

**REGISTRAR OF
COMPANIES**

Grosvenor Land Holdings plc

Report and Financial Statements

Year Ended

25 March 1999



BDO

BDO Stoy Hayward
Chartered Accountants

GROSVENOR LAND HOLDINGS PLC

Report and financial statements for the year ended 25 March 1999

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Directors

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Directors

P H Edmonds (Chairman)*
D Blausten
S A Blausten

* Non Executive Director

Secretary and registered office

B Gorman, 8 Baker Street, London, W1M 1DA.

Company number

3232512

Nominated adviser

English Trust Company Limited, 12a Charterhouse Square, London,
EC1M 6AJ.

Nominated broker

Ellis & Partners Limited, Talisman House, 16 The Courtyard, East Park,
Crawley, West Sussex, RH10 6AS.

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

GROSVENOR LAND HOLDINGS PLC

Chairman's statement

Your company has had a satisfactory and solid year in all respects. Rents receivable have more than doubled to £1.168 million per annum. Profit before taxation is up 52.25% to £80,800 (1998 - £53,071) and there has been a 25.62% increase in net asset value to £3.266 million. Profits would have been higher had it not been for the non-recurring abortive costs of an uncompleted transaction.

During the year, management has come to grips with the ongoing process of reorganising and enhancing the Maidstone Industrial Centre, our main asset to date, and we received noteworthy publicity from the visit of the local member of parliament, the Right Honourable Ann Widdecombe. The results of this work are reflected in the post balance sheet comments below.

The Company has had, during the year, a number of good opportunities, off the market, to consider. However due to the illiquidity of the AIM Market, especially in the property sector, we have been unable to raise sufficient equity to complete those acquisitions.

Since the end of the financial year, terms have been agreed for two lettings at the Maidstone Industrial Centre, which will make a considerable impact when completed on the security of income and reflects well on the Company's management skills. A programme of improvements is in place and has already commenced which is having a good effect on the demand for space.

We have also completed the sales of our investments at Greens End, Woolwich for £915,000 and at Burgate, Canterbury for £206,000 – both showing good profits on cost. With an improved cash flow and retained profits available for further purchases, this will give an impetus for some new acquisitions during the current year.

Phil Edmonds
Chairman

21 September 1999

GROSVENOR LAND HOLDINGS PLC

Directors

The Board comprises:

Philippe Henri Edmonds, aged 48 is Non-Executive Chairman of the Company. He holds an honours degree in Land Economy from Cambridge University. He played cricket for England and for Middlesex from 1974 to 1987 and has been involved in a number of public and private companies.

Douglas Blausten, aged 48 is Executive Managing Director of the Company. He holds an honours degree from Cambridge University in Land Economy, is a fellow of the Royal Institution of Chartered Surveyors and a General Commissioner of Taxes. He is an equity partner in Cyril Leonard & Co. where he is responsible for investment acquisitions and sales and is also responsible for their affiliate offices in the United States and Sweden. He holds a number of directorships and is a director and shareholder in Oakburn Properties Plc, a substantial shareholder in the Company. He is also responsible for managing the financial affairs of the group.

Simon Ansel Blausten, aged 43 is an Executive Director of the Company. He holds an honours degree from the University of Manchester Institute of Science and Technology in Building Technology and is a Fellow of the Royal Institution of Chartered Surveyors. He is an equity partner in Cyril Leonard & Co. where he is responsible for building surveying work and is head of the asset management department. He holds a number of directorships and is a director and shareholder in Oakburn Properties Plc.

GROSVENOR LAND HOLDINGS PLC

Report of the directors for the year ended 25 March 1999

The directors present their report together with the audited financial statements for the year ended 25 March 1999.

Results and dividends

The profit and loss account for the Group is set out on page 7 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the Group is investment and trading in land and buildings. A full review of the Group's activities during the year and subsequent events is set out in the Chairman's statement.

Events since the end of year

There have been no events since the balance sheet date which materially affects the position of the Group.

Fixed assets

The Group's investment properties were valued by the directors on an open market value basis as at 25 March 1999. This valuation of £5,800,310 has been incorporated in the financial statements.

Year 2000

The Group has assessed the impact of the Year 2000 issue on its business and operations. The costs of addressing these issues have been quantified and are not significant.

Directors

The directors of the Company during the year and their interests in the ordinary share capital of the Company were:

	Ordinary shares of 1p each	
	1999	1998
P H Edmonds	400,000	400,000
D Blausten	-	-
S A Blausten	-	-

Messrs D Blausten and S A Blausten are also directors of Oakburn Properties plc, which at 25 March 1999 held 42% of the Company's issued share capital, and their interests in the share capital of that company are shown in that company's directors' report.

GROSVENOR LAND HOLDINGS PLC

Report of the directors for the year ended 25 March 1999 *(Continued)*

Directors *(Continued)*

The directors have options to subscribe for shares in the Company as follows:

	Ordinary shares of 1p each
D Blausten	788,000
S A Blausten	788,000
P H Edmonds	788,000

For each director options over 388,000 shares are exercisable until 4 September 2002 at a price of 12½p per share and options over 400,000 shares are exercisable between 14 September 1999 to 14 September 2004 at a price of 10p per share. The market price of the shares at 25 March 1999 was 8p and the range during the year was 7¼p to 14½p.

Substantial equity shareholdings

The following are shareholders on the register (other than directors) whose interests total 3% or more of the issued ordinary share capital of the Company at 21 September 1999.

	Ordinary shares of 1p each	
	Number	%
Oakburn Properties plc	10,141,471	42.0
Fleetway Properties plc	733,333	3.0
Casino Properties Limited	733,334	3.0
Bipworth Limited	833,335	3.5

Directors' responsibilities

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 and the Group as at the end of the financial year and of the profit or loss for that year. 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.

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GROSVENOR LAND HOLDINGS PLC

Report of the directors for the year ended 25 March 1999 (*Continued*)

Payment to creditors

The Group agrees a variety of terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier.

The Group's trade creditors at the financial year end represented 18 days of purchases.

Corporate governance

The Board is committed to ensuring that proper standards of corporate governance operate, throughout the Company. The Company supports the Principles of Corporate Governance set out in the Combined Code published in June 1998, but considers that the expense of full compliance with the Combined Code is not appropriate. The Board has applied the recommendations of the City Group for Smaller Companies (CISCO) which it believes are appropriate to the Company.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


B Gorman

Secretary

21 September 1999

GROSVENOR LAND HOLDINGS PLC

Report of the auditors

To the shareholders of Grosvenor Land Holdings plc

We have audited the financial statements on pages 7 to 22 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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 25 March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

21 September 1999

GROSVENOR LAND HOLDINGS PLC

Consolidated profit and loss account for the year ended 25 March 1999

	Note	1999 £	1998 £
Turnover - rents receivable	2	1,167,994	532,402
Property expenses		(308,068)	(50,948)
		<hr/>	<hr/>
		859,926	481,454
Profit on sale of trading stock		29,108	-
Management expenses		(266,058)	(137,474)
		<hr/>	<hr/>
Operating profit	3	622,976	343,980
Interest receivable		23,992	23,577
Interest payable	4	(566,168)	(314,486)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		80,800	53,071
Taxation on profit on ordinary activities	7	13,503	11,161
		<hr/>	<hr/>
Retained profit on ordinary activities after taxation	18	67,297	41,910
		<hr/>	<hr/>
Earnings per share	9	0.28p	0.31p
		<hr/>	<hr/>
Diluted earnings per share	9	0.28p	0.31p
		<hr/>	<hr/>

All recognised gains and losses are included in the profit and loss account.
All amounts relate to continuing operations.

The notes on pages 12 to 22 form part of these financial statements

GROSVENOR LAND HOLDINGS PLC

Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds for the year ended 25 March 1999

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Statement of total recognised gains and losses				
Profit/(loss) for the financial year	67,297	41,910	(45,933)	3,891
Unrealised surplus on revaluation of investment properties	231,461	-	229,102	-
	<u>298,758</u>	<u>41,910</u>	<u>183,169</u>	<u>3,891</u>
Reconciliation of movements in shareholders' funds				
Profit/(loss) for the financial year	67,297	41,910	(45,933)	3,891
New share capital subscribed	587,439	845,280	587,439	845,280
Unissued share capital	(220,000)	220,000	(220,000)	220,000
Revaluation surplus relating to investment properties	231,461	-	229,102	-
	<u>666,197</u>	<u>1,107,190</u>	<u>550,608</u>	<u>1,069,171</u>
Net increase in shareholders' funds	666,197	1,107,190	550,608	1,069,171
Opening shareholders' funds	2,599,919	1,492,729	2,529,438	1,460,267
	<u>3,266,116</u>	<u>2,599,919</u>	<u>3,080,046</u>	<u>2,529,438</u>
Closing shareholders' funds	<u>3,266,116</u>	<u>2,599,919</u>	<u>3,080,046</u>	<u>2,529,438</u>


The notes on pages 12 to 22 form part of these financial statements.

GROSVENOR LAND HOLDINGS PLC

Consolidated balance sheet at 25 March 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	10	5,801,800	2,101,925
Current assets			
Stocks	12	4,506,770	4,616,770
Debtors	13	136,184	300,769
Cash at bank and in hand		353,043	823,541
		4,995,997	5,741,080
Creditors: amounts falling due within one year	14	(448,342)	(378,086)
Net current assets		4,547,655	5,362,994
Total assets less current liabilities		10,349,455	7,464,919
Creditors: amounts falling due after more than one year	15	(7,071,339)	(4,865,000)
Provisions for liabilities and charges	16	(12,000)	-
		3,266,116	2,599,919
Capital and reserves			
Called up share capital	17	241,266	195,350
Unissued share capital	18	-	220,000
Share premium account	18	2,701,011	2,159,488
Capital reserve	18	-	25,794
Revaluation reserve	18	231,461	-
Profit and loss account	18	92,378	(713)
Shareholders' funds - equity		3,266,116	2,599,919

The financial statements were approved by the Board on 21 September 1999


D. Blausten
Director

The notes on pages 12 to 22 form part of these financial statements

GROSVENOR LAND HOLDINGS PLC

Balance sheet at 25 March 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	10	860,000	493,190
Investments	11	218,776	218,775
		<u>1,078,776</u>	<u>711,965</u>
Current assets			
Debtors			
- falling due within one year	13	155,382	321,942
- falling due after more than one year	13	<u>2,008,823</u>	<u>1,056,958</u>
		2,164,205	1,378,900
Cash at bank and in hand		<u>350,986</u>	<u>822,978</u>
		2,515,191	2,201,878
Creditors: amounts falling due within one year	14	<u>93,921</u>	<u>69,405</u>
Net current assets		2,421,270	2,132,473
Total assets less current liabilities		3,500,046	2,844,438
Creditors: amounts falling due after more than one year	15	420,000	315,000
		<u>3,080,046</u>	<u>2,529,438</u>
Capital and reserves			
Called up share capital	17	241,266	195,350
Unissued share capital	18	-	220,000
Share premium account	18	2,701,011	2,159,488
Revaluation reserve	18	229,102	-
Profit and loss account	18	(91,333)	(45,400)
Shareholders' funds - equity		<u>3,080,046</u>	<u>2,529,438</u>

The financial statements were approved by the Board on 21 September 1999


D. Blausten
Director

The notes on pages 12 to 22 form part of these financial statements

GROSVENOR LAND HOLDINGS PLC

Consolidated cash flow statement for the year ended 25 March 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities	19	953,750	278,726
Returns on investments and servicing of finance			
Interest received		23,992	23,577
Interest paid		(566,168)	(314,486)
Net cash outflow from returns on investment and servicing of finance		(542,176)	(290,909)
Taxation		(10,524)	-
Capital expenditure			
Purchase of tangible fixed assets		(3,470,698)	(1,388,735)
Net cash outflow from capital expenditure		(3,470,698)	(1,388,735)
Cash outflow before financing		(3,069,648)	(1,400,918)
Financing			
Issue of shares (net of share issue costs)		367,439	845,280
Increase in debt		2,231,711	1,280,000
Net cash inflow from financing		2,599,150	2,125,280
(Decrease)/increase in cash in the year	20	(470,498)	724,362

The notes on pages 12 to 22 form part of these financial statements

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the valuation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Grosvenor Land Holdings Plc and its subsidiary undertakings made up to 25 March 1999.

The acquisition method of accounting has been used to consolidate the results of the subsidiary undertakings in the group financial statements from the date of their acquisition.

Turnover

Turnover represents rental income at invoiced amounts less value added tax.

Fixed asset investments

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

Investment properties

Investment properties are included in the balance sheet at their open market values. Unrealised surpluses arising on valuation are transferred to the revaluation reserve.

In accordance with SSAP 19 no provision is made for depreciation on the investment properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 1985, is necessary to provide a true and fair view. The effect of depreciation on value is already reflected in the valuation of the properties and the amount attributed to this factor cannot be separately identified or quantified.

The acquisition of investment properties is accounted for on exchange of contracts.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Plant and machinery	-	25% straight line
Office equipment	-	25% straight line

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (*Continued*)

1 Accounting policies (*Continued*)

Stocks

Stock is valued at the lower of cost and net realisable value.

Cost is calculated by reference to cost of purchase and any enhancement expenditure.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

2 Turnover and operating profit

Turnover and profit before taxation is attributable to one activity, the renting of commercial property in the United Kingdom.

3 Operating profit

	1999 £	1998 £
This is arrived at after charging:		
Auditors' remuneration - audit services	10,650	7,600
- non-audit services	7,750	8,750
Directors' fees (note 5)	120,000	45,000
Depreciation	2,284	-
	<u> </u>	<u> </u>

4 Interest payable

Interest on loans repayable wholly or in part after five years	39,821	30,872
Interest on other loans and overdrafts	519,396	276,098
Interest on loan from ultimate parent	6,951	7,516
	<u> </u>	<u> </u>
	<u>566,168</u>	<u>314,486</u>

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (*Continued*)

5 Employees

	1999 £	1998 £
Staff costs (including directors) consist of:		
Fees and salaries	141,982	45,000
Social security costs	11,653	3,001
	<u>153,635</u>	<u>48,001</u>

The average number of employees (including directors) during the year was 5 (1998 – 3).

6 Directors' emoluments

	1999 £	1998 £
Directors' remuneration	120,000	45,000
	<u>120,000</u>	<u>45,000</u>

7 Taxation on profit/(loss) from ordinary activities

Corporation tax on profit for the year	1,503	11,161
Deferred taxation	12,000	-
	<u>13,503</u>	<u>11,161</u>

8 Grosvenor Land Holdings plc - profit and loss account

The Company has taken advantage of the exemption allowed by Section 230 of the Companies Act 1985 from presenting its own profit and loss account. The loss for the year available before distributions dealt with in the financial statements of the Company was £45,933 (1998 - profit £3,891).

9 Earnings per share

Basic earnings per share and diluted earnings per share is calculated by reference to the group profit after taxation of £67,297 (1998 - £41,910) and the weighted average number of shares in issue during the year of 23,778,786 (1998 - 13,387,566).

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (*Continued*)

10 Tangible assets

Group	Investment properties		Plant and machinery £	Office equipment £	Total £
	Freehold £	Long leasehold £			
<i>Cost or valuation</i>					
At 26 March 1998	1,784,848	317,077	-	-	2,101,925
Additions	3,223,738	137,708	107,266	1,986	3,470,698
Revaluation	26,246	205,215	-	-	231,461
At 25 March 1999	5,034,832	660,000	107,266	1,986	5,804,084
<i>Depreciation</i>					
At 26 March 1998	-	-	-	-	-
Charge for year	-	-	1,788	496	2,284
At 25 March 1999	-	-	1,788	496	2,284
<i>Net book value</i>					
At 25 March 1999	5,034,832	660,000	105,478	1,490	5,801,800
At 25 March 1998	1,784,848	317,077	-	-	2,101,925
	</				

The Group's and Company's investment properties were valued by the directors on an open market value basis as at 25 March 1999.

These valuations amounting to £5,800,310 (including plant and machinery) and £860,000 respectively have been incorporated in the financial statements.

The historical cost of the Group's investment properties was £5,570,637 (1998 - £2,101,925). The historical cost of the company's investment properties was £630,898 (1998 - £493,190).

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (*Continued*)

11 Fixed asset investments

Company	Group undertakings £
<i>Cost</i>	
At 26 March 1998	218,775
Additions	1
	<hr/>
At 25 March 1999	218,776
	<hr/>

The Company owns 100% of the issued share capital of Plymouth & Exeter Properties Limited, a company which is registered and operates in England, and whose principal activity is property dealing.

The Company also owns 100% of the issued share capital of Grosvenor Land (South) Limited and Grosvenor Land (Maidstone) Limited, both of which are registered and operate in England, and whose principal activity is property investment.

The Company owns 100% of the issued share capital of Grosvenor Land (North) Limited, a company which is registered and operates in England and whose principal activity is property investment. This company has not traded in the period since 25 March 1999.

12 Stocks

	Group 1999 £	1998 £
Properties held for resale	4,506,770	4,616,770
	<hr/>	<hr/>

In the directors' opinion there is no significant difference between the amount at which stocks are stated in the balance sheet and their replacement value.

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (*Continued*)

13 Debtors

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	96,643	61,048	22,813	11,618
Amounts due from subsidiary undertakings	-	-	3,277	-
Amounts due from fellow subsidiary	5,402	-	881	-
Dividend receivable	-	-	120,000	90,000
Other taxes	6,911	-	-	-
Other debtors	-	216,734	-	213,662
Prepayments	27,228	22,987	8,411	6,662
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due within one year	136,184	300,769	155,382	321,942
Amounts due from subsidiary undertakings (due in more than one year)	-	-	2,008,823	1,056,958
	<hr/>	<hr/>	<hr/>	<hr/>
	136,184	300,769	2,164,205	1,378,900
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due within one year

Bank loan (secured see note 15)	30,000	20,000	30,000	20,000
Mortgage loans (secured see note 15)	15,372	-	-	-
Trade creditors	42,240	186,941	8,371	14,687
Amounts due to ultimate parent company	80,766	80,766	-	-
Creditors for taxation and social security	10,583	2,915	9,344	2,915
Corporation tax	3,025	12,046	880	880
Accruals and deferred income	266,356	75,418	45,326	30,923
	<hr/>	<hr/>	<hr/>	<hr/>
	448,342	378,086	93,921	69,405
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 *(Continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans (secured)	3,587,500	3,565,000	420,000	315,000
Mortgage loans (secured)	3,483,839	1,300,000	-	-
	<u>7,071,339</u>	<u>4,865,000</u>	<u>420,000</u>	<u>315,000</u>
Bank loans payable:				
Within one to two years	3,197,500	-	30,000	-
Within two to five years	390,000	3,330,000	390,000	80,000
After five years	-	235,000	-	235,000
	<u>3,587,500</u>	<u>3,565,000</u>	<u>420,000</u>	<u>315,000</u>
Mortgage loan repayable:				
Within one to two years	15,372	-	-	-
Within two to five years	3,468,467	80,000	-	-
After five years	-	1,220,000	-	-
	<u>3,483,839</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Total				
Within one to two years	3,212,872	-	30,000	-
Within two to five years	3,858,467	3,410,000	390,000	80,000
After five years	-	1,455,000	-	235,000
	<u>7,071,339</u>	<u>4,865,000</u>	<u>420,000</u>	<u>315,000</u>

The above creditors are secured upon the freehold and leasehold buildings of the Group. The bank loans bear interest at between 1.75% and 1.875% over the base rate of the Royal Bank of Scotland plc and the mortgage loan bears interest at between 7.65% and 7.94% per annum.

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 *(Continued)*

16 Provisions for liabilities and charges

Group	1999		1998	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Deferred taxation				
Revaluation of land and buildings	60,000	-	-	-
Other	-	12,000	-	-
	<u>60,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Company				
Deferred taxation				
Revaluation of land and buildings	60,000	-	-	-
	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Share capital

	Authorised £	Number
Ordinary shares of 1p each	1,000,000	100,000,000
	<u>1,000,000</u>	<u>100,000,000</u>
	Allotted, called up and fully paid £	Number
Ordinary shares of 1p each		
At 26 March 1998	195,350	19,534,977
Issue in the year	45,916	4,591,667
	<u>241,266</u>	<u>24,126,644</u>
At 25 March 1999	241,266	24,126,664
	<u>241,266</u>	<u>24,126,664</u>

On 7 April 1998 the Company allotted 1,466,667 shares at 15p per share as part consideration for the purchase of an investment property. On 30 April 1998 the Company allotted 3,125,000 shares at 12p per share to provide additional working capital for expanding the group's property portfolio.

The following share options have been granted under the Company's Executive Share Option Scheme, all of which are exercisable between the first anniversary of the date of grant and remain exercisable for six years thereafter.

Date granted	Option price	Number of ordinary shares of 1p each
4 September 1996	12.5p	1,164,000
14 September 1998	10.0p	1,200,000

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 (Continued)

18 Reserves

Group	Unissued share capital £	Share premium account £	Capital reserve £	Revaluation reserve £	Profit and loss account £
At 26 March 1998	220,000	2,159,488	25,794	-	(713)
Issue of shares	(220,000)	549,083	-	-	-
Share issue costs	-	(7,560)	-	-	-
Revaluation of investment properties	-	-	-	231,461	-
Transfer	-	-	(25,794)	-	25,794
Profit for the year	-	-	-	-	67,297
At 25 March 1999	-	2,701,011	-	231,461	92,378
Company					
At 26 March 1998	220,000	2,159,488	-	-	(45,400)
Issue of shares	(220,000)	549,083	-	-	-
Share issue costs	-	(7,560)	-	-	-
Revaluation of investment properties	-	-	-	229,102	-
Loss for the year	-	-	-	-	(45,933)
At 25 March 1999	-	2,701,011	-	229,102	(91,333)

On 6 March 1998 one of the Company's subsidiary undertakings exchanged contracts for the purchase of a freehold property. As part of the consideration the Company agreed to allot 1,466,667 shares at 15p per share on completion of the purchase which took place on 7 April 1998.

During the year the Company allotted 1,466,667 1p shares at a premium of 14p per share and 3,125,000 1p shares at a premium of 11p per share. Expenses of £7,560 relating to these issues were charged against the share premium reserve.

19 Reconciliation of operating profit to net cash inflow from operating activities

	1999 £	1998 £
Operating profit	622,976	343,980
Decrease in stock	110,000	-
Decrease/(increase) in debtors	164,585	(204,450)
Increase in creditors	53,905	139,196
Depreciation charges	2,284	-
Net cash inflow from operating activities	953,750	278,726

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 *(Continued)*

20 Analysis of changes in net debt

	At 26 March 1998 £	Cash flow £	At 25 March 1999 £
Cash in hand and at bank	823,541	(470,498)	353,043
Debt due within one year	(20,000)	(25,372)	(45,372)
Debt due after one year	(4,865,000)	(2,206,339)	(7,071,339)
	(4,885,000)	(2,231,711)	(7,116,711)
	(4,061,459)	(2,702,209)	(6,763,668)

21 Reconciliation of net cash flow to movement in net debt

	1999 £	1998 £
(Decrease)/increase in cash in the year	(470,498)	724,362
Cash inflow from increase in debt	(2,340,000)	(1,300,000)
Cash outflow from repayment of debt	108,289	20,000
Movement in net debt in the year	(2,702,209)	(555,638)
Opening net debt	(4,061,459)	(3,505,821)
Closing net debt	(6,763,668)	(4,061,459)

GROSVENOR LAND HOLDINGS PLC

Notes forming part of the financial statements for the year ended 25 March 1999 *(Continued)*

22 Treasury Policy and Financial Instruments

The group has adopted formal treasury policies to control its financial instruments. These comprise medium and long term borrowings whose main purpose is to provide finance for the group's operations. The group's policy is that it does not trade in financial instruments. The group has taken advantage of the exemption permitting it not to treat short term debtors and creditors as financial instruments.

The interest rate exposure of the group's borrowings at 25 March 1999 is shown below:

	£	Weighted average interest rate %	Weighted average time for which rate is fixed (years)
Floating Rate borrowings	3,587,500	6.79%	-
Fixed Rate borrowings	3,483,839	7.83%	3.36
	<u>7,071,339</u>		

The floating rate borrowings comprise interest rates based upon LIBOR. All borrowings are denominated in Sterling.

23 Related party transactions

During the year, the Group paid fees exclusive of VAT of £94,182 (1998 - £50,077) for managing properties and advising on property purchases to Cyril Leonard & Co, a firm of which Messrs D Blausten and S A Blausten, directors of the Company, are partners.

No amounts in respect of any of the above were outstanding at 25 March 1999 (25 March 1998 - £Nil).

The Company considers Oakburn Properties plc as its ultimate controlling party. At 25 March 1999 the Group owed Oakburn Properties plc £80,766 (1998 - £80,766); this loan bears interest at 1.5% over the base rate of the Royal Bank of Scotland plc.

24 Ultimate parent company

At 25 March 1999, the Company's ultimate parent company and controlling party was considered by the directors to be Oakburn Properties plc, which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Oakburn Properties plc, are available from Companies House.

GROSVENOR LAND HOLDINGS PLC

Notice of Annual General Meeting

Notice is hereby given that the third Annual General Meeting of Grosvenor Land Holdings PLC will be held at 25 Gilbert Street, Grosvenor Square, London, W1Y 2EJ on at for the following purposes:

ORDINARY BUSINESS

- 1 To receive and adopt the Report and Financial Statements for the year ended 25 March 1999, together with the reports of the Directors and auditors thereon.
- 2 To reappoint S A Blausten as a Director who retires in accordance with the Company's Articles of Association and being eligible offers himself for re-election.
- 3 To reappoint BDO Stoy Hayward as auditors of the Company and to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD

B Gorman

SECRETARY

xx September 1999

Registered Office:
8 Baker Street
London W1M 1DA

NOTE:

A member entitled to attend and vote at this meeting may appoint a proxy or proxies, who need not be a member of the Company, to attend and (on a poll) to vote instead of him or her. Forms of proxy need to be deposited with the Company's registrars, Moorgate Registrars PLC, Dukesmead House, 39 High Street, Chelmsford, Essex CM1 1DF not later than 48 hours before the time of the meeting. Completion of a form of a proxy will not preclude a member attending and voting in person at the meeting.

GROSVENOR LAND HOLDINGS PLC

Principal tenants

SOME OF GROSVENOR LAND'S TENANTS

The Co-Op

Barratt Shoes

Fourbouys

Victoria Wines

Stead & Simpson

Post Office Counters

~~Sue Ryder~~ DB

Oxfam

Fads

Woolwich Building Society

Karen Milen DB