

Registered Number 4045531

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**Annual Report and Financial Statements
for the year ended to 31 December 2004**



Registered Office: 107 Cheapside, London EC2V 6DU

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS

S. P. Smith (Chairman)
H. D. Stephens
S. R. Yates

SECRETARY

J. P. Small

AUDITOR

PricewaterhouseCoopers LLP

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2004.

REVIEW OF ACTIVITIES

The Company acted as agent for its immediate parent undertaking during the year, please refer to note 3 (i) in the notes to the financial statements.

DIRECTORS

The directors of the Company at the date of this report are shown on page 1.

All those listed served throughout the year.

DIRECTORS' INTERESTS

According to the register of directors' interests, the interests of directors in the share capital and units of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company are as follows:

Interests in Shares and Units

AXA

Shares of €2.29 each

	At 1 January 2004	At 31 December 2004
S. P. Smith	840	840
H. D. Stephens	220	-
S. R. Yates	644	644

AXA

	Units in AXA Global Fund		Units in AXA Actionnariat II Fund	
	At 1 January 2004	At 31 December 2004	At 1 January 2004	At 31 December 2004
S. P. Smith	714.1741	714.1741	282.5117	290.0621
H. D. Stephens	385.1234	385.1234	-	-
S. R. Yates	581.1065	581.1065	-	-

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (Continued)

Interests in Options

	AXA			
	At 1 January 2004 Options to subscribe for Shares	Options granted	During Year Options exercised	Options lapsed
S. P. Smith	12,940	-	-	-
H. D. Stephens	1,507	-	-	-

The options outstanding at 31 December 2004 are exercisable at various times between 1 January 2005 and 26 February 2012 at prices between €20.88 and €40.86 per share.

	AXA UK plc		
	At 1 January 2004 Options to subscribe for Shares	Options exercised	Options lapsed
H. D. Stephens	1,635	-	392

The options outstanding at 31 December 2004 are exercisable at various times between 1 January 2005 and 30 June 2005 at £4.07 per share.

	AXA Real Estate Investment Managers SA		
	At 1 January 2004 Options to subscribe for Shares	Options Exercised	Options lapsed
S. P. Smith	247	123	-
H. D. Stephens	47	23	-

The options outstanding at 31 December 2004 are exercisable at various times between 5 February 2005 and 4 February 2011 at €1,721.50 per share.

Save as stated above, none of the directors at 31 December 2004 had interests in the share capital of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company.

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DIRECTORS' REPORT (CONTINUED)

AUDITORS

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



J. P. Small
Secretary

18 August 2005

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 of the profit or loss of the Company for that period. 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

We have audited the financial statements which comprise the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises only the directors' report.

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.

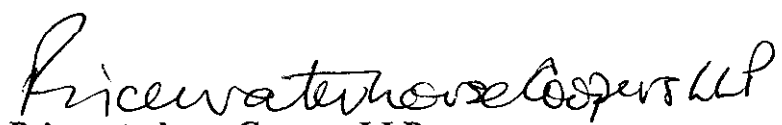
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED
(CONTINUED)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and have been properly prepared in accordance with the Companies Act 1985.



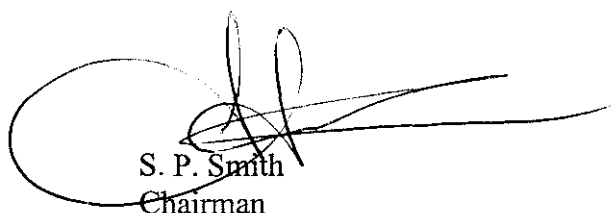
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
18 August 2005

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**BALANCE SHEET
at 31 December 2004**

	Note	2004	2003
		£	£
Current assets			
Amounts due from parent undertaking		8	8
		—	—
Net assets		8	8
		==	==
 Called up share capital	2	8	8
		—	—
Equity shareholders' funds		8	8
		==	==

The financial statements on pages 8 to 11 were approved by the Board of Directors on 18 August 2005 and signed on its behalf by:


 S. P. Smith
 Chairman

The notes on pages 9 to 11 form part of these financial statements

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICY

The principal accounting policy is set out below. The policy remains unchanged from the previous year.

Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The directors have reviewed the Company's existing accounting policies and consider them to be appropriate and in accordance with the objectives of Financial Reporting Standard 18 'Accounting Policies' which are relevance, reliability, comparability and understandability

2. SHARE CAPITAL

	2004		2003	
	Authorised	Paid-up	Authorised	Paid-up
	£	£	£	£
Authorised:				
100 "A" (2003: 100)				
ordinary shares of £0.25 each	25		25	
300 "B" (2003: 300)				
ordinary shares of £0.25 each	<u>75</u>		<u>75</u>	
	<u>100</u>		<u>100</u>	
Issued:				
8 "A" (2003: 8)				
ordinary shares of £0.25 each,				
fully paid		2		2
24 "B" (2003: 24)				
ordinary shares of £0.25 each,				
fully paid		<u>6</u>		<u>6</u>
		<u>8</u>		<u>8</u>

The voting rights of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OTHER STATUTORY INFORMATION

- (i) During the current financial year and the preceding financial year the Company acted as agent for its immediate parent undertaking in relation to the payment of expenses on behalf of the tenants of the flats and invoicing of service charges. The Company acted as agent for its immediate parent undertaking during 2004 and 2003, and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss.
- (ii) All the directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.
- (iii) The average number of employees of the Company during the period was nil (2003: nil).
- (iv) Audit fees of £1,645 (2003: £1,025) and accounting fees have been borne by the tenants of the flats as recoverable service charge expenses. There were no non-audit services provided by the Company's auditors to the Company (2003: £nil).

4. RELATED PARTIES

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.

5. CASH FLOW STATEMENT

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

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NOTES TO THE FINANCIAL STATEMENTS

6. IMMEDIATE AND ULTIMATE PARENT

The Company is a subsidiary of Sun Life Assurance Society plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.