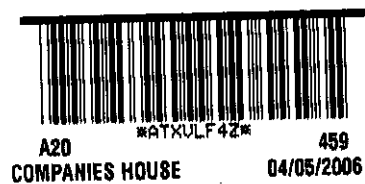


GROSVENOR CONTINENTAL EUROPE HOLDINGS
LIMITED

COMPANY REGISTRATION NUMBER 4233654

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005



GROSVENOR CONTINENTAL EUROPE HOLDINGS 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 that of a holding company for investments.

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

Since the Euro forms the main currency in which the company's business is transacted, the company reports in Euro.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was €472 (2004 - €976).

The directors have not recommended payment of a dividend (2004 - €nil).

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

S R H Beevor
S M Doyle-Linden
J O Hagger
J H M Newsum

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.

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;
- 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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**DIRECTORS' REPORT** *(continued)***DIRECTORS' RESPONSIBILITIES (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 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



J O Hagger
Company Secretary

17 MARCH 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 CONTINENTAL EUROPE HOLDINGS 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

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

17 March 2006

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2005**

	Note	2005 €	2004 €
Turnover		—	—
Administrative expenses		—	—
Operating result		—	—
Income from shares in group undertakings	4	467	976
Interest receivable and simliar income		5	—
Profit on ordinary activities before taxation		472	976
Tax on profit on ordinary activities		—	—
Retained profit for the financial year		472	976

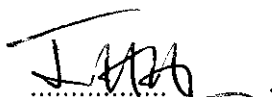
The company has no recognised gains or losses in the current or preceding year other than the results as set out above.

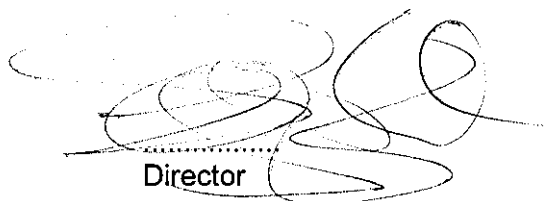
All results are derived from continuing operations.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 €	2004 €
Fixed Assets			
Investments	6	<u>286,890,000</u>	<u>286,890,000</u>
Current assets			
Debtors	7	—	556,593
Cash at bank and in hand		<u>7,503</u>	<u>7,031</u>
		7,503	563,624
Creditors: amounts falling due within one year	8	<u>(8,894)</u>	<u>(565,487)</u>
Net current liabilities		<u>(1,391)</u>	<u>(1,863)</u>
Total assets less current liabilities		<u>286,888,609</u>	<u>286,888,137</u>
Capital and reserves			
Called up equity share capital	9	164,380,884	164,380,884
Profit and loss account	10	<u>122,507,725</u>	<u>122,507,253</u>
Equity shareholders' funds	11	<u>286,888,609</u>	<u>286,888,137</u>

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


Director


Director

GROSVENOR CONTINENTAL EUROPE HOLDINGS 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.

(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) Investments

Investments held as fixed assets are stated at cost less provision for any material diminution in value.

(d) 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. AUDITORS' REMUNERATION

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

3. PARTICULARS OF EMPLOYEES

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. The directors are paid by Grosvenor Estate Holdings. There were no employees of the company for the current or preceding year.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2005	2004
	€	€
Income from group undertakings	467	976
	<hr/>	<hr/>

5. TAXATION

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

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****6. INVESTMENTS****Shares at cost**

€

Cost:

At 1 January 2005 and 31 December 2005

286,890,000**Net book value:**

At 31 December 2005

286,890,000

At 31 December 2004

286,890,000**7. DEBTORS**

2005

2004

€

€

Amounts owed by group undertakings

-**556,593****8. CREDITORS: amounts falling due within one year**

2005

2004

€

€

Amounts owed to group undertakings

8,894**565,487****9. CALLED UP SHARE CAPITAL****Authorised share capital:**

2005

2004

€

€

100,563,370 ordinary shares of £1.00 each

164,380,884 **164,380,884****Allotted, called up and fully paid:**

2005

2004

€

€

100,563,370 ordinary shares of £1.00 each

164,380,884 **164,380,884****10. PROFIT AND LOSS ACCOUNT**

2005

2004

€

€

At 1 January

122,507,253 **122,506,277**

Retained profit for the financial year

472**976**

At 31 December

122,507,725 **122,507,253****11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

2005

2004

€

€

Profit for the financial year

472**976**

Opening equity shareholders' funds

286,888,137 **286,887,161**

Closing equity shareholders' funds

286,888,609 **286,888,137**

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. 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.

13. ULTIMATE PARENT COMPANY

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 Overseas Holdings Limited is the immediate parent company.

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