

Grosvenor Continental Europe Holdings Limited

Company Registration Number 4233654

Annual Report and Financial Statements

Year Ended 31 December 2010



Grosvenor Continental Europe Holdings Limited

Directors' Report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2010

Principal Activities and Business Review

The principal activity of the company during the year was that of an intermediate holding company for certain of Grosvenor's overseas investments. 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.

As at 31 December 2010, the company had net current liabilities of € 122,501,038, however this is due to loans from its immediate parent, which has confirmed that it is not planning to require repayment of those loans unless the company has the necessary resources.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

The directors have taken advantage of the special provisions available to small companies provided by S 415A of the Companies Act 2006.

Results and Dividends

The results of the company for the year are shown in the Profit and Loss Account. Profit on ordinary activities before taxation was € 1,088 (2009 - Profit of € 1,071).

The balance sheet shows that the company's net assets increased from € 1,163,204,057 to € 1,163,205,145 during the year.

Directors of the Company

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

T L Budden
S J Moore
M R Preston
N R Scarles
S R H Beever

On 17th March 2011 S R H Beever resigned as a director of the company.

Grosvenor Continental Europe Holdings Limited

Directors' Report

Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

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 United Kingdom accounting standards have been followed, 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 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given in accordance with S 418 of the Companies Act 2006.

Auditors

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

Signed by order of the Board



J Ball
Company Secretary

Independent Auditor's Report to the Members of
Grosvenor Continental Europe Holdings Limited
For the Year Ended 31 December 2010

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2010 which comprise the profit and loss account, balance sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Boards Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of
Grosvenor Continental Europe Holdings Limited
For the Year Ended 31 December 2010

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Mark Goodey (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Thursday, March 17, 2011

Grosvenor Continental Europe Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2010

	Note	2010 €	2009 €
Turnover		-	-
Gross profit		-	-
Administrative expenses		-	(17)
Operating loss	2	-	(17)
Income from shares in group undertakings		1,088	1,088
Profit on ordinary activities before taxation		1,088	1,071
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		1,088	1,071

All results are derived from continuing operations

The company has no recognised gains or losses in the current or preceding year other than the results as set out above therefore no statement of total recognised gains or losses is presented

Grosvenor Continental Europe Holdings Limited

Balance Sheet as at 31 December 2010

	Note	2010 €	2009 €
Fixed assets			
Investments	5	<u>1,285,706,183</u>	<u>1,285,706,183</u>
		<u>1,285,706,183</u>	<u>1,285,706,183</u>
Current assets			
Cash at bank and in hand		<u>1,006</u>	<u>1,006</u>
		<u>1,006</u>	<u>1,006</u>
Creditors: amounts falling due within one year	6	<u>(122,502,044)</u>	<u>(122,503,132)</u>
Net current liabilities		<u>(122,501,038)</u>	<u>(122,502,126)</u>
Total assets less current liabilities		<u>1,163,205,145</u>	<u>1,163,204,057</u>
Net assets		<u>1,163,205,145</u>	<u>1,163,204,057</u>
Capital and reserves			
Called up share capital	7	<u>1,163,200,685</u>	<u>1,163,200,685</u>
Profit and loss account	8	<u>4,460</u>	<u>3,372</u>
Shareholders' funds	8	<u>1,163,205,145</u>	<u>1,163,204,057</u>

These financial statements were approved by the Board on Thursday, March 17, 2011 and are signed on its behalf by



T L Budden

Company registration number 4233654

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

1. Accounting Policies

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.

The company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the company is not required to prepare consolidated financial statements.

The directors' report describes the going concern basis of preparation of the financial statements.

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 is a member of a group that publishes a consolidated cash flow statement.

Investments

Investments held as fixed assets, including subsidiaries are stated at cost less provision for impairment.

Taxation

All current and deferred tax charges or credits (after the application of group relief, to the extent relevant) are recognised in the company's profit and loss account.

Current UK corporation tax is recognised 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.

The company's taxation obligations are settled on its behalf by the intermediate holding company Grosvenor Estate Holdings. The benefit of this arrangement is recognised as a capital contribution from Grosvenor Estate Holdings to the company (or distribution from the company to Grosvenor Estate Holdings where a tax credit arises) with all current and deferred tax assets and liabilities recorded in the balance sheet of Grosvenor Estate Holdings.

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax credits are recognised to the extent that it is regarded as more likely than not that the related assets will be recovered. Deferred tax assets and liabilities are not discounted. As described above, whilst the deferred tax charge or credit is recognised in the profit and loss account of the company, the related deferred tax assets and liabilities are recorded in the balance sheet of Grosvenor Estate Holdings.

2. Operating Loss

Auditors' remuneration for 2010 is € 3,000 (2009 - € 3,000) and has been borne by Grosvenor Estate Holdings.

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

3. Particulars of Employees

No fees or other emoluments were paid to the directors of the company during either the current or the preceding year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited.

There were no employees of the company for the current or preceding year.

4. Taxation on Ordinary Activities

Taxation

	2010 €	2009 €
Current tax		
Total current tax	-	-
Deferred tax		
Tax on profit on ordinary activities	-	-

Tax reconciliation:

	2010 €	2009 €
Profit on ordinary activities before taxation	1,088	1,071
Tax on ordinary activities at the standard UK corporation rate of 28% (2009 - 28%)	305	300
	-	(148)
Other items attracting no tax relief or liability	(305)	(152)
Total current tax	-	-

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

5. Investments

Subsidiaries

€

Cost:

At 1 January 2010

1,285,706,183

At 31 December 2010

1,285,706,183

Net book value:

At 31 December 2010

1,285,706,183

At 31 December 2009

1,285,706,183

The company holds 51,328,500 (2009 – 51,328,500) ordinary shares of €1 25 each and 43,500 (2009 - 43,500) non voting preferred shares of €1 25 each in Grosvenor International SA, a subsidiary holding company incorporated in Luxembourg which is listed on the Luxembourg stock exchange

The above represents the company's material subsidiary undertakings. A full list of subsidiary undertakings is available on request.

6. Creditors: amounts falling due within one year

	2010	2009
	€	€
Amounts owed to group undertakings	<u>122,502,044</u>	<u>122,503,132</u>
	<u>122,502,044</u>	<u>122,503,132</u>

7. Called up Share Capital

Authorised share capital:

	2010	2009
	No	No
1,000,000,000 Ordinary shares of £1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Allotted, called up and fully paid:

	2010	2009
	€	€
814,362,983 Ordinary shares of €1 each	<u>1,163,200,685</u>	<u>1,163,200,685</u>

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

8. Reconciliation of Movements in Shareholders' Funds

	Share capital €	Profit and loss account €	Total €
1 January 2010	1,163,200,685	3,372	1,163,204,057
Profit for the financial year	-	1,088	1,088
31 December 2010	<u>1,163,200,685</u>	<u>4,460</u>	<u>1,163,205,145</u>

9. Related Party Transactions

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited or wholly owned fellow subsidiaries of Grosvenor Group Limited, 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

10. 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 Overseas Holdings Limited is the intermediate parent company

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