

CAPITAL RESIDENTIAL FUND NOMINEE NO.2 LIMITED

(Registered Number: 4089236)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2005



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CAPITAL RESIDENTIAL FUND NOMINEE NO.2 LIMITED

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2005, which have been prepared in accordance with the provisions of the Companies Act 1985 (as amended).

Principal activity and future developments

The Company acts as a bare nominee for Citicorp Trustee Company Limited in relation to property investments of which Citicorp Trustee Company Limited is trustee. The Directors have no plans to develop the Company's activities further.

Results and dividends

The Company has not incurred any expenses nor earned any revenues during the year and, as a consequence, the Company has made neither a profit nor a loss in respect of the year.

The state of affairs of the Company as at the period end were as detailed in the balance sheet.

No dividends were declared or paid by the Company during the period and the Directors do not recommend the declaration of a dividend in respect of the period.

Directors and their interests

The Directors who held office at 31 December 2005 were:

S L Clark
S D Quinn
D M Morrison
I J Lyall
S Pierantozzi

H S Rees resigned as a Director with effect from 21 January 2005.

I J Lyall, S Pierantozzi and D M Morrison were appointed Directors with effect from 18 March 2005.

None of the Directors nor their immediate families had, at any time during the year, any interests in the shares of or contracts with the Company or any other group undertaking which is required to be disclosed under the Companies Act 1985.

Directors' responsibilities for financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable with law and regulations.

Company law requires the Directors to prepare financial statements for each accounting reference period, 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 (the "financial statements"). Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

In preparing these 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.

CAPITAL RESIDENTIAL FUND NOMINEE NO.2 LIMITED

REPORT OF THE DIRECTORS (continued)

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 provisions of the Companies Act 1985. They 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.

Employees

There were no persons employed by the Company during the period and no persons have been employed by the Company since the period end.

Charitable donations and political contributions

There were no charitable donations nor any contributions for political purposes made by the Company during the period.

Auditors

An elective resolution to dispense with the annual appointment of the Auditors pursuant to s.386 of the Companies Act 1985 is in force. Accordingly the Company's present Auditors, KPMG Audit Plc shall be deemed to be re-appointed for 2006 and subsequently until further notice.

Approved by the Board of Directors on 26 April 2006 and were signed on their behalf by:



S L Clark
Director

Registered office:
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

CAPITAL RESIDENTIAL FUND NOMINEE NO.2 LIMITED

Independent Auditors Report to the Member of CAPITAL RESIDENTIAL FUND NOMINEE NO.2 LIMITED

We have audited the financial statements of Capital Residential Fund Nominee No 2 Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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

As described in the Directors' Report on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant 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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor
London
26 April 2006

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The accounting policies, which have been applied consistently throughout the current year and the preceding year, are set out below:

a) Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In accordance with the revised Financial Reporting Standard ("FRS") 1, the Company has not prepared a cash flow statement. The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

Under the subsidiary undertakings exemption of FRS 8, the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

2. Directors' emoluments

None of the Directors received any emoluments during the period in respect of their services to the Company (2004: £nil).

3. Amount due from group company

Assets of £1 (2004: £1) represent an amount due from a fellow group company.

4. Share capital

	2005 £	2004 £
Authorised: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued, allotted and fully paid: 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

5. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Citigroup Inc., which is incorporated in the United States of America under the laws of the State of Delaware.

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc. Copies of these group accounts are available to the public and may be obtained from Citigroup Document Services, 140 58th Street, Brooklyn, New York, NY 11220, United States of America.

The smallest group in which the results of the accounts are consolidated is that headed by Citibank Investments Limited. Copies of these group accounts are available to the public and may be obtained from its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.