

GROSVENOR CE ACQUISITIONS LIMITED

COMPANY REGISTRATION NUMBER 4233651

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2002



GROSVENOR CE ACQUISITIONS LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

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

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 from the date of incorporation.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 4. Profit on ordinary activities before taxation was €691,066 (2001 – Loss €268,216).

The directors have not recommended payment of a dividend (2001 - €nil).

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the period were as follows:

B Prat-Stanford

J H M Newsum

J O Hagger

N L Jones

Except as disclosed in the financial statements of the ultimate parent company, none of the directors in office at 31 December 2002 had any interests in the securities of the company, 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.

GROSVENOR CE ACQUISITIONS LIMITED

DIRECTORS' REPORT

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 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, as described in note 1, 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche were appointed the company's auditors on 15 February 2002.

Pursuant to S386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

Signed by order of the Board



J O Hagger
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CE ACQUISITIONS LIMITED
YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements of Grosvenor CE Acquisitions Limited for the year ended 31 December 2002 which comprise the profit and loss account, the 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 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 THE DIRECTORS AND THE 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements.

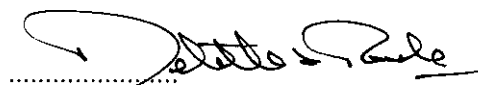
BASIS OF AUDIT OPINION

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.

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 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants & Registered Auditors
London

2 April 2003

GROSVENOR CE ACQUISITIONS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	2002 €	13 June 2001 to 31 December 2001 €
Turnover		-	-
Cost of sales		(96,953)	(196,450)
Operating loss		(96,953)	(196,450)
Dividend income		788,019	-
Interest payable and similar charges	4	-	(71,766)
Profit / (loss) on ordinary activities before taxation		691,066	(268,216)
Tax on profit on ordinary activities	5	(232,827)	-
Profit / (loss) for the financial year	9, 10	458,239	(268,216)


There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. All activities relate to continuing operations.

GROSVENOR CE ACQUISITIONS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	2002 €	2001 €
Stock – shares held for resale	6	48,649,874	48,649,875
Creditors: amounts falling due within one year	7	(48,459,688)	(48,917,928)
Net current assets / (liabilities)		<u>190,186</u>	<u>(268,053)</u>
Total assets less current liabilities		<u>190,186</u>	<u>(268,053)</u>
Capital and reserves			
Called-up equity share capital	8	163	163
Profit and loss account	9	190,023	(268,216)
Equity shareholder's funds / (deficit)	10	<u>190,186</u>	<u>(268,053)</u>

These financial statements were approved by the Board on the 01 April 2003, 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 accounting standards.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) '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) Stock

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

(d) Taxation

The UK tax charge is borne by the intermediate holding company, Grosvenor Estate Holdings in the current year.

2. AUDITORS' REMUNERATION

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

3. PARTICULARS OF EMPLOYEES

The Company has no employees. No amounts have been paid to directors in respect of qualifying services in the current or prior period.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	13 June 2001 to 31 December 2001
	€	€
Interest on loans from group undertakings	-	71,766

GROSVENOR CE ACQUISITIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****5. TAXATION**

	2002 €	13 June 2001 to 31 December 2001 €
Profit / (loss) on ordinary activities before tax	691,066	(268,216)
Tax on profit on ordinary activities at UK corporation tax rate of 30%	207,320	-
Effects of:		
UK taxation borne by an intermediate holding company	(207,320)	-
Withholding tax suffered on dividend income	232,827	-
Current tax charge for the period	<u>232,827</u>	<u>-</u>

6. STOCK

	2002 €	2001 €
Cost		
At 1 January	48,649,875	-
Additions	-	48,649,875
At 31 December	<u>48,649,875</u>	<u>48,649,875</u>

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

On 20 December 2001, Grosvenor CE Acquisitions Limited signed a put and call option with Grosvenor Investments (Portugal) SA, a fellow group company, for that company to purchase this 8% stake. The call period ends on 30 November 2003, the put period ends on 5 November 2003.

7. CREDITORS: Amounts falling due within one year

	2002 €	2001 €
Amounts owed to group undertakings	48,432,993	47,965,152
Other creditors	26,697	952,776
	<u>48,459,690</u>	<u>48,917,928</u>

GROSVENOR CE ACQUISITIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****8. SHARE CAPITAL****Authorised share capital:**

	2002	2001
	€	€

100 Ordinary shares of £1 each	163	163
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Allotted, called up and fully paid:

	2002	2001
	€	€

100 Ordinary shares of £1 each	163	163
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9. PROFIT AND LOSS ACCOUNT

	2002	2001
	€	€
At 1 January	(268,216)	-
Profit / (loss) for the financial period	458,239	(268,216)
At 31 December	190,023	(268,216)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002	2001
	€	€
Profit / (loss) for the financial year	458,239	(268,216)
New equity share capital subscribed	-	163
Opening shareholder's (deficit)	(268,053)	-
Closing shareholder's funds / (deficit)	190,186	(268,053)

11. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related Party Disclosures' not to disclose transactions with Grosvenor Group Holdings Limited, fellow subsidiaries of Grosvenor Group Holdings 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.

The company's immediate parent is Grosvenor Acquisition Holdings Limited.

GROSVENOR CE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Grosvenor Group Holdings Limited, a company incorporated in Great Britain which is wholly owned by trusts and members of the Grosvenor family, headed by the 6th 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 Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.