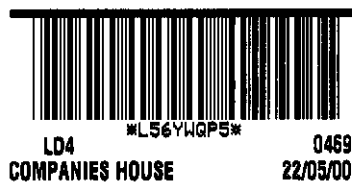


**GROSVENOR RETAIL HOLDINGS LIMITED**

**Registered No: 03244187**

**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1999**



**GROSVENOR RETAIL HOLDINGS LIMITED****DIRECTORS' REPORT**

The directors submit their annual report together with the financial statements for the year ended 31 December 1999.

**PRINCIPAL ACTIVITIES**

The company's principal activity is to act as a holding company for a number of subsidiary companies that invest 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 £27,000,000 (1998 - £7,500,000).

The directors recommend a final dividend of £27,000,000 (1998 - £7,500,000).

The directors do not anticipate any significant changes in the activities of the company and its profitability.

**DIRECTORS**

The directors of the company at 31 December 1999, 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 in the share capital of group companies:

	Grosvenor Estate Holdings <u>1 January 1999</u>	Grosvenor Limited <u>31 December 1999</u>
Ordinary shares of £1 each	5,232,083	5,232,083
Non-Voting Shares of £1 each	41,856,664	41,856,664
12% non-cumulative irredeemable preference shares of £1 each	5,232,083	5,232,083

**Grosvenor Estate International Investments Limited**

Preferred A shares of £1 each	100	100
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The interests disclosed at 1 January 1999 were in Grosvenor Estate Holdings, the former ultimate parent company. Following a group reorganisation at 18 November 1999, the shares were replaced by identical holdings in Grosvenor Limited, a new holding company which acquired a 100% interest in Grosvenor Estate Holdings. Grosvenor Limited changed its name to Grosvenor Group Holdings Limited on 1 March 2000.

Except as disclosed above, none of the directors in office at 31 December 1999 had any interests in the shares or loan capital of the company, Grosvenor Limited, its ultimate parent company, or any of its fellow subsidiary undertakings 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 as at the end of the financial year 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 directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect activities of the business, although the situation is being monitored.

The cost to date of achieving Year 2000 compliance has been borne by Grosvenor Estate Holdings, an intermediate holding company, and, therefore, it has not been reflected in these financial statements. Any future costs associated with this issue cannot be quantified but are not anticipated to be significant.

**AUDITORS**

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



C M Tolhurst  
Secretary

10 March 2000

**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 1999 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

13 March 2000

**GROSVENOR RETAIL HOLDINGS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	<b><u>Note</u></b>	<b><u>1999</u></b> <b>£</b>	<b><u>1998</u></b> <b>£</b>
Investment income		27,000,000	7,500,000
<b><u>Profit on ordinary activities before taxation</u></b>		27,000,000	7,500,000
Tax on profit on ordinary activities		-	-
<b><u>Profit on ordinary activities after taxation</u></b>		27,000,000	7,500,000
Dividends paid	3	(27,000,000)	(7,500,000)
<b><u>Retained profit for the year</u></b>		-	-


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

All activities derive from continuing operations.

**GROSVENOR RETAIL HOLDINGS LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1999**

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
<b><u>Fixed assets</u></b>			
Investments: subsidiary undertakings	4	36,302,298	36,302,298
<b><u>Current assets</u></b>			
Debtors: amounts falling due within one year	5	-	7,500,000
<b><u>Creditors:</u></b> amounts falling due within one year	6	-	(7,500,000)
<b><u>Net current liabilities</u></b>		-	-
<b><u>Net assets</u></b>		<u>36,302,298</u>	<u>36,302,298</u>
<b><u>Capital and reserves</u></b>			
Called up share capital	7	32,000,204	32,000,204
Share premium account	8	4,302,094	4,302,094
<b><u>Equity shareholders' funds</u></b>		<u>36,302,298</u>	<u>36,302,298</u>

Approved by the Board on 16 March 2000 and signed on its behalf by:

  
 .....  
 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 as modified by the revaluation of investment properties 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 1998.

The company is a wholly owned subsidiary of Grosvenor Group Holdings Limited, 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 PAID**

	<b><u>1999</u></b> <b>£</b>	<b><u>1998</u></b> <b>£</b>
<u>Ordinary shares:</u>		
Final	27,000,000	7,500,000
	<u>                    </u>	<u>                    </u>

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

	<u>1999</u> £	<u>1998</u> £
Unlisted shares at cost: At 1 January and 31 December	36,302,298	36,302,298

The company's subsidiary undertakings at 31 December 1999 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 investment and real property investment activities.

**5. DEBTORS**

	<u>1999</u> £	<u>1998</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>1999</u> £	<u>1998</u> £
Amounts due to group undertakings	-	7,500,000

**7. SHARE CAPITAL**

	<u>1999</u> £	<u>1998</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.	<b><u>SHARE PREMIUM ACCOUNT</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>
		<b><u>£</u></b>	<b><u>£</u></b>
	At 1 January and 31 December	4,302,094	4,302,094

9.	<b><u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>
		<b><u>£</u></b>	<b><u>£</u></b>
	Profit for the financial year	27,000,000	7,500,000
	Dividends	(27,000,000)	(7,500,000)
		—	—
	Opening shareholders' funds	36,302,298	36,302,298
	Closing shareholders' funds	36,302,298	36,302,298

10. **ULTIMATE PARENT COMPANY**

The company's ultimate parent undertaking and controlling entity is Grosvenor Group Holdings Limited, a 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 group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited, an intermediate holding company, is the 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 Holdings Limited 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 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.