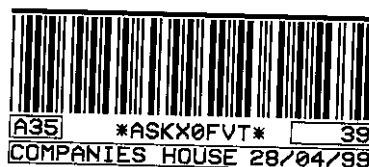


**GROSVENOR INTERNATIONAL ESTATES PROPERTIES LIMITED**

**Registered No 3221116**

**ANNUAL REPORT &**  
**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1998**



**GROSVENOR INTERNATIONAL ESTATES PROPERTIES LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

1. **INCORPORATION OF THE COMPANY**

The company was incorporated on 5 July 1996.

2. **PRINCIPAL ACTIVITIES**

The company has been dormant since 5 July 1996. The balance sheet of the company at 31 December 1998 is attached.

3. **DIRECTORS**

The directors of the company at 31 December 1998, all of whom were directors throughout the year except as noted below, were:

D R J de Broekert	(resigned 10 December 1998)
J O Hagger	
J H M Newsum	
M Aldred	(appointed 10 December 1998)
R C Williams	(appointed 10 December 1998)

4. **DIRECTORS' INTERESTS IN SHARE CAPITAL**

Except as disclosed below, none of the directors in office at 31 December 1998 had any interests in the securities of the company, Grosvenor Estate Holdings, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

Mr J H M Newsum held the following non-beneficial interests in the share capital of group companies:

	<u>1 January 1998</u>	<u>31 December 1998</u>
<u>Grosvenor Estate Holdings:</u>		
Ordinary shares of £1 each	2,572,302	5,232,083
Non-voting ordinary shares of £1 each	20,578,416	41,856,664
12% non-cumulative irredeemable preference shares of £1 each	2,572,302	5,232,083
<u>Grosvenor Estate International Investments Limited:</u>		
Preferred A shares	-	100

**GROSVENOR INTERNATIONAL ESTATES PROPERTIES LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

5. **DIRECTORS' RESPONSIBILITIES**

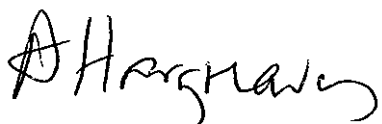
The Directors have responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period.

In preparing the financial statements, the directors are required to ensure that suitable accounting policies are selected and consistently applied, that the judgements and estimates made are reasonable and prudent, and that applicable accounting standards are followed.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

By Order of the Board

A handwritten signature in dark ink, appearing to read 'A Hargreaves', written over a horizontal line.

A A Hargreaves  
Secretary


19 April 1999

**GROSVENOR INTERNATIONAL ESTATES PROPERTIES LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<u>Current Assets</u>			
Debtors – Amount owed by parent undertaking		£100	£100
<u>Net Assets</u>		<u>£100</u>	<u>£100</u>
<u>Capital and Reserves</u>			
Called up share capital	3	£100	£100
<u>Equity Shareholders' Funds</u>		<u>£100</u>	<u>£100</u>

The directors confirm that the company was dormant within the meaning of S250 of the Companies Act 1985 throughout the year ended 31 December 1998.

Approved by the Board on 11 february 1999 and signed on its behalf by:



R C Williams  
Director

**GROSVENOR INTERNATIONAL ESTATES PROPERTIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 1998**

1. The financial statements have been prepared under the historical cost convention, and in accordance with appropriate accounting standards.
2. The company has been dormant since incorporation and under section 250(1) of the Companies Act has passed a resolution exempting itself from the obligation to appoint auditors. The expenses of the company are met by Grosvenor Estate Holdings.

3. **Share Capital**

	<u>1998</u>	<u>1997</u>
Authorised: 100 ordinary shares of £1 each	£100	£100
Allotted, called up and fully paid 100 ordinary shares of £1 each	£100	£100

4. **Ultimate Parent Undertaking**

The ultimate parent undertaking and controlling entity is Grosvenor Estate Holdings, an unlimited company registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster.

All companies referred to above are incorporated in Great Britain. Copies of the consolidated financial statements of Grosvenor Estate Holdings can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.