

GROSVENOR UK PROPERTIES LIMITED

COMPANY REGISTRATION NUMBER 3219976

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2006

TUESDAY



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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 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors do not anticipate any significant change in the activity of the company and its profitability

The directors have taken advantage of the special provisions available to small companies per S 246 subsection 4(a) of the Companies Act 1985 to not present a business review in accordance with S 234ZZB of the Companies Act 1985

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 6 Profit on ordinary activities before taxation was £20,441 (2005 - £19,969)

The following dividends have been paid

	2006 £	2005 £
Dividends paid on ordinary shares	<u>19,969</u>	<u>10,532</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

S R H Beevor

M Howard

R B Mallett

R R Davis

(Appointed 24 July 2006)

N R Scarles

(Resigned 24 July 2006)

On 12 October 2006, J F German was appointed as alternate director to M Howard

None of the directors in office at 31 December 2006 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

GROSVENOR UK PROPERTIES LIMITED

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statement in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 of the company 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 United Kingdom 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 that 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given in accordance with S 234ZA of the Companies Act 1985.

GROSVENOR UK PROPERTIES LIMITED

DIRECTORS' REPORT *(continued)*

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

16 May 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR UK PROPERTIES LIMITED
YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of Grosvenor UK Properties Limited for the year ended 31 December 2006 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 14. These financial statements have been prepared under 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 auditor's 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 2006 *(continued)*

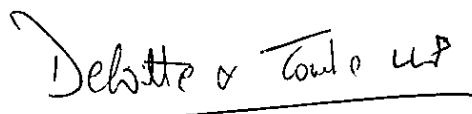
OPINION

in our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

17 May 2007

GROSVENOR UK PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
Turnover		—	—
Administrative expenses		(1,182)	(1,152)
Operating loss	2	(1,182)	(1,152)
Income from participating interests	4	21,623	21,121
Profit on ordinary activities before taxation		<u>20,441</u>	<u>19,969</u>
Tax on profit on ordinary activities	16	—	—
Retained profit for the financial year		<u>20,441</u>	<u>19,969</u>

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 2006

	2006 £	2005 £
Profit for the financial year attributable to the shareholders	20,441	19,969
Unrealised profit on revaluation of Investments	61,518	57,514
Total gains and losses recognised since the last annual report	81,959	77,483

GROSVENOR UK PROPERTIES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £	2005 £
Tangible fixed assets			
Investments	6	<u>580,053</u>	<u>518,535</u>
Current assets			
Cash at bank and in hand		<u>22,671</u>	21,069
Creditors: amounts falling due within one year	7	<u>(402,131)</u>	<u>(401,001)</u>
Net current liabilities		<u>(379,460)</u>	<u>(379,932)</u>
Total assets less current liabilities		<u>200,593</u>	<u>138,603</u>
Capital and reserves			
Called up equity share capital	9	<u>100</u>	100
Revaluation reserve	10	<u>180,052</u>	118,534
Profit and loss account	11	<u>20,441</u>	19,969
Equity shareholders' funds	12	<u>200,593</u>	<u>138,603</u>

These financial statements were approved by the Board on the 16 MAY 2007 and are signed on its behalf by



Director



Director

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****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 law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 '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. OPERATING LOSS

Operating loss is stated after charging

	2006 £	2005 £
Auditors' remuneration		
- as auditor	<u>1,130</u>	<u>1,100</u>

3. PARTICULARS OF EMPLOYEES

No fees or other emoluments were paid to the directors of the company during either the current or the preceding 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 preceding year.

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****4. INCOME FROM PARTICIPATING INTERESTS**

	2006 £	2005 £
Income from participating interests	<u>21,623</u>	<u>21,121</u>

5. TAXATION

The taxation charge for the year will be borne by the intermediate holding company Grosvenor Fund Management Limited both in the current and preceding year

6. INVESTMENTS

	Participating interests £
Cost or valuation:	
At 1 January	518,535
Revaluations	61,518
At 31 December	<u>580,053</u>
Net book value:	
At 31 December 2006	<u>580,053</u>
At 31 December 2005	<u>518,535</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. 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 £400,000.

7. CREDITORS: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	399,901	399,901
Accruals and deferred income	2,230	1,100
	<u>402,131</u>	<u>401,001</u>

8. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited, fellow subsidiaries of Grosvenor Group 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.

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****9. CALLED UP SHARE CAPITAL****Authorised share capital:**

	2006 £	2005 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2006 £	2005 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>

10. REVALUATION RESERVE

	2006 £	2005 £
At 1 January	118,534	61,020
Revaluation of fixed assets	<u>61,518</u>	<u>57,514</u>
At 31 December	<u>180,052</u>	<u>118,534</u>

11. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
At 1 January	19,969	10,532
Profit for the financial year	20,441	19,969
Equity dividends paid	<u>(19,969)</u>	<u>(10,532)</u>
At 31 December	<u>20,441</u>	<u>19,969</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	20,441	19,969
Other net recognised gains and losses	61,518	57,514
Equity dividends paid	<u>(19,969)</u>	<u>(10,532)</u>
Net addition to shareholders' funds	61,990	66,951
Opening shareholders' funds	<u>138,603</u>	<u>71,652</u>
Closing shareholders' funds	<u>200,593</u>	<u>138,603</u>

GROSVENOR UK PROPERTIES LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company's ultimate parent undertaking and controlling party 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 immediate parent undertaking is Grosvenor Fund Management UK Limited

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

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

14. OTHER INFORMATION

The company holds as nominee for the Grosvenor Shopping Centre Fund, a UK limited partnership, the legal interests in the following entities

Cooper Square Limited	99%
Freshney Place (No 1) Limited	100%
Freshney Place (No 2) Limited	100%
Forge Glasgow Limited	100%
Eastgate Unit Trust	100%
Dolphin Unit Trust	100% (Acquired on 14 March 2006)

The beneficial interests of all of the above are retained by the Grosvenor Shopping Centre Fund