

**GROSVENOR CE ACQUISITIONS LIMITED**

COMPANY REGISTRATION NUMBER 4233651

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

TUESDAY



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## **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 2006

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

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was trading in shares. In 2006 the company contributed its assets and liabilities to a fellow subsidiary, Grosvenor Investments (Portugal) S a r l (GIPSA) in exchange for new shares in GIPSA in connection with the purchase by GIPSA of shares in Sonae Sierra SGPS, S A. A number of subsequent transactions were undertaken in order to consolidate the company's investments as set out in Note 10. By the end of the year the company had become an intermediate holding company with an investment in Grosvenor International SA.

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 €5,793,172 (2005 - €546,020).

The following dividends have been paid:

	2006 €	2005 €
Dividends paid on ordinary shares	<u>6,202,192</u>	<u>4,290,652</u>

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

On 16 March 2006, the share capital was reduced by 22,500,000 ordinary shares of £1.00 each for an aggregate consideration of £22,500,000 (€33,249,706). The capital reduction was required in order to adjust the net assets of the company prior to the contribution to GIPSA to match the cost of the Sonae Sierra shares being acquired by GIPSA. The capital reduction was made as a permissible capital payment under section 171 and 172 of the Companies Act 1985.

On 15 May 2006 6,308,580 ordinary shares of £1.00 each were issued at par to Grosvenor Estate Holdings.

On 21 July 2006 140,000,000 ordinary shares of £1.00 each were issued at par to Grosvenor Estate Holdings.

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

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

J H M Newsum	
S R H Beevor	
S M Doyle-Linden	
T L Budden	(Appointed 16 March 2006)
N R Scarles	(Appointed 1 June 2006)
J O Hagger	(Resigned 31 May 2006)

**GROSVENOR CE ACQUISITIONS LIMITED**

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

Except as disclosed in the financial statements of the ultimate parent company, none of the directors in office at 31 December 2006 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 of the company 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 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, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

he/she has taken all 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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**GROSVENOR CE ACQUISITIONS LIMITED**  
**YEAR ENDED 31 DECEMBER 2006**

We have audited the financial statements of Grosvenor CE Acquisitions Limited for the year ended 31 December 2006 which comprise the profit and loss account, balance sheet and the related notes 1 to 18. 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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

**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 2006** *(continued)*

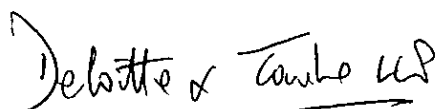
**OPINION**

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 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

A handwritten signature in dark ink, appearing to read 'Deloitte & Touche LLP', with a horizontal line drawn underneath it.

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

15 March 2007

**GROSVENOR CE ACQUISITIONS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 €	2005 €
<b>Turnover</b>		—	—
Administrative expenses		(271)	136,951
Net profit on foreign currency translation		<u>692,207</u>	—
<b>Operating profit</b>	2	<b>691,936</b>	136,951
Income from shares in group undertakings	5	38	—
Income from other fixed asset investments	6	109,938	—
Interest receivable and similar income	7	5,002,355	413,289
Amounts provided against investments		—	(2,930)
Interest payable and similar charges	8	(11,095)	(1,290)
<b>Profit on ordinary activities before taxation</b>		<u>5,793,172</u>	546,020
Tax on profit on ordinary activities	9	—	—
<b>Retained profit for the financial year</b>		<u><b>5,793,172</b></u>	<u>546,020</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 2006**

	Note	2006 €	2005 €
<b>Fixed assets</b>			
Investments	10	<u>438,176,412</u>	<u>—</u>
<b>Current assets</b>			
Debtors	11	—	251,633,289
Investments	12	—	100,447
Cash at bank and in hand		36	696,755
		<u>36</u>	<u>252,430,491</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,956,978)</u>	<u>(801,290)</u>
<b>Net current (liabilities)/assets</b>		<u>(5,956,942)</u>	<u>251,629,201</u>
<b>Total assets less current liabilities</b>		<u>432,219,470</u>	<u>251,629,201</u>
<b>Capital and reserves</b>			
Called up equity share capital	14	432,219,452	251,220,163
Profit and loss account	15	18	409,038
<b>Equity shareholders' funds</b>	16	<u>432,219,470</u>	<u>251,629,201</u>

These financial statements were approved by the Board on the 15 March 2007 and are signed on its behalf by

  
Director

**GROSVENOR CE ACQUISITIONS 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.

**(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) Foreign currency translation**

Assets and liabilities in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into euros at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**(d) Investments**

Investments held as fixed assets and current assets are stated at the lower of cost and net realisable value.

**(e) 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. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2006 €	2005 €
Net profit on foreign currency translation	<u>(692,207)</u>	<u>—</u>

**3. AUDITORS' REMUNERATION**

Auditors' remuneration for Grosvenor CE Acquisitions Limited is €3,000 (2005 - €3,000) and has been borne by Grosvenor Estate Holdings, a fellow subsidiary undertaking.

**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.



**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL ACCOUNTS****5. INCOME FROM GROUP UNDERTAKINGS**

	2006 €	2005 €
Income from shares in group undertakings	<u>38</u>	<u>-</u>

**6. INCOME FROM OTHER FIXED ASSET INVESTMENTS**

	2006 €	2005 €
Profit on sale of fixed asset investment	<u>109,938</u>	<u>-</u>

**7. INTEREST RECEIVABLE**

	2006 €	2005 €
Bank interest receivable	9,638	-
Interest from group undertakings	<u>4,992,717</u>	<u>413,289</u>
	<u>5,002,355</u>	<u>413,289</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006 €	2005 €
Interest payable to group undertakings	<u>11,095</u>	<u>1,290</u>

**9. TAXATION**

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

**10. INVESTMENTS**

	€
<b>Cost:</b>	
At 1 January	-
Additions	933,662,060
Disposals	<u>(495,485,648)</u>
At 31 December	<u>438,176,412</u>
<b>Net book value:</b>	
At 31 December 2006	<u>438,176,412</u>

**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL ACCOUNTS****10. INVESTMENTS (continued)**

On 24 May 2006 the company contributed all of its assets and liabilities worth €230,618,741 to a fellow subsidiary, Grosvenor Investments (Portugal) S a r l (GIPSA), in return for an issue of 1,677,132 Class B shares in GIPSA with par value of €25 each plus a share premium of €188,690,441

On 30 May 2006 the company sold the Class B shares in GIPSA for a total of €230,728,680 making a profit of €109,938

On 7 September 2006 the company contributed all of its assets and liabilities worth €438,176,415 to fellow subsidiaries Grosvenor International SA (GISA) and Grosvenor Continental Europe Holdings SA (GCEHSA) in return for an issue of 1,200 non-voting preference shares in GISA with a par value of €1 25 each plus a share premium of €173,308,008 and 1,278,861 ordinary shares in GCEHSA with a par value of €100 plus a share premium of €136,980,804

On 20 September 2006 the company contributed the shares in GCEHSA to GISA in return for an issue of 1,800 non-voting preference shares in GISA with a par value of €1 25 each plus a share premium of €264,864,654

**11. DEBTORS**

	2006 €	2005 €
Amounts owed by group undertakings	—	251,632,808
Other debtors	—	481
	<u>—</u>	<u>251,633,289</u>

Amounts owed by group undertakings includes a €nil (2005 - €251,220,000) loan to Grosvenor Estate Holdings which carries interest at 2 month EURIBOR less 0 2%

**12. INVESTMENTS**

	2006 €	2005 €
Net book value	<u>—</u>	<u>100,447</u>

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

	2006 €	2005 €
Bank loans and overdrafts	18	—
Amounts owed to group undertakings	5,956,960	801,290
	<u>5,956,978</u>	<u>801,290</u>

Amounts owed to group undertakings includes a €nil (2005 - €800,000) loan from Grosvenor Overseas Holdings Limited which carries interest at 3 month EURIBOR

**GROSVENOR CE ACQUISITIONS LIMITED****NOTES TO THE FINANCIAL ACCOUNTS****14. CALLED UP SHARE CAPITAL****Authorised share capital:**

	2006 No.	2005 No
Ordinary shares of £1 00 each	<u>500,000,000</u>	<u>500,000,000</u>

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

	2006 No	2005 No
Ordinary shares of £1 00 each	<u>293,808,680</u>	<u>170,000,100</u>

	2006 €	2005 €
At 1 January	251,220,163	251,220,163
Shares redeemed	(33,249,706)	-
New ordinary share capital subscribed	<u>214,248,995</u>	<u>-</u>
At 31 December	<u>432,219,452</u>	<u>251,220,163</u>

On 16 March 2006 the issued share capital was reduced by 22,500,000 ordinary shares of £1 00 each

On 15 May 2006 6,308,580 ordinary shares of £1 00 each were issued at par to Grosvenor Estate Holdings

On 21 July 2006 140,000,000 ordinary shares of £1 00 each were issued at par to Grosvenor Estate Holdings

**15. PROFIT AND LOSS ACCOUNT**

	2006 €	2005 €
At 1 January	409,038	4,153,670
Profit for the financial year	5,793,172	546,020
Equity dividends paid	<u>(6,202,192)</u>	<u>(4,290,652)</u>
At 31 December	<u>18</u>	<u>409,038</u>

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

	2006 €	2005 €
Profit for the financial year	5,793,172	546,020
New ordinary share capital subscribed	214,248,995	251,220,000
Share reduction	(33,249,706)	-
Equity dividends paid	<u>(6,202,192)</u>	<u>(4,290,652)</u>
Net addition to shareholders' funds	<u>180,590,269</u>	<u>247,475,368</u>
Opening shareholders' funds	251,629,201	4,153,833
Closing shareholders' funds	<u>432,219,470</u>	<u>251,629,201</u>

**GROSVENOR CE ACQUISITIONS LIMITED**

**NOTES TO THE FINANCIAL ACCOUNTS**

**17. 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

**18. 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 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