

**GROSVENOR CE ACQUISITIONS LIMITED**

COMPANY REGISTRATION NUMBER 4233651

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2005**



## **GROSVENOR CE ACQUISITIONS 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 was trading in shares. On 29 December 2005 the company entered into a transaction relating to the purchase of an increased share in a property company. Details of the transaction are set out in note 16.

The company's financial statements are presented in Euros, as this is the currency in which the principal transactions are denominated.

#### **RESULTS AND DIVIDENDS**

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was €546,020 (2004 - €nil).

The following dividends have been paid:

	2005 €	2004 €
Dividends paid on ordinary shares	<u>4,290,652</u>	<u>—</u>

On 3 February 2006 a further dividend of €245,232 was paid.

#### **CHANGES IN SHARE CAPITAL**

The authorised share capital was increased during the year from £100 to £500,000,000.

On 5 December 2005 170,000,000 ordinary shares were issued at par to Grosvenor Estate Holdings.

On 16 March 2006 the issued share capital was reduced by £22,500,000 (see note 16).

#### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

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

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

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.

T L Budden was appointed as a director on 16 March 2006.

**GROSVENOR CE ACQUISITIONS LIMITED**

**DIRECTORS' REPORT** *(continued)*

**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:

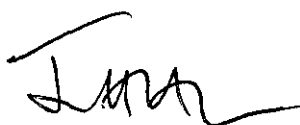
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

28 April 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**GROSVENOR CE ACQUISITIONS LIMITED**  
**YEAR ENDED 31 DECEMBER 2005**

We have audited the financial statements of Grosvenor CE Acquisitions Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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**

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 CE ACQUISITIONS 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; and
- 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

*28 April 2006*

**GROSVENOR CE ACQUISITIONS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 €	2004 €
<b>Turnover</b>	2	—	—
Administrative expenses		136,951	—
<b>Operating profit/result</b>		136,951	—
Interest receivable		413,289	—
Amounts provided against investments		(2,930)	—
Interest payable and similar charges	5	(1,290)	—
<b>Profit/result on ordinary activities before taxation</b>		546,020	—
Tax on profit/result on ordinary activities		—	—
<b>Profit on ordinary activities after taxation</b>		546,020	—
Equity dividends	6	(4,290,652)	—
<b>Retained (loss)/result for the financial year</b>		<u>(3,744,632)</u>	—

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

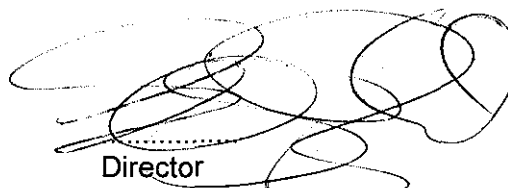
All results are derived from continuing operations.

**GROSVENOR CE ACQUISITIONS LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 €	2004 €
<b>Current assets</b>			
Debtors	7	251,633,289	4,153,833
Investments	8	100,447	—
Cash at bank and in hand		696,755	—
		<u>252,430,491</u>	<u>4,153,833</u>
<b>Creditors: amounts falling due within one year</b>	9	(801,290)	—
<b>Net current assets</b>		<u>251,629,201</u>	<u>4,153,833</u>
<b>Total assets less current liabilities</b>		<u>251,629,201</u>	<u>4,153,833</u>
<b>Capital and reserves</b>			
Called up equity share capital	11	251,220,163	163
Profit and loss account	12	409,038	4,153,670
<b>Equity shareholders' funds</b>	13	<u>251,629,201</u>	<u>4,153,833</u>

These financial statements were approved by the Board on the 28 April 2006 and are signed on its behalf by:

  
 Director

  
 Director

**GROSVENOR CE ACQUISITIONS 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 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 current assets are stated at the lower of cost and net realisable 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. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company. The turnover arose in Continental Europe.

**3. AUDITORS' REMUNERATION**

Auditors' remuneration for Grosvenor CE Acquisitions Limited has been borne by a fellow subsidiary undertaking both in the current and preceding year.

**4. 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.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2005	2004
	€	€
Interest payable to group undertakings	<u>1,290</u>	<u>—</u>



**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****6. DIVIDENDS**

	2005 €	2004 €
Dividend paid on equity shares	<u>4,290,652</u>	<u>—</u>

**7. DEBTORS**

	2005 €	2004 €
Amounts owed by group undertakings	251,632,808	4,153,669
Other debtors	<u>481</u>	<u>164</u>
	<u>251,633,289</u>	<u>4,153,833</u>

Amounts owed by group undertakings includes a €251,220,000 (2004 - €nil) loan to Grosvenor Estate Holdings which carries interest at 2 month EURIBOR less 0.2%.

**8. INVESTMENTS**

	2005 €	2004 €
At 1 January	—	—
Additions	103,377	—
Provision for impairment	<u>(2,930)</u>	<u>—</u>
Net book value	<u>100,447</u>	<u>—</u>

Investments are held at net realisable value.

**9. CREDITORS: amounts falling due within one year**

	2005 €	2004 €
Amounts owed to group undertakings	<u>801,290</u>	<u>—</u>

Amounts owed to group undertakings includes a €800,000 (2004 - €nil) loan from Grosvenor Overseas Holdings Limited which carries interest at 3 month Euribor.

**10. COMMITMENTS**

On 29 December 2005 a loan facility was entered into with Grosvenor Investments (Portugal) S.a.r.l. to provide a short-term loan of up to €250m to fund the acquisition of additional shares in Sonae Sierra.

**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****11. CALLED UP SHARE CAPITAL****Authorised share capital:**

The company had 500,000,000 (2004 - 100) authorised ordinary shares of £1.00 each.

**Allotted, called up and fully paid:**

	2005	2004
	€	€
100 ordinary shares of £1.00 each	163	163
170,000,000 ordinary shares of £1.00 each	251,220,000	—
	<u>251,220,163</u>	<u>163</u>

**12. PROFIT AND LOSS ACCOUNT**

	2005	2004
	€	€
At 1 January	4,153,670	4,153,670
Retained loss for the financial year	(3,744,632)	—
At 31 December	<u>409,038</u>	<u>4,153,670</u>

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005	2004
	€	€
Profit/result for the financial year	546,020	—
Dividends	(4,290,652)	—
	<u>(3,744,632)</u>	<u>—</u>
New equity share capital subscribed	251,220,000	—
Net addition to funds	247,475,368	—
Opening equity shareholders' funds	4,153,833	4,153,833
Closing equity shareholders' funds	<u>251,629,201</u>	<u>4,153,833</u>

**14. 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.

**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****15. 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 Estate Holdings 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.

**16. POST BALANCE SHEET EVENTS**

On 29 December 2005 the company agreed to contribute all its assets and liabilities to Grosvenor Investments (Portugal) S.a.r.l. (GIPSA) in exchange for B shares in GIPSA. This contribution was conditional on GIPSA completing an agreement with Sonae to acquire a further 17% of Sonae Sierra. GIPSA completed the purchase of these shares on 21 February 2006.

The company further agreed to sell 77.5% of its B shares in GIPSA to Grosvenor International S.A. and 22.5% to Euro Porto (a subsidiary of Government of Singapore Investment Corporation Limited) at cost to the company.

On 3 February 2006 the company entered into a purchase agreement with Grosvenor Estate Holdings to buy back and cancel 22,500,000 ordinary shares of £1 each at par. The shares were purchased and cancelled on 16 March 2006.