(Increase)/decrease in debtors	**(24.6)**	2.1
(Decrease)/increase in creditors	**(2.1)**	24.1
Net cash inflow from operating activities	**78.3**	79.9

Notes to the Financial Statements

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

	2001 £m	2000 £m
Increase in cash in the year	**18.5**	12.2
Purchase of short term liquid investments	**85.0**	–
Placement/(withdrawal) of short term deposits	**40.1**	(10.9)
Net (drawdown)/repayment of loans	**(118.3)**	93.6
Exchange differences and non cash movements	**4.8**	(20.6)
Decrease in net debt in the year	**30.1**	74.3
Debt in creditors falling due within one year	**(81.4)**	(27.5)
Debt in creditors falling due after more than one year	**(648.4)**	(592.2)
Short term liquid investments	**85.0**	–
Cash at bank and in hand	**113.2**	54.6
Overdrafts	**(5.3)**	(1.9)
Net debt at 31 December	**(536.9)**	(567.0)
Net debt at 1 January	**(567.0)**	(641.3)
Decrease in net debt in the year	**(30.1)**	74.3

33. RELATED PARTY TRANSACTIONS

Grosvenor Group Holdings Limited is wholly owned by trusts and members of the Grosvenor Family, headed by the 6th Duke of Westminster. Group companies paid £1.0m (2000 – £0.9m) in arm's length rentals to Grosvenor Trusts and received £0.3m (2000 – £0.4m) in arm's length rentals and service charges from certain directors, members of the Grosvenor Family and Grosvenor Trusts. In 2000, a Group company disposed of a property interest to the Chairman at market value for £520,000.

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 £4.9m (2000 – £4.5m).

In 2001, the Group arranged insurance cover on normal commercial terms through a related company. Aggregate premiums paid in the year were £3.4m (2000 – £4.9m).

The Company paid interest of £0.7m (2000 – £0.7m) to a Grosvenor Trust on its holding of 12.5% Unsecured Loan Stock.

34. POST BALANCE SHEET EVENT

On 7 January 2002 the group acquired HK$290m 7% Guaranteed Exchangeable Bonds due 2007 issued by Asia Standard International Group Limited, one of the Group's trade investments.

Consolidated Profit and Loss Account

for the year ended 31 December 2001

US Dollars

	2001 US$m	2000 US$m
Turnover: group and share of joint ventures	**371.9**	388.2
Less: share of joint ventures' turnover	**(1.9)**	(3.1)
Group turnover	**370.0**	385.1
Net Rental Income	**157.7**	150.6
Profit on development Properties	**9.4**	11.4
Total gross profit	**167.1**	162.0
Administrative expenses	**(49.2)**	(41.9)
Group operating profit	**117.9**	120.1
Share of operating profit/(loss) of joint ventures	**0.7**	(0.2)
Share of operating profit of associated undertakings	**16.6**	17.0
Total operating profit	**135.2**	136.9
Profit on sale of investment properties	**40.4**	32.5
Profit on sale of trade investments	**-**	45.9
Profit before interest	**175.6**	215.3
Dividend income	**2.2**	3.1
Net interest	**(59.7)**	(70.2)
Profit on ordinary activities before taxation	**118.1**	148.2
Taxation on profit on ordinary activities	**(21.8)**	(39.3)
Profit on ordinary activities after taxation	**96.3**	108.9
Minority interests	**(4.9)**	(6.1)
	91.4	102.8
Dividends on equity and non-equity shares	**(6.9)**	(6.1)
Retained profit for the year	**84.5**	96.7

The above statement, prepared under UK accounting principles, is translated at the average exchange rate for the relevant year.

Consolidated Balance Sheet

31 December 2001

US Dollars

	2001 US$m	2000 US$m
Fixed assets		
Tangible assets		
Investment properties	**2,921.1**	2,803.8
Other tangible assets	**41.2**	48.5
Investments		
Associated undertakings	**130.7**	154.0
Trade investments	**–**	134.2
Joint ventures:		
Share of gross assets	**561.1**	59.8
Share of gross liabilities	**(300.1)**	(26.9)
	261.0	32.9
	3,354.0	3,173.4
Current assets		
Development properties	**101.2**	133.3
Debtors	**122.1**	170.8
Short term liquid investments	**123.7**	–
Cash at bank and in hand	**164.8**	81.5
	511.8	385.6
Creditors: amounts falling due within one year		
Borrowings	**(126.2)**	(43.9)
Other creditors	**(160.1)**	(179.8)
Net current assets	**225.5**	161.9
Total assets less current liabilities	**3,579.5**	3,335.3
Creditors: amounts falling due after more than one year		
Borrowings	**(943.8)**	(884.6)
Other creditors	**(3.9)**	(2.7)
Provisions for liabilities and charges	**(4.5)**	(2.1)
	2,627.3	2,445.9
Capital and reserves		
Called up share capital	**87.5**	89.3
Share premium	**9.8**	–
Merger capital reserve	**210.7**	216.4
Profit and loss account	**525.8**	405.2
Revaluation reserve	**1,481.0**	1,422.4
Other reserves	**192.9**	189.6
Shareholders' funds – including non-equity interests	**2,507.7**	2,322.9
Minority interests	**119.6**	123.0
	2,627.3	2,445.9

The above statement, prepared under UK accounting principles, is translated at the closing exchange rate for the relevant year.

Consolidated Profit and Loss Account

for the year ended 31 December 2001

Euros

	2001 €m	2000 €m
Turnover: group and share of joint ventures	**415.4**	419.1
Less: share of joint ventures' turnover	**(2.1)**	(3.4)
Group turnover	**413.3**	415.7
Net Rental Income	**176.2**	162.6
Profit on development Properties	**10.5**	12.3
Total gross profit	**186.7**	174.9
Administrative expenses	**(55.0)**	(45.3)
Group operating profit	**131.7**	129.6
Share of operating profit/(loss) of joint ventures	**0.8**	(0.2)
Share of operating profit of associated undertakings	**18.5**	18.3
Total operating profit	**151.0**	147.7
Profit on sale of investment properties	**45.1**	35.1
Profit on sale of trade investment	**-**	49.5
Profit before interest	**196.1**	232.3
Dividend income	**2.4**	3.4
Net interest	**(66.7)**	(75.7)
Profit on ordinary activities before taxation	**131.8**	160.0
Taxation on profit on ordinary activities	**(24.3)**	(42.4)
Profit on ordinary activities after taxation	**107.5**	117.6
Minority interests	**(5.5)**	(6.6)
	102.0	111.0
Dividends on equity and non-equity shares	**(7.7)**	(6.6)
Retained profit for the year	**94.3**	104.4

The above statement, prepared under UK accounting principles, is translated at the average exchange rate for the relevant year.

Consolidated Balance Sheet

31 December 2001

Euros

	2001 €m	2000 €m
Fixed assets		
Tangible assets		
Investment properties	**3,280.8**	2,986.4
Other tangible assets	**46.3**	51.6
Investments		
Associated undertakings	**–**	164.1
Trade investments	**146.8**	143.0
Joint ventures:		
Share of gross assets	**630.1**	63.7
Share of gross liabilities	**(337.1)**	(28.7)
	293.0	35.0
	3,766.9	3,380.1
Current assets		
Development properties	**113.6**	142.0
Debtors	**137.1**	181.9
Short term liquid investments	**138.9**	–
Cash at bank and in hand	**185.1**	86.9
	574.7	410.8
Creditors: amounts falling due within one year		
Borrowings	**(141.7)**	(46.8)
Other creditors	**(179.8)**	(191.5)
Net current assets	**253.2**	172.5
Total assets less current liabilities	**4,020.1**	3,552.6
Creditors: amounts falling due after more than one year		
Borrowings	**(1,059.8)**	(942.2)
Other creditors	**(4.4)**	(3.0)
Provisions for liabilities and charges	**(5.1)**	(2.2)
	2,950.8	2,605.2
Capital and reserves		
Called up share capital	**98.2**	95.1
Share premium	**11.0**	–
Merger capital reserve	**236.7**	230.4
Profit and loss account	**590.6**	431.6
Revaluation reserve	**1,663.4**	1,515.1
Other reserves	**216.5**	202.0
Shareholders' funds – including non-equity interests	**2,816.4**	2,474.2
Minority interests	**134.4**	131.0
	2,950.8	2,605.2

The above statement, prepared under UK accounting principles, is translated at the closing exchange rate for the relevant year.

Five Year Summary

	1997 £m	1998 £m	1999 £m	2000 £m	**2001 £m**
Assets employed					
Investment properties	1,065.2	1,153.7	1,774.2	1,876.9	**2,007.1**
Investments	218.9	271.7	198.4	215.0	**269.1**
	1,284.1	1,425.4	1,972.6	2,091.9	**2,276.2**
Other tangible fixed assets	3.6	4.0	26.3	32.5	**28.3**
Development properties	37.8	38.6	59.3	89.3	**69.5**
Other net current assets/(liabilities)	(40.6)	(21.0)	(19.0)	17.2	**82.7**
Provisions for liabilities and charges	(7.9)	(0.9)	(1.2)	(1.4)	**(3.1)**
	1,277.0	1,446.1	2,038.0	2,229.5	**2,453.6**
Financed by					
Share capital including share premium	55.8	55.8	59.8	59.8	**66.8**
Reserves	859.0	1,063.7	1,257.1	1,495.2	**1,656.2**
Loans (due after more than one year)	326.8	282.7	659.5	592.2	**648.4**
Minority interest	35.4	43.9	61.6	82.3	**82.2**
	1,277.0	1,446.1	2,038.0	2,229.5	**2,453.6**
Group Turnover					
Property investment	64.2	69.6	75.9	139.3	**157.3**
Property trading	106.2	69.2	58.8	109.1	**97.8**
Demerged activities	12.4	12.8	9.7	–	**–**
	182.8	151.6	144.4	248.4	**255.1**
Profit on ordinary activities before taxation					
Property investment	33.7	35.3	36.1	66.8	**72.2**
Property trading	19.1	8.4	5.9	12.2	**9.5**
Demerged activities	(0.5)	(3.8)	(1.5)	–	**–**
Group operating profit	52.3	39.9	40.5	79.0	**81.7**
Share of operating profit of associates and joint ventures	16.4	21.5	26.9	11.0	**12.0**
Total operating profit	68.7	61.4	67.4	90.0	**93.7**
Profit on sale of investment properties	26.4	30.9	10.5	21.4	**28.0**
Profit on sale of trade investment	–	–	–	30.2	**–**
Net interest	(31.0)	(26.1)	(30.7)	(46.1)	**(41.4)**
Other items	1.4	1.3	1.6	2.0	**1.5**
Profit before taxation	65.5	67.5	48.8	97.5	**81.8**

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

Property portfolio

Commercial

Principal Investment Properties

Ownership	Property & Description	Location	Area m²	Area sq. ft.
✣	Almack House, King Street 7 floor 1990s office building	London WE	9,290	100,000
▼	Altius Centre, Calgary, Alberta 31 floor office building with car park	Canada	28,283	304,450
♠	Annacis Business Park, Vancouver BC Warehouse and industrial park on 50 acres of land	Canada	81,377	875,963
♠	Bow Parkade, Calgary, Alberta 1000 car parking spaces on 13 levels	Canada	2,458	26,455
♠	Cinema Centre Car Park, Sydney, NSW 906 car parking spaces on 10 levels	Australia	26,803	288,500
✣	Citibank Centre, Los Angeles, California 48 floor office building with car parking	USA	81,647	878,874
✣	600 Clipper Drive, Belmont, California 3 floor office building with rights to add 38,000 sq. feet (see below)	USA	14,350	154,471
♠	Grosvenor Hill Court 2 floor office building with 30 residential units above and car park	London WE	7,281	78,369
✣	40 Grosvenor Place 6 floor office development	London WE	18,581	200,000
♠	4/8 Grosvenor Street & 30/32 Avery Row 6 floor office building with 5 retail units	London WE	2,944	31,690
▼	70 Grosvenor Street 6 floor office development occupied by Grosvenor	London WE	4,722	50,825
♠	73 Grosvenor Street 6 floor refurbished and partly rebuilt office building	London WE	1,312	14,120
♠	75 Grosvenor Street 6 floor refurbished and partly rebuilt office building	London WE	1,499	16,131
♠	16/20 North Audley Street Offices part rebuilt behind period facade on 6 floors with 2 shops	London WE	5,753	61,914
✣	111 Old Broad Street Office building	London City	11,426	123,000
✣	1701 Pennsylvania Avenue, Washington DC 12 floor office building with car parking	USA	17,366	186,927
✣	Results Way Corporate Park, Cupertino, California 8 office buildings on 24 acres of land	USA	34,022	366,227
♠	10400 Ridgeview Court, Cupertino, California 2 floor research and development building	USA	10,745	115,663
♠	St Anselm House, 65 Davies Street 8 floor 1930's office building	London WE	7,839	84,376
♠	Terminal House, SW1, 52 Grosvenor Gardens 7 floor office building with 9 retail outlets	London WE	8,245	88,753
♠	The Grosvenor Building, Vancouver BC 721 floor office building with retail space and car parking	Canada	18,922	203,682
✣	Two North Lake, Pasadena, California 10 floor office building with car parking	USA	20,494	220,600
✣	US Bank Plaza, Sacramento, California 25 floor office building with retail and car parking	USA	39,649	426,789
✣	WesTech Business Park, Silverspring, Maryland 8 one floor buildings and 57 acres of building land	USA	44,059	474,264
▼	Warner Corporate Center	USA	23,501	252,973
♠	201 Charlotte St, Brisbane	Australia	13,452	144,801
♠	33rd Floor Lippo Centre II	Hong Kong	1,286	13,847
▼	Olderfleet buildings, 477 Collins Street, Melbourne	Australia	12,000	129,120
♠	152 Wharf Street, Brisbane	Australia	4,613	49,655
▼	Sir Joseph Banks Corporate Park Hi-tech buildings with car parking	Australia	16,444	177,005
♠	61 Plumpton Road, Sydney	Australia	8,560	92,142

Property portfolio

Commercial

Principal Developments

Ownership	Property & Description	Location	Area m²	Area sq. ft.	Total Value on Completion £m
▼	Viewpoint, Mayfair Offices & retail	London WE	4,925	53,000	41.4
▼	Liffey Valley Office Campus, Dublin Office park	Republic of Ireland	17,193	185,000	21.0
▼	19/31 Moorgate Offices	London City	7,714	83,000	63.0
▼	41 Lothbury Offices	London City	14,900	160,000	105.0
▼	10 Grosvenor Street Offices	London WE	5,600	60,000	62.5
▼	Belgrave House Offices	London WE	25,100	270,000	205.0
♠	Glendenning Industrial Estate, Sydney	Australia	6,500	70,000	2.5
▼	Building B/C, Sir Joseph Banks Corporate Park Hi-tech building	Australia	10,600	114,056	8.0

Retail

Principal Investment Properties

Ownership	Property & Description	Location	Area m²	Area sq. ft.
✣	Coopers Square, Burton on Trent Covered shopping centre with 70 retail units	UK	35,754	384,852
♠	Garden City, Winnipeg, Manitoba Regional shopping centre with 2 department stores and 88 retail units	Canada	34,189	368,017
✣	Forum, Orchard Road Shopping centre	Singapore	10,050	108,182
✣	Liffey Valley Shopping Centre, Dublin Regional shopping centre with 94 retail units and cinema	UK	36,325	390,000
✣	Market Place, Bolton 1980s shopping centre with historic market hall 34 retail units	UK	32,500	350,000
♠	439/441 Oxford Street Retail unit and office building on 6 floors	London WE	1,342	14,450
♠	449/451 Oxford Street 2 prime retail units let as one unit	London WE	1,033	11,123
✣	Prince Bishops, Durham Shopping centre with 54 retail units	UK	14,500	155,000
✣	Town East Mall, Mesquite, Texas Regional shopping centre with 4 department stores and 175 retail units	USA	115,582	1,244,156
✣	Valley River Centre, Eugene, Oregon Regional shopping centre with 4 department stores and 124 retail units	USA	101,037	1,087,591

Property portfolio

Retail

Retail Principal Developments

Ownership	Property & Description	Location	Area m²	Area sq. ft.	Total Value on Completion £m
▼	Liffey Valley, Dublin Retail park	Republic of Ireland	25,600	275,000	21.4
✣	Festival Place, Basingstoke (including The Walks) Town centre	UK	79,000	850,000	314.0
✣	Paradise Street, Liverpool (not yet committed) Mixed use city centre	UK	191,000	2,059,000	710.0
✣	South Edmonton Common Retail 'power' centre	Canada	3,967	42,700	3.4

Residential

Principal Investment Properties

Ownership	Property & Description	Location	Area m²	Area sq. ft.
♠	Eaton Square Residential units on 6 floors in historic Grade 2* listed buildings	London WE	68,151	733,305
✣	Horizon Lodge 2 houses, 5 apartments	Hong Kong	1,608	17,310
✣	6-16 Peel Rise	Hong Kong	1,862	20,048

Principal Developments

Ownership	Property & Description	Location	Area m²	Area sq. ft.	Total Value on Completion £m
▼	Dorset Mews Mews houses	London WE	2,800	30,000	25.7
▼	Repulse Bay Luxury apartments	Hong Kong	4,786	51,500	63.0
♠	Chantrey House Residential block	London WE	5,100	47,300	18.0
♠	Davies Street/Gilbert Street Residential block	London WE	3,000	32,400	20.7

Key

♠ Wholly Owned
▼ Joint Venture
✣ Fund

Photographic Captions

Britain and Ireland

P28 & 29 – Central Park Rugby, the Gap building of 62,360m^2 (670,000 sq ft), a joint venture to develop 41.2 hectares (102 acres) mixed used business park. Partners: Wilson Bowden development and Try Galliford (UK) Limited.

P30 – An impression of Festival Place, Basingstoke. The 79,000m^2 (850,000 sq ft) town centre redevelopment is due for completion in October 2002. Partners: Basingstoke & Deane Borough Council, NPI, Equitable Life Assurance Society, Hermes and Laing Limited.

P31 (from the top)
- A model of the Paradise Street Development Area in Liverpool. This is a mixed use city centre regeneration scheme of 191,000m^2 (2,059,000 sq ft). Partners: Liverpool City Council, Henderson Investors Limited.
- Liffey Valley, Dublin in the Republic of Ireland. Liffey Valley includes a regional shopping centre of 36,325m^2 (390,000 sq ft); a retail park of 25,600m^2 (275,000 sq ft) with further mixed use development underway. Partners: O'Callaghan (Properties) Limited, CGNU plc, John Sisk & Son Limited.
- Oxford Street; London, W1. We continue to enhance our portfolio in one of the most valuable retail areas of the UK. Our other principal retail streets include South Audley Street and Mount Street in Mayfair and Elizabeth Street in Belgravia.
- Bourne Street, Belgravia SW1 – a street containing typical Belgravia town houses originally built around 1850. Managed by Grosvenor on behalf of the Grosvenor Trusts.
- Pacific Quay, Glasgow, Scotland. Fronting the River Clyde, this office Park is close to the city centre. The Scottish Criminal Records office occupies part of the new 34,000m^2 (370,000 sq ft) building. Partners: Miller Developments, CTP.
- 10 Grosvenor Street, London W1. A 5,000m^2 (54,000 sq ft) office building. Partners: Hammerson plc.

Bottom right: 25 Moorgate, London EC 2. A new office building of 7,620m^2 (82,000 sq ft) on six floors. Partners: CapitaLand and Laing Limited.

Americas

P34 and 35 – The entertainment expansion area at West Shore Plaza, Tampa., Florida, a 1,100,000 sq ft (102,200m^2) shopping center with 110 tenants.

P36 – The Warner Center, Los Angeles, a 252,973 sq ft (23,000m^2) office building acquired in 2001.

P37 (from the top)
- 830 North Michigan Avenue, Chicago, Illinois, a 125, 000 sq ft (11,617m^2).
- Citibank Center, Los Angeles, California a 879,000 sq ft (82,000m^2) office building.
- 251 Post Street, San Francisco, California, a 36,000 sq ft (3,345m^2) retail building.
- Results Way Corporate Park, Cupertino, California, a 367,000 sq ft (34,100m^2) office campus on 24 acres (9.7 hectares).
- WestShore Plaza – the AMC movie theatres.
- The Vancouver Centre, Vancouver, British Columbia, a 465,000 sq ft (43,215) office building.
- Citibank Center, Los Angeles, California, an office building of 879,000 sq ft (82,000m^2).

Continental Europe

P40 and 41 – AlgarveShopping, Albufeira, Portugal. Owned by Sonae Imobiliária and opened in 2001, this is a 42,534m^2 (458,000 sq ft) shopping centre.

P42 (from the top)
- 21 Rue des Pyramides, Paris. A refurbishment of this 1,659m^2 (17,850 sq ft) office building was completed in 2001. Partners: Société Foncière Lyonnaise.
- NorteShopping, Matosinhos, Porto, Portugal. This is a 72,249m^2 (777,400 sq ft) shopping centre owned and developed by Sonae Imobiliária.
- Serrano 55, a 5,800m^2 (62,400 sq ft) office building in central Madrid, occupied by Morgan Stanley. (Grupo Lar Grosvenor)
- Centro Colombo, Lisbon, Portugal. A 119,848m^2 (1,290,000 sq ft) shopping centre. (Sonae Imobiliária).
- Parcque Principado, Oviedo, Spain. A 56,000m^2 (602,500 sq ft) shopping centre opened in 2001. A joint venture between Sonae Imobiliária, Grupo Lar Grosvenor and Whitehall.
- 6-8 rue Guimard, Brussels, a 6,385m^2 (68,700 sq ft) office building. Partners: Société Foncière Lyonnaise.

Main picture

Centro Vasco da Gama, Lisbon, Portugal. A 47,600m^2 (512,176 sq ft) shopping centre. (Sonae Imobiliária).

Australia Asia Pacific

P46 and 47 – The Olderfleet buildings, Melbourne, Australia a 12,000m^2 (129,000 sq ft) office building with 470 bay car parking station. Partner: Ayala International.

P48 – 6-16 Peel Rise, Hong Kong. Six luxury town houses. Following substantial refurbishment all 6 houses were let above budget. Partners: Hong Kong Land and MN Services.

P49 (from the top)
- The Lippo Centre, Admiralty, Hong Kong. Grosvenor acquired both the 33rd floor of Tower II 1,286m^2 (13,847 sq ft) of offices and a 50% interest in the 15th floor of Tower I 1,239m^2 (13,344 sq ft) of offices in 2001. Partners in Tower I the Shaw family.
- 117 Repulse Bay Ray, Hong Kong. A 4,647m^2 (50,000 sq ft) development of luxury apartments. Partner: Asia Standard International.
- 201 Charlotte Street, Brisbane, Australia a 13,600m^2 (146,000 sq ft) office building which was completely refurbished in 2001.

Main Picture – 201 Charlotte Street, Brisbane, Australia, where we achieved 99% leasing commitments by the end of the year.