

GROSVENOR CE ACQUISITIONS LIMITED

COMPANY REGISTRATION NUMBER 4233651

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2004



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 2004.

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. Result on ordinary activities before taxation was €nil (2003 - €4,214,384 profit).

The directors have not recommended payment of a dividend (2003 - €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	
S R H Beevor	(Appointed 12 February 2004)
S M Doyle-Linden	(Appointed 12 February 2004)
B Prat-Stanford	(Resigned 12 February 2004)
N L Jones	(Resigned 12 February 2004)

Except as disclosed in the financial statements of the ultimate parent company, none of the directors in office at 31 December 2004 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.

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 ACQUISITIONS 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, 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

A handwritten signature in black ink, appearing to read 'J O Hagger', with a stylized, cursive script.

J O Hagger
Company Secretary

16 MAR 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR CE ACQUISITIONS LIMITED
YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Grosvenor CE Acquisitions Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 ACQUISITIONS LIMITED
YEAR ENDED 31 DECEMBER 2004 *(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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

16 MAR 2005

GROSVENOR CE ACQUISITIONS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	2004 €	2003 €
Turnover	2	– 52,020,444	
Other operating charges		– (48,649,874)	
Gross result/profit		– 3,370,570	
Administrative expenses		– 8,023	
Operating result/profit		– 3,378,593	
Income from participating interests	5	– 835,791	
Result/profit on ordinary activities before taxation		– 4,214,384	
Tax on result/profit on ordinary activities	6	– (250,737)	
Retained result/profit for the financial year		– 3,963,647	

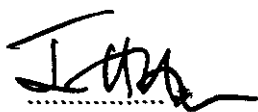
The company has no recognised gains or losses in the current or prior year other than the results as set out above.

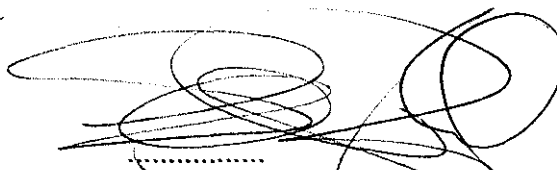
All results are derived from continuing operations.

GROSVENOR CE ACQUISITIONS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 €	2003 €
Current assets			
Debtors	7	4,153,833	4,164,311
Creditors: amounts falling due within one year	8	—	(10,478)
Net current assets		<u>4,153,833</u>	<u>4,153,833</u>
Total assets less current liabilities		<u>4,153,833</u>	<u>4,153,833</u>
Capital and reserves			
Called up equity share capital	9	163	163
Profit and loss account	10	4,153,670	4,153,670
Equity shareholders' funds	11	<u>4,153,833</u>	<u>4,153,833</u>

These financial statements were approved by the Board on the **16 MAR 2005** 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 accounting standards. The accounting policies have been applied consistently throughout the current and prior 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) 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 prior 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 prior year.

5. INCOME FROM PARTICIPATING INTERESTS

	2004	2003
	€	€
Dividends received	—	835,791
	<hr/>	<hr/>

GROSVENOR CE ACQUISITIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****6. TAX ON RESULT/PROFIT ON ORDINARY ACTIVITIES****Taxation**

	2004 €	2003 €
Current tax:		
Overseas tax	–	250,737
Tax on result/profit on ordinary activities	<u>–</u>	<u>250,737</u>

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

Factors affecting current tax charge

The tax assessed on the result/profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 €	2003 €
Result/profit on ordinary activities before taxation	–	<u>4,214,384</u>
Result/profit on ordinary activities by rate of tax	–	1,264,315
UK tax borne by an intermediate holding company	–	(1,264,315)
Overseas tax	–	250,737
Total current tax	<u>–</u>	<u>250,737</u>

7. DEBTORS

	2004 €	2003 €
Amounts owed by group undertakings	4,153,669	4,164,147
Other debtors	164	164
	<u>4,153,833</u>	<u>4,164,311</u>

8. CREDITORS: amounts falling due within one year

	2004 €	2003 €
Amounts owed to group undertakings	–	<u>10,478</u>

GROSVENOR CE ACQUISITIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****9. CALLED UP SHARE CAPITAL****Authorised share capital:**

	2004	2003
	€	€
100 ordinary shares of €1.63 each	<u>163</u>	<u>163</u>

Allotted, called up and fully paid:

	2004	2003
	€	€
100 ordinary shares of €1.63 each	<u>163</u>	<u>163</u>

10. PROFIT AND LOSS ACCOUNT

	2004	2003
	€	€
At 1 January	4,153,670	190,023
Retained result/profit for the financial year	<u>–</u>	<u>3,963,647</u>
At 31 December	<u>4,153,670</u>	<u>4,153,670</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	€	€
Result/profit for the financial year	<u>–</u>	<u>3,963,647</u>
Opening equity shareholders' funds	4,153,833	190,186
Closing equity shareholders' funds	<u>4,153,833</u>	<u>4,153,833</u>

12. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 '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

13. 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. Grosvenor Group Holdings Limited 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.