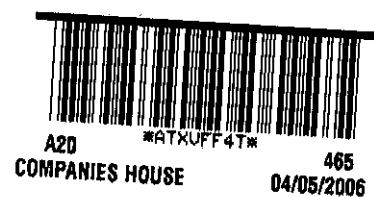


GROSVENOR ESTATE HOLDINGS
(AN UNLIMITED COMPANY HAVING A SHARE CAPITAL)

COMPANY REGISTRATION NUMBER 1414189

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005



GROSVENOR ESTATE HOLDINGS

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 that of a holding company for investments and property.

The directors do not anticipate any significant change in the activity of the company or 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 £1,381,000 (2004 - £17,086,000, as restated, see note 8).

The following dividends have been paid:

	2005 £000	2004 £000 Restated
Dividends paid on ordinary shares	7,775	16,712
Dividends paid on preference shares	730	719
	<u>8,505</u>	<u>17,431</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:

S R H Beavor	
S H R Musgrave	
T L Budden	(Appointed 10 May 2005)
S J Moore	(Appointed 10 May 2005)
J O Hagger	(Resigned 10 May 2005)
J H M Newsum	(Resigned 10 May 2005)

Except as disclosed in the financial statements of the ultimate parent company, 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.

POLICY ON THE PAYMENT OF CREDITORS

Payments terms are agreed with suppliers on an individual basis. It is the policy of the Company to abide by the agreed terms, provided the suppliers comply with all relevant terms and conditions.

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

GROSVENOR ESTATE HOLDINGS

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES *(continued)*

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;
- 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.

CHARITABLE DONATIONS

Charitable contributions during the year amounted to £423,700 (2004 - £351,080) of which £320,000 (2004 - £347,120) was donated to the Westminster Foundation which supports a wide range of charitable causes.

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



J P Ball
Company Secretary

17 MARCH 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR ESTATE HOLDINGS
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Grosvenor Estate Holdings for the year ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under 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 ESTATE HOLDINGS
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

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

17 March 2006
.....

GROSVENOR ESTATE HOLDINGS**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £000	2004 £000 Restated
Turnover		—	—
Administrative expenses		(15,259)	(13,603)
Operating loss	2	(15,259)	(13,603)
Income from shares in group undertakings		21,000	34,596
Interest receivable	4	1,111	852
Interest payable and similar charges	5	(5,471)	(4,759)
Profit on ordinary activities before taxation		1,381	17,086
Tax on profit on ordinary activities	6	3,075	5,011
Profit on ordinary activities after taxation		4,456	22,097
Dividends (including non-equity)	7	(8,505)	(17,431)
Retained (loss)/profit for the financial year		(4,049)	4,666

All results are derived from continuing operations.

GROSVENOR ESTATE HOLDINGS
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2005

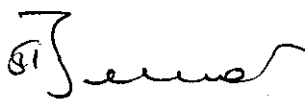
	2005 £000	2004 £000 Restated
Profit for the financial year attributable to the shareholders	4,456	22,097
Actuarial losses	(442)	—
Deferred tax charged directly to reserves	133	—
 Total recognised gains and losses relating to the year	 4,147	 22,097
Prior year adjustment (see note 8)	(10,900)	(26,596)
 Total recognised gains and losses	 (6,753)	 (4,499)

GROSVENOR ESTATE HOLDINGS**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 £000	2004 £000 Restated
Fixed Assets			
Tangible fixed assets	9	941	1,095
Investments	10	1,028,685	858,685
		<u>1,029,626</u>	<u>859,780</u>
Current assets			
Debtors	11	260,836	241,275
Cash at bank and in hand		47,528	35,822
		<u>308,364</u>	<u>277,097</u>
Creditors: amounts falling due within one year	12	(337,669)	(132,868)
Net current (liabilities)/assets		<u>(29,305)</u>	<u>144,229</u>
Total assets less current liabilities		<u>1,000,321</u>	<u>1,004,009</u>
Provisions for liabilities and charges			
Pensions	13	(2,670)	(2,000)
		<u>997,651</u>	<u>1,002,009</u>
Capital and reserves			
Called up share capital	16	59,905	59,905
Share premium account		173,940	173,940
Other reserves	17	554	554
Profit and loss account	18	763,252	767,610
		<u>997,651</u>	<u>1,002,009</u>
Shareholders' funds (including non-equity interests)	19	<u>997,651</u>	<u>1,002,009</u>

These financial statements were approved by the Board on the 17 March 2006 and are signed on its behalf by:


.....
Director


.....
Director

GROSVENOR ESTATE HOLDINGS

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 FRS17 'Retirement benefits' and FRS21 'Events after the balance sheet date', the impact of which are explained in note 8.

(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) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- 12.5%
Fixtures & Fittings	- 12.5%
Motor Vehicles	- 25%
Computer Systems	- 33.3%

(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) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions. Exchange differences are taken into account in arriving at the operating loss.

(f) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

(g) Employee benefits

Obligations for contributions to pension plans accounted for on a defined contribution basis are recognised as an expense to the profit and loss as incurred. The company's net obligation in respect of its unfunded defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method. The future benefit liability is offset by the fair value of the pension plan assets at the balance sheet date.

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES (continued)****(g) Employee benefits (continued)**

The income statement includes the current service cost, the interest cost on the future benefit liability and the expected return on plan assets. Actuarial gains and losses are recognised in full in the year in which they arise and are credited or debited directly to reserves.

(h) Taxation

Current UK corporation tax is provided 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. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2005 £000	2004 £000
Depreciation	284	133
Profit on disposal of fixed assets	(3)	—
Auditors' remuneration		
- as auditors	168	126
- other services	247	48
Net loss on foreign currency translation	<u>3,154</u>	<u>103</u>

3. PARTICULARS OF EMPLOYEES

The average monthly number of employees by business:

	2005 No.	2004 No.
Management and administration	<u>32</u>	<u>35</u>

All employees are based in the United Kingdom.

The aggregate payroll costs of the above were:

	2005 £000	2004 £000
Wages and salaries	4,685	5,539
Social security costs	518	449
Other pension costs	<u>1,286</u>	<u>1,595</u>
	<u>6,489</u>	<u>7,583</u>

The cost of the 32 employees (2004 - 35), who were employed by Grosvenor Estate Management Limited, were borne by the company.

No fees or other emoluments were paid to the directors of the company during either the current or the prior year in respect of their services to the company.

GROSVENOR ESTATE HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4. INTEREST RECEIVABLE

	2005 £000	2004 £000
Bank interest receivable	1,027	507
Interest receivable from group undertakings	84	345
	<u>1,111</u>	<u>852</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £000	2004 £000
Interest payable on bank borrowings	1,185	1,180
Interest payable to group undertakings	4,286	3,579
	<u>5,471</u>	<u>4,759</u>

6. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES**Taxation**

	2005 £000	2004 £000 Restated
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	(2,301)	(3,744)
Deferred tax	(273)	(36)
Prior year adjustments	(501)	(1,231)
Tax credit on profit on ordinary activities	<u>(3,075)</u>	<u>(5,011)</u>

Grosvenor Estate Holdings, as an intermediate holding company, bears the taxation charge for certain of its subsidiary companies in both the current and preceding year.

Factors affecting current tax charge

	2005 £000	2004 £000
Profit before taxation - the company	<u>1,381</u>	<u>17,086</u>
Corporation tax at 30% (2004 - 30%)	414	5,126
Expenses not deductible	2,690	518
UK dividend income	(6,300)	(10,378)
Tax on behalf of other entities	869	(335)
Prior year adjustment	(501)	(1,707)
Other items attracting no tax relief or liability	(247)	1,765
Total current tax	<u>(3,075)</u>	<u>(5,011)</u>

GROSVENOR ESTATE HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

7. DIVIDENDS

	2005 £000	2004 £000 Restated
Dividend paid on ordinary shares	864	1,857
Dividend paid on non voting ordinary shares	6,911	14,855
Dividend paid on non-equity shares	730	719
	<u>8,505</u>	<u>17,431</u>

8. 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 on the balance sheet was to reduce debtors by £10.9m being the dividend receivable for that year and reduce creditors by £5.5m being the dividend proposed for that year. The retained loss in 2004 of £1.9m was decreased by £6.6m to become a retained profit of £4.7m, comprising of the following transactions:

	£m
Dividend receivable for 2004	(10.9)
Dividend proposed for 2004	5.5
Prior year adjustment for 2005	(5.4)
2003 dividend received in 2004	26.6
2003 dividend paid in 2004	(14.6)
Prior year adjustment for 2004	12.0
Total adjustment to 2004 profit	<u>6.6</u>

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****9. TANGIBLE FIXED ASSETS**

	Leasehold improvements	Motor vehicles	Furniture and equipment	Total
	£000	£000	£000	£000
Cost				
At 1 January 2005	171	80	1,048	1,299
Additions	—	—	130	130
Disposals	—	(9)	—	(9)
At 31 December 2005	<u>171</u>	<u>71</u>	<u>1,178</u>	<u>1,420</u>
Depreciation				
At 1 January 2005	93	28	83	204
Charge for the year	43	18	223	284
On disposals	—	(9)	—	(9)
At 31 December 2005	<u>136</u>	<u>37</u>	<u>306</u>	<u>479</u>
Net book value				
At 31 December 2005	<u>35</u>	<u>34</u>	<u>872</u>	<u>941</u>
At 31 December 2004	<u>78</u>	<u>52</u>	<u>965</u>	<u>1,095</u>

10. INVESTMENTS**SUBSIDIARY UNDERTAKINGS**

	£000
Cost:	
At 1 January	858,685
Additions	170,000
At 31 December	<u>1,028,685</u>
Net book value:	
At 31 December 2005	<u>1,028,685</u>
At 31 December 2004	<u>858,685</u>

The principal subsidiary undertakings at 31 December 2005 are:

Property investments:

Grosvenor (Mayfair) Estate *

Grosvenor (Belgravia) Estate *

Intermediate holding companies:

Grosvenor Limited

Grosvenor Overseas Holdings Limited

Grosvenor International Limited

* Unlimited company

All of the above companies are incorporated in Great Britain and are wholly-owned direct subsidiaries of Grosvenor Estate Holdings, apart from Grosvenor International Limited which is part owned by Grosvenor Overseas Holdings Limited.

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****11. DEBTORS**

	2005 £000	2004 £000 Restated
Trade debtors	77	—
Amounts owed by group undertakings	257,563	237,745
Other debtors	209	1,655
Deferred tax (Note 14)	1,478	430
Prepayments and accrued income	1,509	1,445
	<u>260,836</u>	<u>241,275</u>

12. CREDITORS: amounts falling due within one year

	2005 £000	2004 £000 Restated
Bank loans and overdrafts	—	291
Trade creditors	36	1,265
Amounts owed to group undertakings	329,869	127,195
Deferred tax (Note 14)	469	—
Other creditors	2,230	—
Accruals and deferred income	5,065	4,117
	<u>337,669</u>	<u>132,868</u>

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****13. PENSIONS**

The principal pension schemes are the Grosvenor Pension Plan (the 'Plan', formerly the Grosvenor Estates Pension Scheme), a defined benefit pension scheme, and the Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution scheme. Both schemes are administered by independent trustees. The Plan is open to all staff and provides a defined benefit pension up to an upper earnings limit. Above this limit the Group contributes between 25% and 30% of that tranche of salary into GEMPS. Some members of the Plan accrue benefits on historical scales which pension full salary (subject to earnings cap).

Independent qualified actuaries complete valuations of the Plan at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules.

The most recent actuarial valuation was carried out at 31 December 2002 using the projected unit funding method and taking assets at their market value. The major actuarial assumptions are set out on page 15.

At 31 December 2002 the market value of the Plan assets was £49,500,000 which was sufficient to cover 72% of the funding target for benefits that had accrued to members after allowing for expected increases in earnings. The company's share of the funding shortfall is being met by annual fixed payments of £550,000 plus a one-off adjusted contribution of £1,380,000 paid during 2003. 'The regular cost' of the benefit accrual is in addition to these fixed contributions and is payable at a rate of 21.3% of salaries.

Although the Plan is a defined benefit scheme, it is a multi-employer scheme and the company's share of the underlying assets and liabilities cannot be identified. As a result, FRS 17 requires that the scheme is accounted for on a contributions basis and therefore the defined benefit disclosures are not required. However actuarial valuations for the Plan as a whole have been updated to 31 December 2005 by the independent qualified actuary, in accordance with the basis set out in FRS 17, and included below is an analysis of the deficit indicated by that valuation together with the major assumptions used by the actuary.

In addition, the company operates an unfunded defined benefit scheme to satisfy pension commitments not catered for by the principal schemes. The provision for the unfunded scheme is shown in note 15.

Defined benefit pension costs charged to the profit and loss account were £1,112,000 (2004 - £1,553,000). This includes a variation cost of £499,000 (2004 - £537,000) which is calculated as a level payment sufficient to meet the shortfall between the asset and funding target over 15 years (the expected remaining service lives of current employees in the scheme). At 31 December 2005, the prepayment for pension liabilities was £1,484,000 (2004 - £1,413,000) and the provision for pension liabilities was £2,670,000 (2004 - £2,000,000) which related wholly to the unfunded pension scheme.

The company's contributions to the defined contribution scheme were £174,000 (2004 - £42,000).

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****13. PENSIONS (continued)**

	2005 £m	2004 £m	2003 £m
Pension scheme deficit before tax	(15.6)	(6.7)	(7.8)

Assets in the scheme and the expected rates of return

	Value	2005 Long-term rate of expected return	Value	2004 Long-term rate of expected return	Value	2003 Long-term rate of expected return
	£m		£m		£m	
Equities	87	7.3%	70.2	7.5%	60.3	7.7%
Gilts	9.5	4.0%	7.5	4.6%	6.3	4.8%
Other	1.3	4.6%	1.3	5.2%	0.2	5.4%
	<u>97.8</u>		<u>79</u>		<u>66.8</u>	
Present value of scheme liabilities	<u>(113.4)</u>		<u>(85.7)</u>		<u>(74.6)</u>	
Pension scheme deficit before tax	(15.6)		(6.7)		(7.8)	
Related deferred tax asset at 30%	<u>4.7</u>		<u>2.0</u>		<u>2.3</u>	
Deficit in scheme	<u>(10.9)</u>		<u>(4.7)</u>		<u>(5.5)</u>	

Major assumptions used by the actuary were:

	2005	2004	2003
Rate of increase in salaries	3.9 - 6.9%	3.9 - 6.9%	6.2%
Rate of increase in pensions payment	2.9%	2.9%	2.7%
Discount rate	4.7%	5.3%	5.4%
Inflation	2.9%	2.9%	2.7%

The above analysis relates to the whole of the Grosvenor Pension Plan including the element that relates to non company employees.

GROSVENOR ESTATE HOLDINGS**NOTES TO THE FINANCIAL STATEMENTS****14. DEFERRED TAXATION**

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £000	2004 £000
Short term timing differences		
Included within debtors	1,478	430
Included within creditors	(469)	-
	<u>1,009</u>	<u>430</u>

Short term timing differences arise on the company's unfunded pension provision and as a result of tax liabilities borne on behalf of other group companies.

15. PROVISIONS

	2005 £000	2004 £000
At 1 January	2,000	1,560
Current service cost	130	350
Other financial expenditure	98	90
Actuarial losses charged to reserves	442	-
At 31 December	<u>2,670</u>	<u>2,000</u>

Provisions are in respect of unfunded pension obligations, and are based on valuations carried out by independent qualified actuaries. There were no material adjustments in respect of the prior year arising on adoption of FRS 17. The principal assumptions used by the actuaries are the same as those used for the Grosvenor Pension Plan, which are set out on page 15. Actuarial losses as a percentage of the scheme liabilities were 16.5% in 2005 and 4.5% in 2004. They were not material in earlier years.

16. CALLED UP SHARE CAPITAL**Authorised share capital:**

	2005 £000	2004 £000
8,000,000 ordinary shares of £1.00 each	8,000	8,000
64,000,000 non voting ordinary shares of £1.00 each	64,000	64,000
8,000,000 12% non cumulative irredeemable preference shares of £1.00 each	8,000	8,000
	<u>80,000</u>	<u>80,000</u>

Allotted, called up and fully paid:

	2005 £000	2004 £000
5,990,471 ordinary shares of £1.00 each	5,991	5,991
47,924,192 non voting ordinary shares of £1.00 each	47,924	47,924
5,990,471 12% non cumulative irredeemable preference shares of £1.00 each	5,990	5,990
	<u>59,905</u>	<u>59,905</u>

GROSVENOR ESTATE HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

17. OTHER RESERVES

	2005 £000	2004 £000
Currency translation reserve	<u>554</u>	<u>554</u>

18. PROFIT AND LOSS ACCOUNT

	2005 £000	2004 £000 Restated
Original balance at 1 January	773,016	774,902
Prior year adjustment (note 8)	<u>(5,406)</u>	<u>(11,958)</u>
Restated balance at 1 January	767,610	762,944
Retained (loss)/profit for the financial year	(4,049)	4,666
Other movements	<u>(309)</u>	<u>—</u>
At 31 December	<u>763,252</u>	<u>767,610</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**EQUITY SHAREHOLDERS' FUNDS**

	2005 £000	2004 £000 Restated
Profit for the financial year	4,456	22,097
Dividends	<u>(8,505)</u>	<u>(17,431)</u>
	(4,049)	4,666
Other movements	<u>(309)</u>	<u>—</u>
Net (reduction)/addition to funds	(4,358)	4,666
Opening equity shareholders' funds as previously stated	1,001,425	1,003,311
Prior year adjustment (see note 8)	<u>(5,406)</u>	<u>(11,958)</u>
Opening equity shareholders' funds as restated	<u>996,019</u>	<u>991,353</u>
Closing equity shareholders' funds	<u>991,661</u>	<u>996,019</u>

NON-EQUITY SHAREHOLDERS' FUNDS

Opening and closing shareholders' non-equity funds	<u>5,990</u>	<u>5,990</u>
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TOTAL SHAREHOLDERS' FUNDS	<u>997,651</u>	<u>1,002,009</u>
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20. CONSOLIDATED ACCOUNTS

Consolidated accounts have not been produced as Grosvenor Estate Holdings is a wholly owned subsidiary of Grosvenor Group Limited.

GROSVENOR ESTATE HOLDINGS

NOTES TO THE FINANCIAL STATEMENTS

21. 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.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.

In connection with the demerger of Deva Group Limited (non-core activities) in 1999 the company has provided guarantees up to a maximum of £22m (2004 - £22m).

22. 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 and smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Group Limited is the immediate parent company.

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