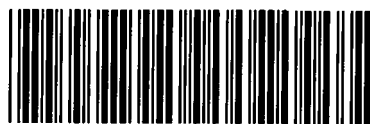

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The directors present their Annual Report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2017.

BUSINESS REVIEW

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

GOING CONCERN

The Company is in a net asset and net current asset position and is profit making as at 31 December 2017.

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 Income Statement.

The balance sheet shows that the Company's net assets increased from £625,865,000 to £628,899,000 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 2017 in the forthcoming year. This is consistent with the long-term strategy of the company.

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

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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board on 10 April 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J Ball', is written over a horizontal dotted line.

J Ball
Secretary

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £14,444,335 (2016 - £5,748,868).

There were £11,869,864 of dividends paid in the year under review (2016 - £6,183,274).

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

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
C J Jukes
P S Vernon (appointed 28 March 2017)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.


GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 April 2018 and signed on its behalf.



.....
J Ball
Secretary

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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;
- state whether applicable UK 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 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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED (CONTINUED)

our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

USE OF OUR REPORT

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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters, 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.

We have nothing to report in respect of these matters.



Georgina Robb FCA (Senior Statutory Auditor),

for and on behalf of
Deloitte LLP

Statutory Auditor

London
United Kingdom

10 April 2018

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

| | | 2017 £ | 2016 £ |
|--|---|-------------------|------------------|
| Administrative expenses | | (2,009) | (447,386) |
| Operating loss | 3 | (2,009) | (447,386) |
| Income from shares in group undertakings | | 14,446,344 | 6,196,254 |
| Profit before taxation | | 14,444,335 | 5,748,868 |
| Taxation on profit | 6 | - | - |
| Profit for the year | | 14,444,335 | 5,748,868 |

The notes on pages 13 to 22 form part of these financial statements.

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

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

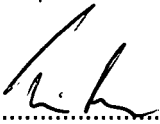
| | Note | 2017 £ | 2016 £ |
|---|------|------------------------------|-----------------------------|
| Profit for the financial year | | <u>14,444,335</u> | <u>5,748,868</u> |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Gain on currency translation | | <u>55,489</u> | <u>37,753</u> |
| | | 55,489 | 37,753 |
| Total comprehensive income for the year | | <u>14,499,824</u> | <u>5,786,621</u> |

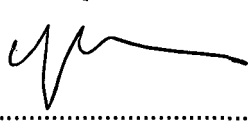
GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED
REGISTERED NUMBER: 04233654

BALANCE SHEET
AS AT 31 DECEMBER 2017

| | Note | 2017 £ | 2016 £ |
|--|------|----------------------------------|----------------------------------|
| Fixed assets | | | |
| Investments | 7 | <u>625,782,623</u> | <u>625,782,623</u> |
| | | 625,782,623 | 625,782,623 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | <u>89,757,543</u> | <u>132,740,908</u> |
| Bank and cash balances | | <u>978</u> | <u>940</u> |
| | | 89,758,521 | 132,741,848 |
| Creditors: amounts falling due within one year | 9 | <u>(86,641,939)</u> | <u>132,659,314)</u> |
| Net current assets | | <u>3,116,582</u> | <u>82,534</u> |
| Total assets less current liabilities | | <u>628,899,205</u> | <u>625,865,157</u> |
| Net assets | | <u><u>628,899,205</u></u> | <u><u>625,865,157</u></u> |
| Capital and reserves | | | |
| Called up share capital | 10 | <u>488,617,796</u> | <u>488,617,790</u> |
| Share premium account | 11 | <u>404,082</u> | <u>-</u> |
| Foreign exchange reserve | 11 | <u>95,433,995</u> | <u>95,378,506</u> |
| Profit and loss account | 11 | <u>44,443,332</u> | <u>41,868,861</u> |
| | | <u>628,899,205</u> | <u>625,865,157</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 April 2018.


.....
T L Budden
Director


.....
C J Jukes
Director

The notes on pages 13 to 22 form part of these financial statements.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Called up share capital | Share premium account | Foreign exchange reserve | Profit and loss account | Total equity |
|------------------------------------|----------------------------|-----------------------------|--------------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2017 | 488,617,790 | - | 95,378,506 | 41,868,861 | 625,865,157 |
| Profit for the year | - | - | - | 14,444,335 | 14,444,335 |
| Difference on currency translation | - | - | 55,489 | - | 55,489 |
| Dividends paid | - | - | - | (11,869,864) | (11,869,864) |
| Shares issued during the year | 6 | 404,082 | - | - | 404,088 |
| At 31 December 2017 | 488,617,796 | 404,082 | 95,433,995 | 44,443,332 | 628,899,205 |

In December 2017, the Company issued share capital to its parent company. The increase in share premium reflects the excess consideration received, over par value, for ordinary shares in the Company.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Called up share capital | Foreign exchange reserve | Profit and loss account | Total equity |
|------------------------------------|----------------------------|--------------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 January 2016 | 488,617,790 | 95,340,753 | 42,303,267 | 626,261,810 |
| Profit for the year | - | - | 5,748,868 | 5,748,868 |
| Difference on currency translation | - | 37,753 | - | 37,753 |
| Dividends: Equity capital | - | - | (6,183,274) | (6,183,274) |
| At 31 December 2016 | 488,617,790 | 95,378,506 | 41,868,861 | 625,865,157 |

The notes on pages 13 to 22 form part of these financial statements.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Financial reporting standard 101 'Reduced Disclosure Framework' ("FRS101") and the Companies Act 2006.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Grosvenor Group Limited (the Group). The accounts of the Group are available to the public and can be obtained as set out in note 12.

The financial statements have been prepared under the historic cost basis, except for the revaluation of certain assets and liabilities that are restated at revalued amounts or fair values at the end of each reporting period.

Historic cost is generally based on the value of the consideration given in exchange for the assets.

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).

The following accounting policies have been applied:

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 and 18A 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.

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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 directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Investments

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

Investments held as fixed assets including subsidiaries, joint ventures and associates 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.

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 Income Statement. 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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

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.

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 Income Statement 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 Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

1.10 Taxation

Tax is recognised in the Income Statement, 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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. JUDGEMENTS 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.

3. OPERATING LOSS

The operating loss is stated after charging:

| | 2017 £ | 2016 £ |
|----------------------|-----------|-----------|
| Exchange differences | 2,009 | 447,386 |

4. AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the financial statements of the company for the year ended 31 December 2017 is £2,900 (2016 - £2,710) 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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. TAXATION

| | 2017 £ | 2016 £ |
|------------------|-----------|-----------|
| Total tax | <u>-</u> | <u>-</u> |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

| | 2017 £ | 2016 £ |
|---|-------------------|------------------|
| Profit before tax | <u>14,444,335</u> | <u>5,748,868</u> |
| Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%) | <u>2,780,534</u> | <u>1,149,774</u> |

EFFECTS OF:

| | | |
|--|--------------------|--------------------|
| Group relief surrendered / (received) for no consideration | 387 | 89,477 |
| Other items attracting no tax relief or liability | <u>(2,780,921)</u> | <u>(1,239,251)</u> |

TOTAL TAX CHARGE FOR THE YEAR

| | |
|----------|----------|
| <u>-</u> | <u>-</u> |
|----------|----------|

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 1 April 2017, the UK corporate tax rate was reduced from 20% to 19%. From 1 April 2020, the UK corporate tax rate will reduce further to 17% (Finance Act 2016).

A current tax rate of 19.25% has been applied to the year ended 31 December 2017.

A deferred tax rate of 17% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2017.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. INVESTMENTS

| | Investments in subsidiary companies £ |
|-----------------------|--|
| Cost | |
| At 1 January 2017 | 1,167,708,352 |
| At 31 December 2017 | <u>1,167,708,352</u> |
| IMPAIRMENT | |
| At 1 January 2017 | 541,925,729 |
| At 31 December 2017 | <u>541,925,729</u> |
| NET BOOK VALUE | |
| At 31 December 2017 | <u>625,782,623</u> |
| At 31 December 2016 | <u>625,782,623</u> |

The Company's investments are listed in Note 13.

8. DEBTORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|--------------------|
| Amounts owed by group undertakings | <u>89,757,543</u> | <u>132,740,908</u> |
| | <u>89,757,543</u> | <u>132,740,908</u> |

All amounts are repayable on demand.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|--------------------|
| Amounts owed to group undertakings | 86,641,939 | 132,659,314 |
| | <u>86,641,939</u> | <u>132,659,314</u> |

All amounts owed to group undertakings are non-interest bearing and are repayable on demand.

10. CALLED UP SHARE CAPITAL

| | 2017 £ | 2016 £ |
|--|--------------------|--------------------|
| Authorised | | |
| 1,000,000,000 Ordinary shares of £0.60 each | 600,000,000 | 600,000,000 |
| | <u>600,000,000</u> | <u>600,000,000</u> |
| Allotted, called up and fully paid | | |
| 814,362,993 (2016 - 814,362,983) Ordinary shares of £0.60 each | 488,617,796 | 488,617,790 |
| | <u>488,617,796</u> | <u>488,617,790</u> |

In December 2017, the Company issued 10 new ordinary shares to its parent company.

11. RESERVES

Share premium

Share premium is the excess consideration received, over par value, for ordinary shares in the company.

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.

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.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 7th 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 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.

The address of the registered office of Grosvenor Group Limited and of Grosvenor Overseas Holdings Limited is 70 Grosvenor Street, London, W1K 3JP.

GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. INVESTMENTS IN SUBSIDIARIES

At 31 December 2017, Grosvenor Continental Europe 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:

Luxembourg

Registered office: 46a Avenue John F Kennedy, L1855 Luxembourg

Grosvenor International SARL (Luxembourg)

Indirect holdings

The following companies are indirectly held:

France

Registered office: 69 Boulevard Haussman 75008 Paris

GFRI 1 – 11.1% owned

GFRI 2 – 11.1% owned

GRIF 2 – 11.1% owned

GRIF 3 – 11.1% owned

GRIF Holdings – 11.1% owned

SPPICAV GRIF – 5% owned

Luxembourg

Registered office: 46a Avenue John F Kennedy, L1855 Luxembourg

GFRI 2007 – 11.1% owned

GFRI 2010 – 11.1% owned

Grosvenor First European Property Investments SA

Grosvenor French Retail Investments SA-11.1% owned

Grosvenor Investments Portugal SARL

Grosvenor Retail European Properties II Sarl-13.95% owned

Grosvenor Retail European Properties SA-13.95% owned

Portugal

Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia

Sonae Sierra SGPS SA (Portugal) – 50% owned

United Kingdom

Registered office: 70 Grosvenor Street, London W1K 3JP

Grosvenor Teca