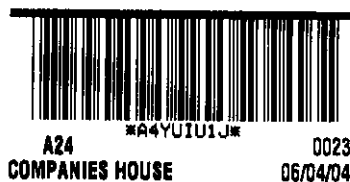


GROSVENOR CE AQUISITIONS LIMITED

COMPANY REGISTRATION NUMBER 4233651

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2003



GROSVENOR CE AQUISITIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was trading in shares.

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 from the date of incorporation.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was €4,214,384 (2002 - €691,066).

The directors have not recommended payment of a dividend (2002 - €nil)

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

J O Hagger

B Prat-Stanford (resigned on 12 February 2004)

N L Jones (resigned on 12 February 2004)

Except as disclosed in the financial statements of the ultimate parent company, none of the directors in office at 31 December 2003 had any interests in the securities of the company, Grosvenor Group Limited (formerly Grosvenor Group Holdings Limited), its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

S R H Beevor was appointed on 12 February 2004.

S M Doyle-Linden was appointed on 12 February 2004.

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.

GROSVENOR CE AQUISITIONS LIMITED**DIRECTORS' REPORT** *(continued)***DIRECTORS' RESPONSIBILITIES (continued)**

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, the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CE AQUISITIONS LIMITED
YEAR ENDED 31 DECEMBER 2003

We have audited the financial statements of Grosvenor CE Aquisitions Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the historical cost convention and 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom auditing standards 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 AQUISITIONS LIMITED
YEAR ENDED 31 DECEMBER 2003 *(continued)*

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte and Touche LLP
Chartered Accountants and Registered Auditors
London

29 MAR 2004
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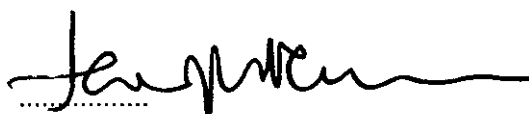
GROSVENOR CE AQUISITIONS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 €	2002 €
Turnover	2	52,020,444	—
Cost of sales		(48,649,874)	—
Gross profit		<u>3,370,570</u>	—
Administrative expenses		8,023	(96,953)
Operating profit/(loss)		<u>3,378,593</u>	(96,953)
Income from participating interests	5	835,791	788,019
Profit on ordinary activities before taxation		<u>4,214,384</u>	691,066
Tax on profit on ordinary activities	6	(250,737)	(232,827)
Retained profit for the financial year		<u>3,963,647</u>	<u>458,239</u>

GROSVENOR CE AQUISITIONS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003 €	2002 €
Current assets			
Stocks	7	–	48,649,874
Debtors	8	<u>4,164,311</u>	<u>–</u>
		<u>4,164,311</u>	<u>48,649,874</u>
Creditors: amounts falling due within one year	9	<u>(10,478)</u>	<u>(48,459,688)</u>
Net current assets		<u>4,153,833</u>	<u>190,186</u>
Total assets less current liabilities		<u>4,153,833</u>	<u>190,186</u>
Capital and reserves			
Called up equity share capital	10	163	163
Profit and loss account	11	<u>4,153,670</u>	<u>190,023</u>
Equity shareholders' funds	12	<u>4,153,833</u>	<u>190,186</u>

These financial statements were approved by the Board on the **29 MAR 2004** and are signed on its behalf by:



 Director

GROSVENOR CE AQUISITIONS 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 accounting standards. The accounting policies adopted are consistent with the previous year.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 '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) Turnover

The turnover shown in the profit and loss account represents rents and service charges receivable in the year, excluding VAT.

(d) Stocks

Stock is stated at the lower of cost and net realisable value.

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 Aquisitions Limited has been borne by a fellow subsidiary undertaking both in the current and prior year.

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during both the current or prior year. The company has no employees.

5. INCOME FROM PARTICIPATING INTERESTS

	2003 €	2002 €
Dividends received	<u>835,791</u>	<u>788,019</u>

GROSVENOR CE AQUISITIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. TAX ON PROFIT ON ORDINARY ACTIVITIES**Taxation**

	2003 €	2002 €
Current tax:		
Overseas tax	250,737	232,827
Tax on profit on ordinary activities	<u>250,737</u>	<u>232,827</u>

The UK taxation charge for the year will be borne by the intermediate holding company Grosvenor Estate Holdings.

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 €	2002 €
Profit on ordinary activities before taxation	4,214,384	691,066
Profit on ordinary activities by rate of tax	1,264,315	207,320
UK tax borne by an intermediate holding company	(1,264,315)	(207,320)
Overseas tax	250,737	232,827
Total current tax	<u>250,737</u>	<u>232,827</u>

7. STOCKS

	2003 €	2002 €
Stock	—	48,649,874

Stock held by the company at 31 December 2002 comprises an 8% stake in the ordinary share capital of Sonae Imobiliaria SGPS SA, a property investment and development company incorporated in Portugal.

This stock was disposed of during the year to a fellow subsidiary undertaking for a profit of €3,370,570.

8. DEBTORS

	2003 €	2002 €
Amounts owed by group undertakings	4,164,147	—
Other debtors	164	—
	<u>4,164,311</u>	<u>—</u>

GROSVENOR CE AQUISITIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****9. CREDITORS: amounts falling due within one year**

	2003 €	2002 €
Amounts owed to group undertakings	10,478	48,432,993
Other creditors	—	26,695
	<u>10,478</u>	<u>48,459,688</u>

10. SHARE CAPITAL**Authorised share capital:**

	2003 €	2002 €
100 ordinary shares of €1.63 each	<u>163</u>	<u>163</u>

Allotted, called up and fully paid:

	2003 €	2002 €
100 ordinary shares of €1.63 each	<u>163</u>	<u>163</u>

11. PROFIT AND LOSS ACCOUNT

	2003 €	2002 €
At 1 January	190,023	(268,216)
Retained profit for the financial year	<u>3,963,647</u>	<u>458,239</u>
At 31 December	<u>4,153,670</u>	<u>190,023</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 €	2002 €
Profit for the financial year	3,963,647	458,239
Opening equity shareholders' funds/(deficit)	<u>190,186</u>	<u>(268,053)</u>
Closing equity shareholders' funds	<u>4,153,833</u>	<u>190,186</u>

GROSVENOR CE AQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited (formerly Grosvenor Group Holdings 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.

14. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Grosvenor Group Limited (formerly Grosvenor Group Holdings 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.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.