

GROSVENOR CONTINENTAL EUROPE HOLDINGS
LIMITED

COMPANY REGISTRATION NUMBER 4233654

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

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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 2007

The directors' report has been prepared in accordance with the special provisions relating to small companies under S246(4) of the Companies Act 1985

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an immediate holding company for Grosvenor's overseas 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 €766 (2006 - €447)

The following dividends have been paid

	2007 €	2006 €
Dividends paid on ordinary shares	—	<u>122,507,725</u>

THE DIRECTORS OF THE COMPANY

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

S R H Beevor	
J H M Newsum	
N R Scarles	
S J Moore	(Appointed 1 October 2007)
S M Doyle-Linden	(Resigned 1 October 2007)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

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, 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 that 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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

13 March 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and the related notes 1 to 12. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 2007 *(continued)*

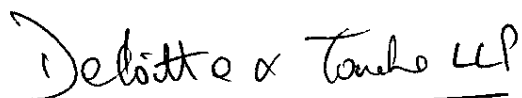
OPINION

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 2007 and of its profit for the year then ended,

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

the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, reading "Deloitte & Touche LLP", is written over a horizontal line.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

13 MAR 2008

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 €	2006 €
Turnover		—	—
Administrative expenses		(21)	(57)
Operating loss		(21)	(57)
Income from shares in group undertakings	4	787	488
Interest receivable and similar income		—	16
Profit on ordinary activities before taxation		766	447
Tax on profit on ordinary activities	5	—	—
Profit for the financial year		766	447

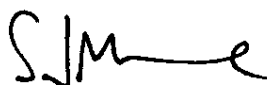
The company has no recognised gains or losses in the current or preceding year other than the results as set out above, accordingly no separate statement of recognised gains and losses is presented

All results are derived from continuing operations

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	2007 €	2006 €
Fixed assets			
Investments	6	<u>1,285,706,182</u>	<u>286,890,000</u>
Current assets			
Cash at bank and in hand		1,006	239
Creditors: amounts falling due within one year	7	<u>(122,505,291)</u>	<u>(122,508,908)</u>
Net current liabilities		<u>(122,504,285)</u>	<u>(122,508,669)</u>
Total assets less current liabilities		<u>1,163,201,897</u>	<u>164,381,331</u>
Capital and reserves			
Called up share capital	8	<u>1,163,200,684</u>	<u>164,380,884</u>
Profit and loss account	9	<u>1,213</u>	<u>447</u>
Shareholders' funds	10	<u>1,163,201,897</u>	<u>164,381,331</u>

These financial statements were approved and authorised for signing by the Board on the 13 March 2008 and are signed on its behalf by



Director

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

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.

The company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the company is not required to prepare consolidated financial statements.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS 1 '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 is €3,000 (2006 - €3,000) and has been borne by Grosvenor Estate Holdings, a fellow subsidiary undertaking.

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 GROUP UNDERTAKINGS

	2007	2006
	€	€
Income from shares in group undertakings	<u>787</u>	<u>488</u>

5. TAXATION

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

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

€

Cost:

At 1 January 286,890,000

Additions 998,816,182

At 31 December 1,285,706,182**Net book value:**At 31 December 2007 1,285,706,182At 31 December 2006 286,890,000

The company holds 28,500 (2006 - 28,500) ordinary shares of €1 25 each and 43,500 (2006 - 19,500) non voting preferred shares of €1 25 each in Grosvenor International SA, a subsidiary incorporated in Luxembourg which is listed on the Luxembourg stock exchange

7. CREDITORS: amounts falling due within one year

	2007 €	2006 €
Amounts owed to group undertakings	<u>122,505,291</u>	<u>122,508,908</u>

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

	2007 No.	2006 No.
Ordinary shares of £1 00 each	<u>1,000,000,000</u>	<u>100,563,370</u>

Allotted, called up and fully paid:

	2007 No.	2006 No.
Ordinary shares of £1 00 each	<u>814,362,983</u>	<u>100,563,370</u>

	2007 €	2006 €
At 1 January	164,380,884	164,380,884
New ordinary share capital subscribed	<u>998,819,800</u>	-
At 31 December	<u>1,163,200,684</u>	<u>164,380,884</u>

The authorised share capital was increased during the year from 100,563,370 ordinary shares of £1 00 each to 1,000,000,000 ordinary shares of £1 00 each

On 17 December 2007 713,799,613 ordinary shares of £1 00 each were issued at par to Grosvenor Overseas Holdings Limited

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****9. PROFIT AND LOSS ACCOUNT**

	2007	2006
	€	€
At 1 January	447	122,507,725
Profit for the financial year	766	447
Equity dividends paid	–	(122,507,725)
At 31 December	<u>1,213</u>	<u>447</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	€	€
Profit for the financial year	766	447
New ordinary share capital subscribed	998,819,800	–
Equity dividends paid	–	(122,507,725)
Net addition/(reduction) to shareholders' funds	<u>998,820,566</u>	(122,507,278)
Opening shareholders' funds	<u>164,381,331</u>	286,888,609
Closing shareholders' funds	<u>1,163,201,897</u>	<u>164,381,331</u>

11. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS 8 '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

12. 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 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