

GROSVENOR RETAIL HOLDINGS LIMITED

Registered No: 03244187

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1998



GROSVENOR RETAIL HOLDINGS LIMITED**DIRECTORS' REPORT**

The directors submit their annual report together with the financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company's principal activity through its subsidiary companies during the year was investment in real property in the United Kingdom. The company had no trading income during the year.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 4. Profit on ordinary activities before taxation was £7,500,000 (1997 - £18,000,000).

The directors recommend a final dividend of £7,500,000 (1997 – interim dividend paid £18,000,000).

DIRECTORS

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

S-J Curtis
J O Hagger
J H M Newsum
R C Williams

DIRECTORS' INTERESTS IN SHARE CAPITAL

Mr J H M Newsum had the following non-beneficial interests:

	<u>At 1.1.98</u>	<u>At 31.12.98</u>
Grosvenor Estate Holdings		
Ordinary shares of £1 each	2,572,302	5,232,083
Non-Voting Shares of £1 each	20,578,416	41,856,664
12% non-cumulative irredeemable preference shares	2,572,302	5,232,083
 Grosvenor Estate International Investments Limited	 -	 100

Except as disclosed above, 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.

GROSVENOR RETAIL HOLDINGS LIMITED**DIRECTORS' REPORT (continued)****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 year.

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 are also responsible for the company's system of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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

YEAR 2000

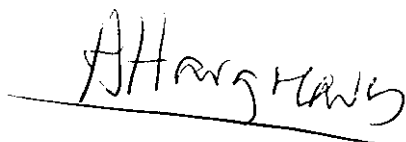
The company's ultimate parent undertaking, Grosvenor Estate Holdings, has recently completed a review of its systems to identify those which may not be Year 2000 compliant. During 1999, these systems will be tested and, where necessary, remedial action will be taken and contingency plans established. Principal suppliers have been contacted to establish the extent to which their systems are likely to be Year 2000 compliant.

The directors consider that the cost of achieving Year 2000 compliance will be borne by its ultimate parent company and therefore it has not been reflected in these financial statements.

AUDITORS

Deloitte & Touche were appointed as auditors on 12 June 1997. Pursuant to S386 of the Companies Act 1985 (as amended by the Companies Act 1989) an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

By Order of the Board



A A Hargreaves
Secretary

31 March 1999

GROSVENOR RETAIL HOLDINGS LIMITED**AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY**

We have audited the financial statements on pages 4 to 8, which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2 the company's directors are responsible for the preparation of 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 as at 31 December 1998 and of its profit 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

31 March 1999

GROSVENOR RETAIL HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

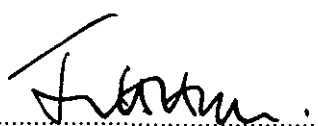
<u>Results of continuing operations</u>	<u>Note</u>	<u>Year Ended</u> <u>31/12/98</u> £	<u>30/8/96 to 31/12/97</u> £
Operating profit	2	-	-
Dividends received		7,500,000	18,000,000
		<hr/>	<hr/>
<u>Profit on ordinary activities before taxation</u>		7,500,000	18,000,000
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
<u>Profit on ordinary activities after taxation</u>		7,500,000	18,000,000
Dividends on equity shares	3	(7,500,000)	(18,000,000)
		<hr/>	<hr/>
<u>Retained profit for the year</u>		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses for the current or preceding financial period other than those reported in the profit and loss account.

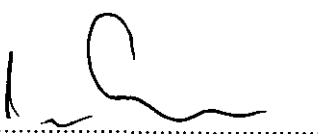
GROSVENOR RETAIL HOLDINGS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 1998**

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
<u>Fixed assets</u>			
Investments: subsidiary undertakings	4	36,302,298	36,302,298
<u>Current assets</u>			
Debtors: amounts falling due within one year	5	7,500,000	-
<u>Creditors:</u> amounts falling due within one year	6	(7,500,000)	-
<u>Net current assets</u>		-	-
<u>Net assets</u>		36,302,298	36,302,298
<u>Capital and reserves</u>			
Called up share capital	7	32,000,204	32,000,204
Share premium account	8	4,302,094	4,302,094
<u>Equity shareholders' funds</u>		36,302,298	36,302,298

Approved by the Board on 31 March 1999 and signed on its behalf by:


.....
J O Hagger

Director


.....
R C Williams

Director

GROSVENOR RETAIL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the UK. The company's principal accounting policies are unchanged compared with the year ended 31 December 1997.

The company is a wholly owned subsidiary of Grosvenor Estate Holdings, its ultimate parent undertaking, which is registered in England and Wales and prepares consolidated financial statements. Consequently, the company is required neither to prepare consolidated financial statements nor present a cash flow statement.

(b) Investments

Shares in subsidiary undertakings are stated at cost less provision for any permanent diminution in value.

2. OPERATING PROFIT**Directors' emoluments**

None of the directors of the company received any emoluments during the year in respect of services to the company.

Employee information

The company has no employees.

Auditors' remuneration

Auditors' remuneration has been borne by a fellow subsidiary undertaking.

3. DIVIDENDS

	<u>1998</u> £	<u>1997</u> £
<u>Ordinary shares:</u>		
Interim paid	-	18,000,000
Final proposed	7,500,000	-
	<u>7,500,000</u>	<u>18,000,000</u>

GROSVENOR RETAIL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****4. FIXED ASSET INVESTMENTS: SUBSIDIARY UNDERTAKINGS**

	<u>1998</u> £	<u>1997</u> £
Unlisted shares at cost, less amounts written off: At 1 January and 31 December	36,302,298	36,302,298

The company's subsidiary undertakings at 31 December 1998 were:

	<u>Class of share and Percentage held</u>
Market Place Bolton Limited	Ordinary (100%)
Grosvenor (Perth) Limited	Ordinary (100%)
Grosvenor Precinct (Chester) Limited	Ordinary (100%)
Grosvenor Precinct (Chester) Limited	Non cumulative preference (100%)
Grosvenor (Basingstoke) Limited	Ordinary (100%)

The above undertakings are incorporated in Great Britain and are involved in real property investment activities.

5. DEBTORS

	<u>1998</u> £	<u>1997</u> £
<u>Amounts falling due within one year:</u> Amounts due from group undertakings	7,500,000	-

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £	<u>1997</u> £
Amounts due to ultimate parent undertaking	7,500,000	-

7. SHARE CAPITAL

	<u>1998</u> £	<u>1997</u> £
<u>Authorised:</u> 50,000,000 Ordinary shares of £1 each	50,000,000	50,000,000
<u>Allotted, called up and fully paid:</u> <u>Equity interests</u> 32,000,204 Ordinary shares of £1 each	32,000,204	32,000,204

GROSVENOR RETAIL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. SHARE PREMIUM ACCOUNT****1998****£**

Balance at 1 January and 31 December

4,302,094**9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****1998****£****1997****£**

Profit for the financial year

7,500,000

18,000,000

Dividends

(7,500,000)(18,000,000)

Opening shareholders' funds

36,302,29836,302,298

Closing shareholders' funds

36,302,29836,302,298**10. ULTIMATE PARENT COMPANY**

The company's 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. 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 Estate Holdings can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

11. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 "Related party disclosures" not to disclose transactions with Grosvenor Estate Holdings, fellow subsidiaries of Grosvenor Estate Holdings 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.