

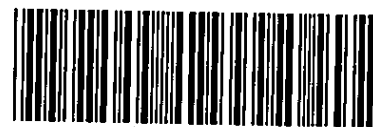
GROSVENOR CONTINENTAL EUROPE HOLDINGS
LIMITED

COMPANY REGISTRATION NUMBER 4233654

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

TUESDAY



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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 2008.

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 certain of Grosvenor's overseas investments.

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

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

The company's financial position is set out in the balance sheet on page 6, which shows that it has substantial positive net assets. The company has net current liabilities, due to loans from its immediate parent, which has confirmed that it will not require repayment of those loans unless the company has the necessary resources.

Therefore, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was €1,088 (2007 - €766).

THE DIRECTORS OF THE COMPANY

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

S R H Beevor

S J Moore

N R Scarles

M R Preston

J H M Newsum

(Appointed 1 July 2008)

(Resigned 30 June 2008)

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

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.

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; 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

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

Signed by order of the Board



J P Ball
Company Secretary

16 March 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2008 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 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

The directors' responsibilities for preparing 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 2008 *(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 2008 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 €	2007 €
Turnover		—	—
Administrative expenses		—	(21)
Operating result/loss		—	(21)
Income from shares in group undertakings	4	1,088	787
Profit on ordinary activities before taxation		1,088	766
Tax on profit on ordinary activities	5	—	—
Profit for the financial year		1,088	766

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 2008**

	Note	2008 €	2007 €
Fixed assets			
Investments	6	<u>1,285,706,182</u>	<u>1,285,706,182</u>
Current assets			
Cash at bank and in hand		1,006	1,006
Creditors: amounts falling due within one year	7	<u>(122,504,203)</u>	<u>(122,505,291)</u>
Net current liabilities		<u>(122,503,197)</u>	<u>(122,504,285)</u>
Total assets less current liabilities		<u>1,163,202,985</u>	<u>1,163,201,897</u>
Capital and reserves			
Called up equity share capital	8	1,163,200,684	1,163,200,684
Profit and loss account	9	2,301	1,213
Shareholders' funds	10	<u>1,163,202,985</u>	<u>1,163,201,897</u>

These financial statements were approved and authorised for signing by the Board on the 16 March 2009 and are signed on its behalf by:

Nicholas Scates

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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 with the exception of the policy for taxation.

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.

The accounts have been prepared on a going concern basis as described in the directors' report.

(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

All current and deferred tax charges or credits (after the application of group relief, to the extent relevant) are recognised in the company's profit and loss account.

However, the company's taxation obligations are settled on its behalf by the intermediate holding company Grosvenor Estate Holdings. This arrangement is recognised as a capital contribution from Grosvenor Estate Holdings to the company (or distribution from the company to Grosvenor Estate Holdings where a tax credit arises) with all current and deferred tax assets and liabilities (after the application of group relief, to the extent relevant) recorded in the balance sheet of Grosvenor Estate Holdings.

Current UK corporation tax is recognised 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.

A deferred tax charge or credit is recognised in the profit and loss account of the company in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not recognised in the profit and loss account in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax credits are recognised to the extent that it is regarded as more likely than not that the related assets will be recovered. As described above, whilst the deferred tax charge or credit is recognised in the profit and loss account of the company, the related deferred tax assets and liabilities are recorded in the balance sheet of Grosvenor Estate Holdings. Deferred tax assets and liabilities are not discounted.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****2. AUDITORS' REMUNERATION**

Auditors' remuneration for Grosvenor Continental Europe Holdings Limited is €3,000 (2007 - €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

	2008 €	2007 €
Income from shares in group undertakings	<u>1,088</u>	<u>787</u>

5. TAXATION ON ORDINARY ACTIVITIES**Tax reconciliation:**

	2008 €	2007 €
Profit on ordinary activities before taxation	<u>1,088</u>	<u>766</u>
Profit on ordinary activities multiplied by rate of tax	310	230
Group relief received for no consideration	<u>(310)</u>	<u>(230)</u>
Total current tax	<u>-</u>	<u>-</u>

6. INVESTMENTS**Shares at cost**

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Cost:

At 1 January 2008 and 31 December 2008	<u>1,285,706,182</u>
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Net book value:

At 31 December 2008	<u>1,285,706,182</u>
At 31 December 2007	<u>1,285,706,182</u>

The company holds 51,328,500 (2007 - 28,500) ordinary shares of €1.25 each and 43,500 (2007 - 43,500) 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 and the company holds 1 (2007 - 1) ordinary share of £1.00 in Grosvenor Teca, a subsidiary incorporated in Great Britain.

The increase in the ordinary shares in Grosvenor International SA during the year was fully paid up by way of incorporation of reserves to the company as current shareholder of 43,500 non voting preferred shares in Grosvenor International SA.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****7. CREDITORS: amounts falling due within one year**

	2008 €	2007 €
Amounts owed to group undertakings	<u>122,504,203</u>	<u>122,505,291</u>

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

	2008 No.	2007 No.
Ordinary shares of £1.00 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Allotted, called up and fully paid:

	2008 No.	2007 No.
Ordinary shares of £1.00 each	<u>814,362,983</u>	<u>814,362,983</u>

	2008 €	2007 €
At 1 January	<u>1,163,200,684</u>	164,380,884
New ordinary share capital subscribed	-	<u>998,819,800</u>
At 31 December	<u>1,163,200,684</u>	<u>1,163,200,684</u>

9. PROFIT AND LOSS ACCOUNT

	2008 €	2007 €
At 1 January	<u>1,213</u>	447
Profit for the financial year	<u>1,088</u>	<u>766</u>
At 31 December	<u>2,301</u>	<u>1,213</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 €	2007 €
Profit for the financial year	<u>1,088</u>	766
New ordinary share capital subscribed	-	<u>998,819,800</u>
Net addition to shareholders' funds	<u>1,088</u>	998,820,566
Opening shareholders' funds	<u>1,163,201,897</u>	<u>164,381,331</u>
Closing shareholders' funds	<u>1,163,202,985</u>	<u>1,163,201,897</u>

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

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.