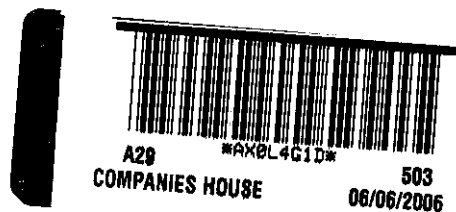


GROSVENOR INVESTMENTS LIMITED

COMPANY REGISTRATION NUMBER 542917

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2005



GROSVENOR INVESTMENTS LIMITED**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was property management.

The directors do not anticipate any significant change in the activity of the company and its profitability.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was £268,053 (2004 - £532,083).

The following dividends have been paid:

	2005 £	2004 £ Restated
Dividends paid on ordinary shares	<u>499,774</u>	<u>—</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the year, except as noted, were as follows:

W J A Bullough
S J Curtis
R S Handley
J E Irvine
J R Milne
S H R Musgrave
R C Williams
P S Vernon
J D T Titchen

(Appointed 7 April 2005)

(Resigned 10 June 2005)

None of the directors in office at 31 December 2005 had any interests in the securities of the company, Grosvenor Group Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

D J P Rawcliffe was appointed as a director on 1 February 2006.

R C Williams resigned as a director on 1 February 2006.

DIRECTORS' RESPONSIBILITIES

United Kingdom 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 at the end of the financial year and of the profit or loss for the year then ended.

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;

GROSVENOR INVESTMENTS LIMITED

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES *(continued)*

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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'C M Tolhurst', written in a cursive style.

C M Tolhurst
Company Secretary

23 MAY 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR INVESTMENTS LIMITED
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Grosvenor Investments Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report 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.

We read the directors' report for the above year 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 International Standards on Auditing (UK and Ireland) 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.

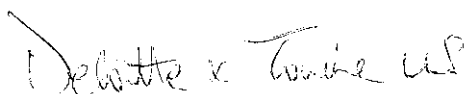
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR INVESTMENTS LIMITED
YEAR ENDED 31 DECEMBER 2005 *(continued)*

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

23 MAY 2006

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GROSVENOR INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £	2004 £ Restated
Turnover	2	4,415,368	4,345,957
Administrative expenses		(4,147,315)	(3,813,874)
Profit on ordinary activities before taxation		268,053	532,083
Tax on profit on ordinary activities		—	—
Profit on ordinary activities after taxation		268,053	532,083
Equity dividends	6	(499,774)	—
Retained (loss)/profit for the financial year		(231,721)	532,083


The company has no recognised gains or losses in the current or preceding year other than the results as set out above.

All of the activities of the company are classed as continuing.

GROSVENOR INVESTMENTS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 £	2004 £ Restated
Current assets			
Debtors	8	3,563,316	3,499,874
Creditors: amounts falling due within one year	9	(295,163)	—
Net current assets		<u>3,268,153</u>	<u>3,499,874</u>
Total assets less current liabilities		<u>3,268,153</u>	<u>3,499,874</u>
Capital and reserves			
Called up equity share capital	11	3,000,100	3,000,100
Profit and loss account	12	<u>268,053</u>	<u>499,774</u>
Equity shareholders' funds	13	<u>3,268,153</u>	<u>3,499,874</u>

These financial statements were approved by the Board on the 23 MAY 2006 and are signed on its behalf by:


.....
Director


.....
Director

GROSVENOR INVESTMENTS 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 applicable United Kingdom law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year with the exception of FRS21 'Events after the balance sheet date', the impact of which is explained in note 7.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

(c) Turnover

The turnover shown in the profit and loss account represents property management fees receivable in the year, excluding VAT.

(d) Deferred taxation

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Taxation

Current UK corporation tax is provided at a group level at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. TURNOVER

Turnover and profit before tax are attributable to the one principal activity of the company in the United Kingdom.

3. AUDITORS' REMUNERATION

Auditors' remuneration for Grosvenor Investments Limited has been borne by a fellow subsidiary undertaking for both the current and preceding year.

4. PARTICULARS OF EMPLOYEES

No fees or other emoluments were paid to the directors of the company during either the current or the preceding year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or preceding year.

5. TAXATION

The taxation charge will be borne by the intermediate holding company, Grosvenor Limited, both in the current and preceding year.

GROSVENOR INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. DIVIDENDS

	2005 £	2004 £ Restated
Dividend paid on equity shares	<u>499,774</u>	<u>—</u>

Refer to note 7 for the effect of the adoption of FRS21 'Events after the balance sheet date' on the dividends paid in the current and preceding year.

7. PRIOR YEAR ADJUSTMENT

The company has adopted FRS21 'Events after the balance sheet date' in the current year. In accordance with this standard, when dividends are declared after the balance sheet date, the entity shall not recognise these dividends as an asset or a liability at the balance sheet date. The balance sheet and profit and loss account at 31 December 2004 have been restated to reflect this change in accounting policy. The impact is to reduce creditors, increase retained profit for the year and increase net assets by £499,774 being the proposed dividend for that year.

8. DEBTORS

	2005 £	2004 £
Trade debtors	308,963	155,600
Amounts owed by group undertakings	3,080,159	2,563,657
Other debtors	—	160
Prepayments and accrued income	174,194	780,457
	<u>3,563,316</u>	<u>3,499,874</u>

9. CREDITORS: amounts falling due within one year

	2005 £	2004 £ Restated
Trade creditors	750	—
Amounts owed to group undertakings	294,250	—
Other creditors	163	—
	<u>295,163</u>	<u>—</u>

10. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited, fellow subsidiaries of Grosvenor Group Limited, or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

In the ordinary course of its business, the company provided management services to certain companies under the Grosvenor trusts. Income from these services totalled £4,335,450 (2004 - £3,992,350). At the end of the financial year, the balance due in relation to these services was £308,963 (2004 - £155,600). This amount is included within debtors.

GROSVENOR INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****11. CALLED UP SHARE CAPITAL****Authorised share capital:**

	2005 £	2004 £
5,000,000 ordinary shares of £1.00 each	<u>5,000,000</u>	<u>5,000,000</u>

Allotted, called up and fully paid:

	2005 £	2004 £
3,000,100 ordinary shares of £1.00 each	<u>3,000,100</u>	<u>3,000,100</u>

12. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
Original balance at 1 January	—	Restated (32,309)
Prior year adjustment (note 7)	<u>499,774</u>	—
Restated balance at 1 January	<u>499,774</u>	(32,309)
Retained (loss)/profit for the financial year	<u>(231,721)</u>	<u>532,083</u>
At 31 December	<u>268,053</u>	<u>499,774</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	<u>268,053</u>	Restated 532,083
Dividends	<u>(499,774)</u>	—
	<u>(231,721)</u>	532,083
Opening equity shareholders' funds as previously stated	<u>3,000,100</u>	2,967,791
Prior year adjustment (see note 7)	<u>499,774</u>	—
Opening equity shareholders' funds as restated	<u>3,499,874</u>	2,967,791
Closing equity shareholders' funds	<u>3,268,153</u>	<u>3,499,874</u>

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent undertaking is Grosvenor Group Limited, a company incorporated in Great Britain and 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, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited is the immediate holding company.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.