

CL RESIDENTIAL LIMITED

Registered Number 1761572

Regulated by the Financial Services Authority

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004



CL RESIDENTIAL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2004

Principal activities

The Company provides investments and fund management services to The Charterhouse London Residential Property Fund. No change in the Company's activities is anticipated.

Results and dividends

The Company's results for the year under review are as detailed in the statement of profit and loss shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2004 (2003: £139,663).

Directors

The Directors who served during the year were as follows:

Name	Appointed
S P de Albuquerque (alternate to T G Thorp)	
E D Glover	
W M F von Guionneau	
T G Thorp	
C Holbrook	19 May 2004
A D J Moffat	7 April 2004

Directors' interests

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each Director of the Company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2004 the Trusts held a total of 123,108,967 ordinary shares of US\$0.50 each (1 January 2004: 110,770,974).

None of the Directors at 31 December 2004 had any other interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

CL RESIDENTIAL LIMITED

REPORT OF THE DIRECTORS (continued)

Supplier payment policy

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

During the year, the Company only received goods and services from group undertakings. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in their report on page 3, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare 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 financial year. The directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



R L Poole
Secretary

11 February 2005

Registered Office:
2 Jubilee Place
London
SW3 3TQ

CL RESIDENTIAL LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CL RESIDENTIAL LIMITED

We have audited the financial statements on pages 4 to 9.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the Company is not disclosed.

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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants and Registered Auditor
8 Salisbury Square
London EC4Y 8BB

11 February 2005

CL RESIDENTIAL LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	1,434,512	1,367,350
Administrative expenses		(1,198,327)	(1,167,983)
Operating profit		236,185	199,367
Interest receivable and similar income	3	397	225
Profit on ordinary activities before taxation		236,582	199,592
Tax charge on profit on ordinary activities	7	(70,988)	(59,929)
Profit for the financial year		165,594	139,663
Dividends	8	-	(139,663)
Retained profit for the financial year		165,594	-

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.

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

CL RESIDENTIAL LIMITED

BALANCE SHEET at 31 December 2004

	Notes	2004 £	2003 £
Current assets			
Debtors	10	524,260	354,482
Cash at bank and in hand	11	11,237	11,317
		<u>535,497</u>	<u>365,799</u>
Creditors – amounts falling due within one year	12	(359,903)	(355,799)
Net assets		<u>175,594</u>	<u>10,000</u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account	14	165,594	-
Equity shareholders' funds	15	<u>175,594</u>	<u>10,000</u>

The Financial Statements on pages 4 to 9 were approved by the Board of Directors on 11 FEBRUARY 2005, and signed on its behalf by:



E D Glover
Director

CL RESIDENTIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

1. Accounting policies

(a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable to the United Kingdom. The principal accounting policies of the Company are set out below and have remained unchanged from the previous year.

(b) *Turnover*

Turnover consists of the Company's entitlement as General Partner to priority profit shares from The Charterhouse London Residential Property Fund. All income is recognised on an accruals basis.

(c) *Deferred taxation*

Taxation is based on the Company's profit for the financial year. Except where otherwise required by accounting standards, full provision, without discounting, is made for all timing differences which have arisen but not reversed at the balance sheet date.

(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 "Cash Flow Statement (Revised 1996)", as the Company's financial statements are included in the consolidated financial statements of its ultimate parent company, which are publicly available.

(e) *Investment in Limited Partnership*

The Company is the General Partner of The Charterhouse London Residential Property Fund ("the Fund"), which is a United Kingdom Limited Partnership. Due to the nature of Limited Partnerships, the Fund is considered to be a subsidiary undertaking of the General Partner. In accordance with the exemption available under section 228 1(a) of the Companies Act 1985, the Company has not prepared consolidated financial statements. The General Partner has no investment in the Fund.

2. Turnover

	2004 £	2003 £
General Partner's profit share	1,434,512	1,367,350

3. Interest receivable and similar income

	2004 £	2003 £
Bank interest received	397	225

4. Directors' remuneration

The Directors' emoluments are borne by an immediate parent undertaking. It is not practicable to allocate costs to CL Residential Limited for the services performed by the Directors in relation to the Company.

CL RESIDENTIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2004

5. Auditors' remuneration

The auditors' remuneration for the current and previous financial year has been borne by a group undertaking.

6. Employees

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

7a. Tax charge on profit on ordinary activities

	2004		2003	
	£	£	£	£
Current tax:				
UK corporation tax on profits of the period	70,982		59,878	
Adjustments in respect of previous periods	6		51	
Total current tax		70,988		59,929

7b. Factors affecting tax charge for the year

	2004 £	2003 £
Profit on ordinary activities before taxation	236,582	199,592
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	70,975	59,878
Effects of:		
Expenses not deductible for tax purposes	7	-
Adjustments to tax charge in respect of previous periods	6	51
Current tax charge for the year	70,988	59,929

7c. Factors affecting future current and total tax charges

There are no factors which are expected to have a significant effect on future current and total tax charges.

8. Dividends

	2004 £	2003 £
Interim dividends proposed	-	139,663

CL RESIDENTIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2004

9. Subsidiaries

The Company, in its capacity as General Partner of The Charterhouse London Residential Property Fund ("the Fund"), has acquired nominee subsidiaries for and on behalf of the Fund. As the Company has no beneficial interest in the companies they are excluded from its balance sheet.

The subsidiaries are detailed below:

CL Administration (No.2) Limited
CL Administration (No.3) Limited
CL Administration (No.4) Limited
CL Administration (No.5) Limited

10. Debtors	2004 £	2003 £
Amounts due from group undertakings	<u>524,260</u>	<u>354,482</u>
11. Cash at bank and in hand	2004 £	2003 £
Amounts deposited with group undertakings	<u>11,237</u>	<u>11,317</u>
12. Creditors – amounts falling due within one year	2004 £	2003 £
Amounts due to group undertakings	288,921	149,258
Corporation tax	70,982	59,878
Accruals and deferred income	-	7,000
Dividends proposed	-	139,663
	<u>359,903</u>	<u>355,799</u>
13. Share capital	2004 £	2003 £
Authorised, allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
14. Profit and loss account	2004 £	2003 £
Balance at 1 January	-	-
Profit for the financial year	165,594	139,663
Dividends	-	(139,663)
Balance at 31 December	<u>165,594</u>	<u>-</u>

CL RESIDENTIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 31 December 2004

15. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Balance at 1 January	10,000	10,000
Profit for the financial year	165,594	139,663
Dividends	-	(139,663)
Balance at 31 December	175,594	10,000

16. Related party transactions

Under the terms of Financial Reporting Standard No.8 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.

The Company is the General Partner of The Charterhouse London Residential Property Fund (the Fund), a United Kingdom Limited Partnership. As General Partner it is entitled to a priority share of the profits of the partnership as set out in the terms of the Fund's Limited Partnership Agreement. Transactions between the Company and the Fund are disclosed in Notes 2 and 9 of the financial statements.

17. Ultimate parent undertaking

The Company's immediate parent company is HSBC Property Funds (Holding) Limited, which is incorporated in England and Wales.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 'Related Party Disclosures' (FRS 8) is HSBC Holdings plc, which is incorporated in England and Wales.

The smallest and largest group in which the financial statements of the Company are consolidated is HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London E14 5HQ.