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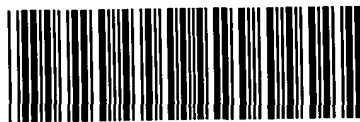
**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

WEDNESDAY



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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### INTRODUCTION

The directors present their strategic and annual report together with the audited financial statements of the company for the year ended 31 December 2015.

#### BUSINESS REVIEW

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

The company is in a net asset and net current asset position and is profit making as at 31 December 2015.

After making enquiries the directors have a reasonable expectation that the company has adequate resources for the foreseeable future and for a minimum period of 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

The results of the company for the year are shown in the Profit and Loss Account.

The balance sheet shows that the company's net assets increased from £610,716,283 to £626,261,810 during the year.

The directors do not anticipate any significant change in the activity of the company and its profitability. The directors expect the general level of activity to remain consistent with 2015 in the forthcoming year. This is consistent with the long-term strategy of the company.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company arise from the financing of its investments.

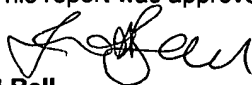
The company is financed by equity and intra group loans. It has no external debt. It therefore has no interest rate exposure.

The company is a subsidiary of Grosvenor Group Limited, the "Group". The Group co-ordinates its cash flows, liquidity position and borrowing facilities on a group basis and further disclosures relating to these matters are included in the annual report of Grosvenor Group Limited.

#### KEY PERFORMANCE INDICATORS

The directors of Grosvenor Group Limited manage its group operations on a divisional basis. For this reason, the company's directors believe that further key financial and non-financial performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The performance of the Grosvenor Group Limited, which includes the company, is discussed in the directors' report in the annual report of that company which does not form part of this report.

This report was approved by the board on 27 June 2016 and signed on its behalf.

  
**J Ball**  
Secretary

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £14,603,874 (2014 - £22,181,980).

There were no dividends paid in the year under review (2014 - £757,862,038).

Please refer to the Strategic Report for information on risk management objectives and policies.

The company is incorporated in the United Kingdom and the registered office is 70 Grosvenor Street, London, W1K 3JP.

#### **DIRECTORS**

The directors who served during the year and subsequently, except as noted, were:

T L Budden  
S J Moore  
M R Preston  
N R Scarles  
R A J Marshall (appointed 12 June 2015)  
C J Jukes

#### **FUTURE DEVELOPMENTS**

The directors do not anticipate any significant change in the activity of the company and its profitability.

The directors have prepared the financial statements on the going concern basis. Refer to the Strategic Report for further information.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**AUDITORS**

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

This report was approved by the board on 27 June 2016 and signed on its behalf.



**J Ball**  
Secretary

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the 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 or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2015, set out on pages 7 to 19. 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Financial Reporting Council's 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2015 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

#### **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

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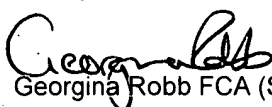
**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROSVENOR CONTINENTAL  
EUROPE HOLDINGS LIMITED**

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- 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.



Georgina Robb FCA (Senior Statutory Auditor)

for and on behalf of  
**Deloitte LLP**

Chartered Accountants and Statutory Auditor

London  
United Kingdom

27 June 2016



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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	2015 £	As restated* 2014 £
Administrative expenses	<u>(149,432)</u>	<u>-</u>
<b>Operating loss</b>	<b>(149,432)</b>	<b>-</b>
Impairment of investments	-	(208,303,894)
Income from shares in group undertakings	<u>14,753,306</u>	<u>230,485,874</u>
<b>Profit on ordinary activities before taxation</b>	<b>14,603,874</b>	<b>22,181,980</b>
Taxation on profit on ordinary activities	6      -	-
<b>Profit for the year</b>	<b><u>14,603,874</u></b>	<b><u>22,181,980</u></b>

The notes on pages 11 to 19 form part of these financial statements.

All activities in the current year and prior year are derived from continuing operations.

\*Financial Statements restated for presentational currency only (refer Note 1)

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

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	Note	2015 £	As restated* 2014 £
Profit for the financial year		<u>14,603,874</u>	<u>22,181,980</u>
<b>Items that will not be reclassified to profit or loss:</b>			
Distributions received		-	631,307,843
Impairment of investments		-	<u>(354,317,355)</u>
		-	276,990,488
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>14,603,874</u></u>	<u><u>299,172,468</u></u>

The notes on pages 11 to 19 form part of these financial statements.

\*Financial Statements restated for presentational currency only (refer Note 1)

**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04233654**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	As restated * 2014 £
<b>Fixed assets</b>			
Investments	7	625,782,623	625,782,623
		<u>625,782,623</u>	<u>625,782,623</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	132,790,754	124,165,761
Cash at bank and in hand		812	131,229
		<u>132,791,566</u>	<u>124,296,990</u>
Creditors: amounts falling due within one year	9	(132,312,379)	(139,363,330)
<b>Net current assets/(liabilities)</b>		<u>479,187</u>	<u>(15,066,340)</u>
<b>Total assets less current liabilities</b>		<u>626,261,810</u>	<u>610,716,283</u>
<b>Net assets</b>		<u><u>626,261,810</u></u>	<u><u>610,716,283</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	488,617,790	488,617,790
Foreign exchange reserve	11	95,340,753	94,399,100
Profit and loss account	11	42,303,267	27,699,393
		<u>626,261,810</u>	<u>610,716,283</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2016.



**T L Budden**  
Director



**C J Jukes**  
Director

The notes on pages 11 to 19 form part of these financial statements.

\* Financial Statements restated for presentational currency only (refer Note 1)

**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 January 2015	488,617,790	94,399,100	27,699,393	610,716,283
Profit for the year	-	-	14,603,874	14,603,874
Difference on currency translation	-	941,653	-	941,653
<b>At 31 December 2015</b>	<b>488,617,790</b>	<b>95,340,753</b>	<b>42,303,267</b>	<b>626,261,810</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Foreign exchange reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2014 as restated	488,617,790	147,395,996	-	5,517,413	641,531,199
Profit for the year	-	-	-	22,181,980	22,181,980
Dividends paid	-	-	(276,990,488)	-	(276,990,488)
Difference on currency translation	-	(52,996,896)	-	-	(52,996,896)
Impairment of investments	-	-	(354,317,355)	-	(354,317,355)
Distributions received	-	-	631,307,843	-	631,307,843
<b>At 31 December 2014 as restated</b>	<b>488,617,790</b>	<b>94,399,100</b>	<b>-</b>	<b>27,699,393</b>	<b>610,716,283</b>

The notes on pages 11 to 19 form part of these financial statements.

In 2014, Other reserves arose as part of a wider Group reorganisation.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

In the year ended 31 December 2015, the company changed its accounting framework to Financial Reporting Standard 101, as issued by the Financial Reporting Council. The date of transition is 1 January 2014. The prior year financial statements have been restated from Euros to GBP on transition to FRS 101. This currency translation is presentational only and is the only restatement.

The financial statements have been prepared under the historical cost basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 input are unobservable inputs for the asset or liability.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Grosvenor Group Limited. The group accounts of Grosvenor Group Limited are available to the public and can be obtained as set out in note 12.

##### 1.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 1.4 GOING CONCERN

The Strategic Report describes the going concern basis of preparation of the financial statements.

##### 1.5 INVESTMENTS

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

##### 1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company classifies all of its financial assets as loans and receivables.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and Loss Account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

**1.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Foreign currency translation

###### Functional and presentation currency

The company's functional currency is Euros. This differs from the presentational currency which is GBP. Euros is the currency of the primary economic environment in which the company operates. However, the financial statements are presented in GBP because the company is incorporated in the United Kingdom.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

##### 1.10 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

##### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liability within the next financial year, are discussed below:

##### Impairment of investment

Determining whether the company's investments have been impaired requires estimations of the investments' values in use.

##### Income tax

The Group applies judgement in the application of taxation regulations and makes estimates in calculating current income tax and deferred tax assets and liabilities, including the likely availability of future taxable profits against which deferred tax assets can be utilised.

#### 3. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Exchange differences	149,432	-

#### 4. AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the financial statements of the company for the year ended 31 December 2015 is £2,477 (2014 - £2,417) and is borne by Grosvenor Estate Holdings, a fellow subsidiary undertaking.

No fees were payable to Deloitte LLP and its associates for non-audit services to the company during the current or preceding year.

#### 5. 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.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**6. TAXATION**

	2015 £	2014 £
<b>Total tax</b>	-	-

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<b>14,603,874</b>	<b>22,181,980</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	<b>2,957,284</b>	<b>4,769,126</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>60,750</b>	<b>44,785,337</b>
Group relief received for no consideration	<b>(30,490)</b>	-
Other items attracting no liability	<b>(2,987,544)</b>	<b>(49,554,463)</b>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	-	-

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

On 1 April 2015, the UK corporate tax rate was reduced from 21% to 20%. A further reduction to 19% from 1 April 2017 and then to 18% from 1 April 2020 was substantively enacted on 26 October 2015 (Finance (No. 2) Act 2015).

A current tax rate of 20.25% (3 months of the year at 21%, 9 months at 20%) has been applied to the year ended 31 December 2015.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**7. INVESTMENTS**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2015	1,167,708,352
At 31 December 2015	<u>1,167,708,352</u>
<b>IMPAIRMENT</b>	
At 1 January 2015	541,925,729
At 31 December 2015	<u>541,925,729</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>625,782,623</u>
At 31 December 2014	<u>625,782,623</u>

The company's investments are listed in the appendix to these financial statements.

**8. DEBTORS: Amounts falling due within one year**

	2015 £	As restated 2014 £
Amounts owed by group undertakings	<u>132,790,754</u>	<u>124,165,761</u>
	<u>132,790,754</u>	<u>124,165,761</u>

All amounts are repayable on demand.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. CREDITORS: Amounts falling due within one year**

	<b>2015</b>	<i>As restated</i>
	<b>£</b>	<b>2014</b>
		<b>£</b>
Amounts owed to group undertakings	<b>132,312,379</b>	<b>139,363,330</b>
	<b>132,312,379</b>	<b>139,363,330</b>

All amounts are repayable on demand.

**10. CALLED UP SHARE CAPITAL**

	<b>2015</b>	<i>As restated</i>
	<b>£</b>	<b>2014</b>
		<b>£</b>
<b>Authorised</b>		
1,000,000,000 Ordinary shares of £0.60 each	<b>600,000,000</b>	<b>600,000,000</b>
<b>Allotted, called up and fully paid</b>		
814,362,983 Ordinary shares of £0.60 each	<b>488,617,790</b>	<b>488,617,790</b>

**11. RESERVES**

**Foreign exchange reserve**

Foreign exchange differences that arise from the translation of the company's results and financial position from its functional currency into its presentational currency are recognised fully in the foreign exchange reserve. Upon transition to FRS101 the amount recognised in the Statement Of Changes in Equity was £941,653.

**Profit and loss account**

The profit and loss account reserve contains the balance of retained earnings to carry forward. Dividends are paid from this reserve.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. 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 on behalf of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Overseas Holdings Limited is the immediate holding company.

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

## **APPENDIX**

At 31 December 2015, Grosvenor Continental European Holdings Limited had investments in a number of subsidiary and joint venture entities, the details of which are listed below. The investment in each entity is 100% unless otherwise stated.

### **Direct holdings**

The following company is directly held:

Grosvenor International SARL (Luxembourg)

### **Indirect holdings**

The following companies are indirectly held:

Grosvenor Australia Investments Property Ltd (Australia) -- in liquidation

Grosvenor Australia Asset Management Pty Ltd (Australia) -- in liquidation

Grosvenor Australia Properties Pty Ltd (Australia) -- in liquidation

Grosvenor Australia Services Pty Ltd (Australia) -- in liquidation

Grosvenor Continental Europe Holdings SA (Luxembourg)

Grosvenor First European Property Investments SA (Luxembourg) – 77.5% owned

Grosvenor International Australia Pty Ltd (Australia) -- in liquidation

Grosvenor International Investments SARL (Luxembourg) – in liquidation (Luxembourg)

Grosvenor Investments Portugal SARL(Luxembourg) -- 26.41% owned

Grosvenor Teca

Hassall Street Pty Ltd (Australia) – 50% owned in liquidation

ISPT Grosvenor International Property Trust – 9.99% owned (Australia)

JRE Investments Ltd (BVI)

Modern Resource Ltd (Hong Kong)

Sonae Sierra SGPS SA (Portugal) -- 50% owned