

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

ANNUAL REPORT

31 DECEMBER 1999

Registered Number 3335872



CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 1999.

Review of the business

The Company is an investment holding company holding investments in the field of property fund investment.

Future developments

The Directors intend that the Company shall continue to act as such a holding company.

Accounts and dividends

The Company made a profit on its ordinary activities before taxation during the year under review of £160,222 (1998: £139,427) resulting in a profit after taxation for the year of £158,695 (1998: £139,427).

The Directors have resolved that an interim dividend of £158,695 (1998: £139,427) be paid in respect of the year under review.

The state of the Company's affairs as at the end of the year under review is shown in the accompanying balance sheet.

Directors

Mr E D Glover and Mr W M F von Guionneau served as Directors of the Company throughout the year under review.

No other person was a Director at any time during that year.

Directors' interests

Neither of the Directors had, at 31 December 1999, any interests in the shares in the Company or in the securities of any other company in the group of which it is a member.

Post balance sheet event

The Company's ultimate holding company, Crédit Commercial de France SA, was acquired by HSBC Holdings plc on 28 July 2000.


Year 2000

Charterhouse is committed to ensuring that all systems used within the group are Year 2000 compliant, including those used by the Company. No significant Year 2000 problems have been experienced so far and none are anticipated in respect of subsequent potentially critical dates.

Auditors

The Company's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. Resolutions to appoint them and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


for PATERNOSTER SECRETARIES LIMITED
Secretary

11 August 2000

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year, which 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, if any, for that period. The financial statements must be prepared in accordance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards.

In addition, the Directors are required:-

- * to adopt suitable accounting policies and then apply them consistently, supported by judgements and estimates that are reasonable and prudent;
- * to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors confirm that the financial statements have been prepared on a going concern basis as they are satisfied that the Company has the resources to continue in business for the foreseeable future.

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 the company's affairs 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.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

17 August 2000

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover	2	155,172	139,427
Administrative expenses		(8,500)	-
Operating profit on ordinary activities before interest		146,672	139,427
Interest receivable and similar income	3	13,550	-
Profit on ordinary activities before taxation		160,222	139,427
Tax on profit on ordinary activities	7	(1,527)	-
Profit on ordinary activities after taxation		158,695	139,427
Dividends – including non-equity	8	(158,695)	(139,427)
Retained profit for the year	13	-	-

The Company had no recognised gains and losses other than those included in the profit and loss account. Therefore no separate statement of total recognised gains and losses is presented.

There is no difference between the profit on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents.

The turnover and operating profit of the Company are derived entirely from continuing operations.

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED


BALANCE SHEET

as at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments in subsidiary undertakings	9	<u>10,072</u>	<u>74</u>
Current assets			
Debtors	10	4,846,444	1,428,201
Cash at bank and in hand		<u>312,278</u>	<u>-</u>
		5,158,722	1,428,201
Current liabilities			
Creditors - amounts falling due within one year	11	<u>(168,794)</u>	<u>(1,428,273)</u>
Net current assets/(liabilities)		<u>4,989,928</u>	<u>(72)</u>
Total net assets		<u>5,000,000</u>	<u>2</u>
Capital and reserves			
Called up share capital	12	5,000,000	2
Profit and loss account	13	-	-
Total shareholders' funds	14	<u>5,000,000</u>	<u>2</u>
Equity shareholders funds		50,000	2
Non-equity shareholders funds		4,950,000	-

The financial statements on pages 4 to 9 were approved by the Board of Directors on 11 August 2000, and signed on its behalf by:-


W M F von Guionneau


E D Glover

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) Directors
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CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

1. Accounting policies

(a) *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable to the United Kingdom.

(b) *Turnover*

Turnover consists of dividends declared by subsidiary undertakings recognised on an accruals basis. All turnover arises in the United Kingdom.

(c) *Investments*

Investments in subsidiary undertakings are carried at cost less provisions for permanent diminution in value. In accordance with the exemption available under Section 228 (1)(a) of the Companies Act 1985, the Company has not prepared consolidated financial statements.

(d) *Cash flow statement*

These financial statements do not contain a cash flow statement by virtue of the exemptions available to the Company under paragraph 5(a) of Financial Reporting Standard No. 1 (Revised 1996), as the Company's financial statements are included in the consolidated financial statements of its ultimate parent company, which are publicly available.

2. Turnover

	1999 £	1998 £
Dividends receivable	155,172	139,427

3. Interest receivable and similar income

	1999 £	1998 £
On bank deposits	13,550	-

4. Directors' emoluments

The Directors' emoluments are borne by the immediate parent undertaking. It is not practicable to allocate costs to Charterhouse Property Funds (Holding) Limited for the services performed by the Directors in relation to the Company.

5. Employees

The Company had no employees during the year under review or the previous financial year.

6. Auditors' remuneration

The auditors' remuneration for the current financial year is £1,500. In the previous financial year it was borne by a fellow subsidiary undertaking.

7. Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom Corporation tax on profits at 30.25%	1,527	-

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont) 31 December 1999

8. Dividends – including non-equity

	1999 £	1998 £
On equity shares:		
Interim dividend of £2.80 (1998 : £69,713.50) per ordinary share	140,132	139,427
On non-equity shares:		
Dividend of 0.5% on redeemable preference shares	18,563	-
	<u>158,695</u>	<u>139,427</u>

9. Investments in subsidiary undertakings

	1999 £
Cost	
At 1 January	74
Additions	10,000
Disposals	(2)
At 31 December	<u>10,072</u>

The Company's subsidiary undertakings, which are all wholly owned, are listed below.

Name of Undertaking	Class of Capital	Class of Business
Charterhouse Income Carry SLP Limited	Ordinary shares	Investment company
Charterhouse (Jersey) Limited	Ordinary shares	Holding company
Charterhouse Property General Partner Limited	Ordinary shares	Investment company
Charterhouse Property LP Limited	Ordinary shares	Investment company
Charterhouse Property Nominees Limited	Ordinary shares	Nominee company
Charterhouse Property Special LP Limited	Ordinary shares	Investment company
CL Administration Limited	Ordinary shares	Management Company
CL Residential Limited	Ordinary shares	Investment management company

10. Debtors

	1999 £	1998 £
Amount due from subsidiary undertaking	4,291,272	1,288,772
Amount due from immediate parent undertaking	400,000	2
Dividends proposed	155,172	139,427
	<u>4,846,444</u>	<u>1,428,201</u>

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont)

31 December 1999

11. Creditors - amounts falling due within one year

	1999 £	1998 £
Amounts due to subsidiary undertakings	72	74
Amounts due to immediate parent undertaking	7,000	1,288,772
Corporation tax payable	1,527	-
Other creditors	1,500	-
Proposed dividends	158,695	139,427
	<u>168,794</u>	<u>1,428,273</u>

12. Share Capital

	1999 £	1998 £
Authorised		
50,000 (1998 : 100) ordinary shares of £1 each	50,000	100
4,950,000 (1998: nil) 0.5% redeemable preference shares of £1 each	4,950,000	-
	<u>5,000,000</u>	<u>100</u>
Allotted, called up and fully paid		
50,000 (1998 : 2) ordinary shares of £1 each	50,000	2
4,950,000 (1998: nil) 0.5% redeemable preference shares of £1 each	4,950,000	-
	<u>5,000,000</u>	<u>2</u>

On 31 March 1999 the authorised share capital of the Company was increased to £5,000,000 by the creation of 49,900 ordinary shares of £1 each and 4,950,000 0.5 per cent redeemable preference shares of £1 each. On the same day the Company issued 49,998 ordinary shares and 4,950,000 0.5 per cent redeemable preference shares for cash, to provide the Company with further working capital.

The 0.5 per cent redeemable preference shares entitle the holder to receive a preferential dividend out of the current year's profits after tax at the rate of 0.5 per cent on the paid up capital.

The shares are redeemable at the discretion of the Company subject to the provisions of the Companies Act and to the conditions set out in the Company's Articles of Association. There is no time limit in which to redeem the shares and no premium is payable on redemption.

13. Profit and loss account

	1999 £
Balance at 1 January	-
Profit on ordinary activities after taxation	158,695
Dividends - including non-equity	(158,695)
	<u>-</u>
Balance at 31 December	-

CHARTERHOUSE PROPERTY FUNDS (HOLDING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont) 31 December 1999

14. Reconciliation of movement in shareholders' funds

	1999 £	1998 £
Shareholders' funds at 1 January	2	2
Profit on ordinary activities after taxation	158,695	139,427
Dividends – including non-equity	(158,695)	(139,427)
Issue of shares	4,999,998	-
Shareholders' funds at 31 December	<u>5,000,000</u>	<u>2</u>

15. Related party transactions

Under the terms of Financial Reporting Standard No. 8, Related Party Disclosures, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the Company is included are publicly available.

16. Parent undertakings

The Company is a wholly owned subsidiary undertaking of Charterhouse Specialist Investments Limited, its controlling party.

The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are drawn up is Crédit Commercial de France SA, which is incorporated in France and is the company regarded by the Directors as being the Company's ultimate parent undertaking and ultimate controlling party as at 31 December 1999.

Copies of the accounts of Crédit Commercial de France SA are available from that company at 103, avenue des Champs-Élysées, 75008, Paris, France.

The Company's ultimate holding company, Crédit Commercial de France SA, was acquired by HSBC Holdings plc on 28 July 2000.