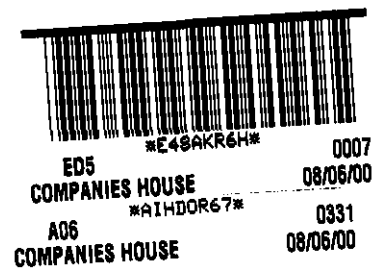


GROSVENOR MANAGEMENT LIMITED

Registered No 3406618

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1999



GROSVENOR MANAGEMENT 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 during the year was to act as general partner to the GMETRO Fund.

On 1 December 1999 the company subscribed for 100 £1 shares in each of the following companies:

111 Old Broad Street Limited
125 Wood Street Limited
49 Grosvenor Street Limited
50 Grosvenor Street Limited
51 Grosvenor Street Limited
Almack House Limited

These companies were formed to hold the legal interest in office properties.

On 3 December 1999 the company subscribed for a £1 share in the GMetro Fund, a limited partnership created to invest in central London offices.

RESULTS AND DIVIDENDS

The company did not trade in the year, nor in the previous year. No profit and loss account has therefore been prepared. The state of affairs at 31 December 1999 is set out in the balance sheet.

DIRECTORS

The directors of the company at 31 December 1999, all of whom were directors throughout the year except as noted below, were:

J O Hagger	(resigned 22 November 1999)
J H M Newsum	(resigned 22 November 1999)
M Aldred	(resigned 22 November 1999)
R C Williams	
R S Handley	(appointed 22 November 1999)
S H R Musgrave	(appointed 22 November 1999)
M R Preston	(appointed 22 November 1999)

DIRECTORS' INTERESTS IN SHARE CAPITAL

None of the directors in office at 31 December 1999 had any interests in the securities of the company, Grosvenor Group Holdings Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

GROSVENOR MANAGEMENT LIMITED

DIRECTOR'S REPORT

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 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

Deloitte & Touche were appointed as the company's auditors on 4 February 2000. Pursuant to S386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirements to reappoint auditors annually.

By Order of the Board



C M Tolhurst
Secretary

31 May 2000

GROSVENOR MANAGEMENT LIMITED**AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY**

We have audited the financial statements on pages 4 to 7 which have been prepared under the accounting policies set out on page 5.

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.

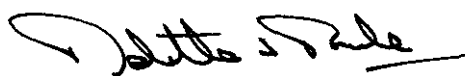
BASIS OF OPINION

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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

31 May 2000

GROSVENOR MANAGEMENT LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
<u>Fixed Assets</u>			
<u>Investments</u>			
Subsidiary undertakings	3	600	-
Associated undertaking	4	1	-
		<u>601</u>	<u>-</u>
<u>Current Assets</u>			
Debtors – Amount due in less than one year	5	99	100
Creditors	6	(600)	-
<u>Net Current (Liabilities)/Assets</u>		<u>(501)</u>	<u>100</u>
<u>Total Assets less Current Liabilities</u>		100	100
<u>Net Assets</u>		<u>100</u>	<u>100</u>
<u>Capital and Reserves</u>			
Called up share capital	7	100	100
<u>Equity Shareholders' Funds</u>		<u>100</u>	<u>100</u>

Approved by the Board on 31 May 2000 and signed on its behalf by:

.....
 Director

GROSVENOR MANAGEMENT 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 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**

Fixed asset investments are stated at cost less provision for any diminution in value.

2. **PROFIT AND LOSS ACCOUNT**

The company has not traded in the year, nor in the previous year. No profit and loss account has therefore been prepared. The company had no recognised gains or losses or movements in shareholders' funds in the year or in the previous year. The expenses of the company are met by Grosvenor Estate Holdings.

3. **FIXED ASSET INVESTMENTS:**
SUBSIDIARY UNDERTAKINGS

	<u>1999</u>	<u>1998</u>
	£	£
Unlisted shares at cost:		
At 1 January	-	-
Acquisitions	600	-
	<hr/>	<hr/>
At 31 December	600	-
	<hr/> <hr/>	<hr/> <hr/>

The subsidiary undertakings all of which are 100% held and incorporated in Great Britain, are:-

111 Old Broad Street Limited
125 Wood Street Limited
49 Grosvenor Street Limited
50 Grosvenor Street Limited
51 Grosvenor Street Limited
Almack House Limited

These companies were formed to hold the legal interest in office properties.

GROSVENOR MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4.	<u>FIXED ASSET INVESTMENTS: ASSOCIATED UNDERTAKINGS</u>	<u>1999</u>	<u>1998</u>
		£	£
	Unlisted shares at cost:		
	At 1 January	-	-
	Acquisitions	<u>1</u>	<u>-</u>
	At 31 December	<u>1</u>	<u>-</u>
		<u>1</u>	<u>-</u>
	The associated undertaking is a £1 investment as a general partner in the GMETRO fund, a partnership set up in Great Britain to invest in central London offices.		
5.	<u>DEBTORS</u>	<u>1999</u>	<u>1998</u>
		£	£
	Amount owed by group undertakings	<u>99</u>	<u>100</u>
6.	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1999</u>	<u>1998</u>
		£	£
	Amounts due to group undertakings	<u>600</u>	<u>-</u>
7.	<u>SHARE CAPITAL</u>	<u>1999</u>	<u>1998</u>
	<u>Authorised</u>	£	£
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>Allotted, called up and fully paid</u> <u>Equity interests</u>		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
8.	<u>ULTIMATE PARENT UNDERTAKING</u>		

The company's ultimate parent undertaking 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.

GROSVENOR MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9. **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 year under review there were no transactions or balances with related parties which require disclosure in these financial statements.