

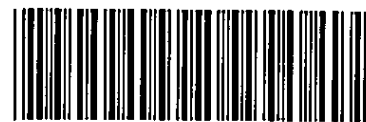
**Lend Lease Continental Investments
Limited**

**Directors' report and
financial statements**

30 June 2006

Registered number 4250938

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2006

Principal activities

The principal activity of Lend Lease Continental Investments Limited is to act as a holding company for investments

Results and dividends

The profit for the year, after taxation, amounted to £220,547 (2005 £506,848) The directors do not propose a dividend for the year (2005 £nil)

Directors and directors' interests

The directors of the company during the year were as follows

C S Matheson	
D K Perry	(resigned 10 February 2006)
J C Peacock	(resigned 30 January 2006)
D J Kirkby	(appointed 2 February 2006)

None of the directors who held office at the end of the financial year, or their families and family trusts, had any disclosable interest in the shares of the company In accordance with section 324 of the Companies Act 1985, holdings in the share capital of other group companies are not disclosed

Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at a forthcoming Annual General Meeting

Registered Office

On 23 October 2006 the Company changed its registered office from 10 Maltravers St, 2nd Floor, London, WC2R 3NG to 19 Hanover Square, London, W1S 1HY

By order of the board



C S Matheson
Director

19 Hanover Square
London, W1S 1HY
29 March 2007

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with 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.

Independent auditor's report to the members of Lend Lease Continental Investments Limited

We have audited the financial statements of Lend Lease Continental Investments Limited for the year ended 30 June 2006, 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 Statement of Directors' Responsibilities on page two, 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 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 30 June 2006 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 Salisbury Square
London

13 April EC4Y 8BB
2007

Profit and loss account

for the year ended 30 June 2006

	<i>Note</i>	2006 £	2005 £
Administrative expenses		(5,132)	(19)
Other operating income		-	7,634
Income from shares in group undertakings		224,139	501,364
Operating profit		219,007	508,979
Profit on sale of investment		-	-
Profit before interest and taxation		219,007	508,979
Interest receivable and similar income		-	220
Profit on ordinary activities before taxation	4	219,007	509,199
Tax on profit on ordinary activities	5	1,540	(2,351)
Profit for the financial year		220,547	506,848

All activities are continuing

The company had no recognised gains or losses other than the profit for the year

There is no difference between the profit as reported and the profit on a historical cost basis

The notes to and forming part of the financial statements are set out on pages 7 to 11

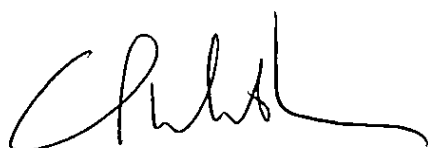
Balance sheet

at 30 June 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Investments	6		345,090		345,090
Current assets					
Debtors	7	834,290		613,553	
Cash at bank		-		-	
		834,290		613,553	
Creditors: amounts falling due within one year	8	(19,460)		(2,389)	
Net current assets			814,830		611,164
Total assets less current liabilities			1,159,920		956,254
Provisions for liabilities and charges	9		(360,349)		(377,230)
Net assets			799,571		579,024
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account			799,570		579,023
Equity shareholders' funds	11		799,571		579,024

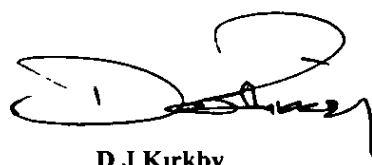
The notes to and forming part of these financial statements are set out on pages 7 to 11

These financial statements were approved by the board of directors on 29 March 2007 and were signed on its behalf by



C S Matheson

Director



D J Kirkby

Director

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. In accordance with Financial Reporting Standard No 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes

Exemption from requirement to prepare group accounts

The company is a wholly owned subsidiary of Lend Lease Europe Holdings Limited, a company registered in England and Wales which prepares consolidated financial statements. The company is exempt (under section 228 of the Companies Act 1985) from the obligation to prepare group financial statements. The financial statements of the company present information about the company as an individual undertaking and not about its group.

Investments

Investments are held at cost, less provisions, for any permanent diminution in value

Cash flow statement

A cash flow statement is not included with these financial statements as a consolidated cash flow statement, produced under Financial Reporting Standard No 1, is included in the financial statements of Lend Lease Europe Holdings Limited

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' in order to dispense with the requirement to disclose transactions with other group companies

2 Auditor's remuneration

Auditor's remuneration is borne by Lend Lease Europe Limited, the immediate parent undertaking

3 Directors' remuneration and employees

The directors did not receive any emoluments in respect of their services to the company (2005 £nil)

The company did not employ any staff during the year (2005 nil)

Notes to the financial statements *(continued)*

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after (crediting)/charging

	2006 £	2005 £
Foreign currency exchange (gain)/loss	5,132	(7,634)

5 Tax on loss on ordinary activities

Analysis of charge for the year

	2006 £	2005 £
Current tax		
UK Corporation tax charge on profit for the year	(1,540)	2,351
	(1,540)	2,351

The tax assessed differs from the application of the standard rate of corporation tax in the UK (30%) to the company's profit before taxation for the following reasons

Profit on ordinary activities before tax	219,007	509,199
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	65,702	152,760
Effects of.		
Expenses not deductible for tax purposes	-	-
Income not assessable to corporation tax	(67,242)	(150,409)
Total current tax provided to other Group companies at par value	(1,540)	2,351

The above tax calculation is an estimate prepared at the time of signing the financial statements. Any adjustments subsequently agreed with the Inland Revenue will be reflected in the financial statements for the period in which such agreement is reached.

Notes to the financial statements *(continued)*

6 Investments

	2006 £	2005 £
Opening balance	345,090	401,961
Additions in the year		
Shareholding in GLL Real Estate Partners GmbH	-	-
Return of shareholding in GLL Real Estate Partners GmbH	-	(56,871)
Disposals in the year		
Shareholding in Lend Lease Real Estate Investments GmbH	-	-
	<hr/>	<hr/>
Closing balance	345,090	345,090
	<hr/>	<hr/>

On 7 August 2003, the company purchased 49.5% of the ordinary share capital of GLL Real Estate Partners GmbH, a company incorporated in Germany and involved in investing funds in Europe, from LLHR UK Limited (formerly Lend Lease Continental Holdings Limited), a company within the Lend Lease Europe Holdings Group. Following the purchase an amount of capital was returned to all shareholders with Lend Lease Continental Investments Limited's share being £453,754. In November 2004 an amount of capital was returned to all shareholders with Lend Lease Continental Investments Limited's share being £56,871.

The directors are of the opinion that the investments are worth at least the amounts at which they are stated in the balance sheet.

7 Debtors

	2006 £	2005 £
Amounts owed by Lend Lease Luxembourg Services S A R L	-	300,108
Amounts owed by Lend Lease Europe Limited	834,290	313,445
	<hr/>	<hr/>
	834,290	613,553
	<hr/>	<hr/>

Notes to the financial statements (continued)

8 Creditors, amounts falling due within one year

	2006 £	2005 £
Amounts owed to Lend Lease US Inc	19,460	2,388
	<u>19,460</u>	<u>2,388</u>

9 Provisions for liabilities and charges

	2006 £	2005 £
Provision for Lend Lease Real Estate Investments GmbH restructuring costs	360,349	377,230
	<u>360,349</u>	<u>377,230</u>

The provision relates to restructuring costs of Lend Lease Real Estate Investments GmbH. The underlying asset was sold in 2003, however there are costs that are yet to be received for payment.

10 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
4,554,540 'B' redeemable shares of £1 each	4,554,540	4,554,540
100 'O' ordinary shares of £1 each	100	100
	<u>4,554,640</u>	<u>4,554,640</u>
<i>Allotted, called up and fully paid</i>		
1 'O' ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

11 Reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Total shareholders' (deficits)/funds
	£	£	£
At 1 July 2005	1	579,023	579,024
Profit for the financial year	-	220,547	220,547
	<hr/>	<hr/>	<hr/>
At 30 June 2006	1	799,570	799,571
	<hr/>	<hr/>	<hr/>

12 Post Balance Sheet Event

On 6 September 2006 GLL Real Estate Partners GmbH was sold for a consideration of Euro8,250,100 to Generali Investments Luxembourg SA

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's immediate parent undertaking is Lend Lease Europe Limited, which is registered in England and Wales. The ultimate parent undertaking of the company is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of that group may be obtained from the group's website at www.lendlease.com.au

The smallest group in which the results of the company are consolidated is that headed by Lend Lease Europe Holdings Limited. Consolidated financial statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff