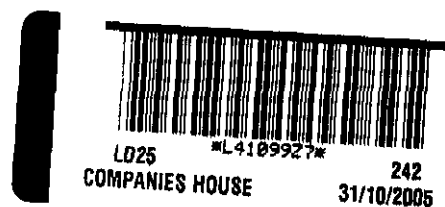


GROSVENOR UK PROPERTIES LIMITED

COMPANY REGISTRATION NUMBER 3219976

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2004



GROSVENOR UK PROPERTIES LIMITED**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2004.

The company's principal activity during the year was to act as general partner to the Grosvenor Shopping Centre Fund, a UK limited partnership.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was £10,532 (2003 - £nil).

The directors have recommended the following dividends:

	2004 £	2003 £
Proposed dividends on ordinary shares	<u>10,532</u>	<u>—</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the year, except as noted, were as follows:

R S Handley
S H R Musgrave
M Howard
R C Williams

(Resigned 28 April 2004)

None of the directors in office at 31 December 2004 had any interests in the securities of the company, Grosvenor Group Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

S R H Beever was appointed as a director on 19 January 2005.

N R Scarles was appointed as a director on 19 January 2005.

R B Mallett was appointed as a director on 19 January 2005.

R S Handley resigned as a director on 19 January 2005.

S H R Musgrave resigned as a director on 19 January 2005.

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 financial year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies 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.

GROSVENOR UK PROPERTIES LIMITED

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES (continued)

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 them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Pursuant to S386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'C M Tolhurst', written in a cursive style.

C M Tolhurst
Company Secretary
31 OCT 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR UK PROPERTIES LIMITED
YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Grosvenor UK Properties Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

BASIS OF AUDIT 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR UK PROPERTIES LIMITED
YEAR ENDED 31 DECEMBER 2004 *(continued)*

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London


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GROSVENOR UK PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
Turnover		—	—
Administrative expenses		(25)	—
Operating (loss)/result		(25)	—
Income from participating interests	4	10,557	—
Profit/result on ordinary activities before taxation		10,532	—
Tax on profit/result on ordinary activities		—	—
Profit/result on ordinary activities after taxation		10,532	—
Equity dividends	6	(10,532)	—
Retained result for the financial year		—	—

All of the activities of the company are classed as continuing.

GROSVENOR UK PROPERTIES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
Profit/result for the financial year attributable to the shareholders	10,532	—
Unrealised gain on revaluation of: Investments	61,020	—
Total recognised gains and losses	<u>71,552</u>	<u>—</u>

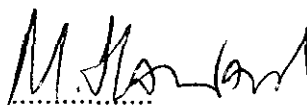
GROSVENOR UK PROPERTIES LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Note	2004 £	2003 £
Tangible fixed assets			
Investments	7	<u>461,021</u>	<u>1</u>
Current assets			
Debtors	8	100	100
Cash at bank and in hand		<u>10,532</u>	<u>-</u>
		10,632	100
Creditors: amounts falling due within one year	9	<u>(410,533)</u>	<u>(1)</u>
Net current (liabilities)/assets		<u>(399,901)</u>	<u>99</u>
Total assets less current liabilities		<u>61,120</u>	<u>100</u>
Capital and reserves			
Called up equity share capital	11	100	100
Revaluation reserve	12	<u>61,020</u>	<u>-</u>
Equity shareholders' funds	13	<u>61,120</u>	<u>100</u>

31 OCT 2005

These financial statements were approved by the Board on the and are signed on its behalf by:


.....
Director


.....
Director

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout the current and prior years.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

(c) Deferred taxation

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(d) Investments

Investments held as fixed assets are included in the balance sheet at net asset value and unrealised gains and losses are dealt with in the revaluation reserve.

(e) Taxation

Current UK corporation tax is provided at a group level at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. AUDITORS' REMUNERATION

Auditors' remuneration for Grosvenor UK Properties Limited has been borne by a fellow subsidiary undertaking both in the current and prior year.

3. PARTICULARS OF EMPLOYEES

No fees or other emoluments were paid to the directors of the company during either the current or the prior year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or prior year.

4. INCOME FROM PARTICIPATING INTERESTS

	2004 £	2003 £
Income from participating interests	<u>10,557</u>	<u>—</u>

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****5. TAXATION**

The taxation charge for the year will be borne by the intermediate holding company Grosvenor Limited.

6. DIVIDENDS

	2004 £	2003 £
Proposed dividend on ordinary shares	<u>10,532</u>	<u>—</u>

7. INVESTMENTS

	Participating interests £
Cost or valuation:	
At 1 January 2004	1
Additions	400,000
Revaluations	<u>61,020</u>
At 31 December 2004	<u>461,021</u>
Net book value:	
At 31 December 2004	<u>461,021</u>
At 31 December 2003	<u>1</u>

The above represents an investment in the Grosvenor Shopping Centre Fund, a UK limited partnership set up to invest in retail property, of which the company is general partner. During the year the company made an additional investment of £400,000 in the Fund. The valuation has been calculated by the directors based on the company's share of the net asset value of the fund. The historic cost of the investment is £400,001.

8. DEBTORS

	2004 £	2003 £
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

9. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	400,001	1
Dividends payable	<u>10,532</u>	<u>—</u>
	<u>410,533</u>	<u>1</u>

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****10. RELATED PARTY TRANSACTIONS**

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

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

11. CALLED UP SHARE CAPITAL**Authorised share capital:**

	2004	2003
	£	£
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2004	2003
	£	£
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

12. REVALUATION RESERVE

	2004	2003
	£	£
At 1 January	—	—
Revaluation of fixed asset investments	<u>61,020</u>	—
At 31 December	<u>61,020</u>	—

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit for the financial year	10,532	—
Dividends	<u>(10,532)</u>	—
	—	—
Other net recognised gains and losses	<u>61,020</u>	—
Net addition to funds	61,020	—
Opening equity shareholders' funds	<u>100</u>	100
Closing equity shareholders' funds	<u>61,120</u>	<u>100</u>

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****14. ULTIMATE PARENT COMPANY**

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

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

On 1 January 2005 the company was transferred from Grosvenor Limited to Grosvenor Fund Management (UK) Limited. From that date the ultimate parent undertaking heads the largest and smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Fund Management (UK) Limited is the immediate holding company from 1 January 2005.

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

15. OTHER INFORMATION

The company holds as nominee for the Grosvenor Shopping Centre Fund, a UK limited partnership, the legal interests in the following companies, the beneficial interests of which are retained by the Grosvenor Shopping Centre Fund:

Prince Bishops Limited	99%	
Cooper Square Limited	99%	
Freshney Place (No 1) Limited	100%	
Freshney Place (No 2) Limited	100%	
Forge Glasgow Limited	100%	(held from 13 July 2004)