

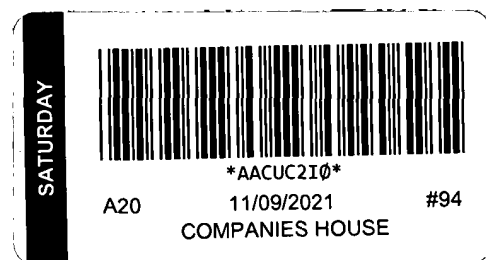
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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



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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 2020

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#### INTRODUCTION

The directors present their Annual Report on the affairs of Grosvenor Continental Europe Holdings Limited, the "Company", together with the audited financial statements and auditor's report for the year ended 31 December 2020.

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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.

The results of the Company for the year are shown in the Income Statement.

The balance sheet shows that the Company's net assets decreased from £489,541,215 to £298,449,368 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 2020 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.

#### GOING CONCERN

The Company is in a net asset and net current liability position as at 31 December 2020.

The intermediate holding company, Grosvenor Estate Holdings, has provided the directors of the Company with a letter of support confirming that it intends to support the Company for a period of not less than twelve months from the date of signing the accounts, provided that the Company remains a wholly owned subsidiary of Grosvenor Estate Holdings. Grosvenor Estate Holdings intends to enable it to meet its liabilities as they fall due.

The Grosvenor Group (the "Group") is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property business and its tenants. Similarly, the Group continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

These factors have also formed part of the Group-level assessment of the Group's cash flow forecasts for the period ending 31 December 2022. In particular these forecasts consider the impact of the United Kingdom's exit from the European Union and Covid-19 on the Group's income and stressed assumptions on the availability of finance and property valuations. Having considered the economic factors outlined above, and on the basis of the Group's continued forecast liquidity and ongoing support for the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 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.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### STATEMENT OF COMPLIANCE WITH SECTION 172 OF COMPANIES ACT 2006

Throughout the year the directors have performed their duty to promote the success of the company under section 172, taking consideration of:

- issues, factors and stakeholders relevant in complying with section 172(1)(a) to (f)
- main methods used to engage with stakeholders and to understand the issues to which they must have regard and
- the effect of such issues on the company's decisions and strategies during the financial year and in the long term.

The Company acts as an intermediate holding company for the Group. The strategic and operational policies adopted by the Company are set by The Group and the directors have applied these policies in all decisions taken in their management of the Company in order to meet their duties to the Company.

The Grosvenor Group has evolved over 340 years since the Grosvenor family's first association with property in London. As a result of this heritage, the Board takes decisions for the long term and seeks to apply the highest levels of corporate conduct. The Board and the Group's Shareholders judge the success of the business based on the positive impact on the communities that we operate in whilst being mindful of the needs of future generations.

In order to protect and strengthen the long standing business reputation, enhance the brand and maintain a reputation for high standards of business conduct, the Group operates as a values led business, promoting our values of integrity, respect and trust all of the time with all our stakeholder community including employees, customers, partners, suppliers, funders, wider society and the Shareholder.

The Group seeks to optimise social and commercial outcomes for every investment and sets itself challenging environmental targets; aiming to enhance its reputation for social responsibility. To deliver its purpose effectively the Group, through its subsidiaries, implements an approach called Living Cities which combines a far-sighted, international perspective, with an intimate local knowledge of markets and communities:

- The Group seeks to learn from the past, in acting upon evidence-based research and in adopting a farsighted perspective that responds to the socio-economic and demographic changes, environmental risks and disruptive technologies that pose significant urban challenges.
- Local expertise is promoted to foster a deep appreciation and understanding of local markets and the needs of local communities, working with them to implement bespoke and innovative solutions that are commercially successful and responsive to unique local circumstances.
- In implementing its activities, directly or in partnership with like-minded co-investment partners, the Group seeks to capture, distil and share knowledge, investing in its people to bring an international perspective which encourages innovation.

The Group's purpose is to improve properties and places to deliver lasting commercial and social benefit, with the community and environment forming the two key elements of social benefit as defined by our Shareholder. Consequently, building and maintaining effective stakeholder relationships is key to the success of the business. The Group's commitment to the World Green Building Council, included a pledge to be net zero carbon in our operations by 2030 (within our directly owned and managed portfolio) and wholly net carbon zero by 2050 across all properties. The Group actively engages with its stakeholders on this commitment.

Further detail on the Group's purpose and relationships with stakeholders is contained in the Strategic Report of the Grosvenor Limited Group Report and Accounts for the year ended 31 December 2020, and can also be found at [www.grosvenor.com](http://www.grosvenor.com).

The Company has no employees - the staff working on behalf of the Company are employed by Grosvenor Estate Management Limited, a fellow Group company, which reports on employee engagement.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 the parent company which does not form part of this report.

This report was approved by the board on 16 April 2021 and signed on its behalf.



.....  
**S McConnell**  
Secretary

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £18,432,608 (2019 - loss £14,707,385).

There were £172,650,383 of dividends paid in the year under review (2019 - £280,654,000).

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  
R A J Marshall  
P S Vernon  
D C Lee  
R R Davis

#### **FUTURE DEVELOPMENTS**

No significant changes in the Company's strategy or operations are planned.

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.

#### **POST BALANCE SHEET EVENTS**

In March 2021, the Board agreed to sell a 10% stake in Sonae Sierra SGPS to Sonae SGPS (the 70% majority shareholder) for proceeds of approximately €82m. Following completion of the sale the Company's interest in Sonae Sierra SGPS will reduce from 30% to 20%.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 16 April 2021 and signed on its behalf.



.....  
**S McConnell**  
Secretary



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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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;
- 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.

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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

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#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION**

In our opinion the financial statements of Grosvenor Continental Europe Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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 the Company 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' (United Kingdom Generally Accepted Accounting Practice).

#### **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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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

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financial statements does not cover the information and, except to the extent otherwise explicitly stated in 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 this regard.

#### **RESPONSIBILITIES OF DIRECTORS**

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, 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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

#### **EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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

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We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

#### Report on other legal and regulatory requirements

##### Opinions 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 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.

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 directors' report.

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**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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

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**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**

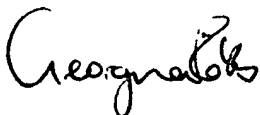
Under the Companies Act 2006 we are required to report in respect of the following matters, in our opinion:

- 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.

**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.



Georgina Robb FCA (Senior Statutory Auditor)

For and on behalf of  
**Deloitte LLP**

Statutory Auditor

London  
United Kingdom

16 April 2021

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

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		2020 £	2019 £
Impairment of investments	8	(191,082,991)	(14,707,385)
Income from shares in group undertakings	4	172,650,383	-
		<hr/>	<hr/>
<b>Loss before taxation</b>		<b>(18,432,608)</b>	<b>(14,707,385)</b>
Tax on loss	7	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(18,432,608)</b>	<b>(14,707,385)</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 25 form part of these financial statements.

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

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020

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	Note	2020 £	2019 £
Loss for the financial year		<u>(18,432,608)</u>	<u>(14,707,385)</u>
<b>Other comprehensive income:</b>			
Loss on currency translation		<u>(8,856)</u>	<u>(259,175)</u>
		<b>(8,856)</b>	<b>(259,175)</b>
 <b>Total comprehensive loss for the year</b>		 <u><b>(18,441,464)</b></u>	 <u><b>(14,966,560)</b></u>

The notes on pages 16 to 25 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	8	298,616,446	489,699,437
		<u>298,616,446</u>	<u>489,699,437</u>
<b>Current assets</b>			
Cash at bank and in hand		984	933
		<u>984</u>	<u>933</u>
Creditors: amounts falling due within one year	9	(168,062)	(159,155)
<b>Net current liabilities</b>		<u>(167,078)</u>	<u>(158,222)</u>
<b>Total assets less current liabilities</b>		<u>298,449,368</u>	<u>489,541,215</u>
 <b>Net assets</b>		 <u><u>298,449,368</u></u>	 <u><u>489,541,215</u></u>
 <b>Capital and reserves</b>			
Called up share capital	10	40,718,149	40,718,149
Foreign exchange reserve	11	97,455,985	97,464,841
Profit and loss account	11	160,275,234	351,358,225
		<u>298,449,368</u>	<u>489,541,215</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 April 2021.



.....  
**T L Budden**  
 Director



.....  
**D C Lee**  
 Director

The notes on pages 16 to 25 form part of these financial statements.



**GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital</b>	<b>Foreign exchange reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2020	40,718,149	97,464,841	351,358,225	489,541,215
Loss for the year	-	-	(18,432,608)	(18,432,608)
Difference on currency translation	-	(8,856)	-	(8,856)
Dividends paid	-	-	(172,650,383)	(172,650,383)
<b>At 31 December 2020</b>	<b>40,718,149</b>	<b>97,455,985</b>	<b>160,275,234</b>	<b>298,449,368</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Foreign exchange reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 January 2019	488,617,796	404,082	97,724,016	198,415,881	785,161,775
Loss for the year	-	-	-	(14,707,385)	(14,707,385)
Difference on currency translation	-	-	(259,175)	-	(259,175)
Dividends paid	-	-	-	(280,654,000)	(280,654,000)
Share reduction during the year	(447,899,647)	(404,082)	-	448,303,729	-
<b>At 31 December 2019</b>	<b>40,718,149</b>	<b>-</b>	<b>97,464,841</b>	<b>351,358,225</b>	<b>489,541,215</b>

On 23 May 2019, the Company reduced its called up share capital by £447,899,647 via a reduction in the nominal value of its Ordinary shares from £0.60 to £0.05. The Company also transferred £404,082 from the Share premium account to the Profit and loss account.

The notes on pages 16 to 25 form part of these financial statements.

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## **GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1. GENERAL INFORMATION**

Grosvenor Continental Europe Holdings Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

#### **2. ACCOUNTING POLICIES**

##### **2.1 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.

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 3).

The following accounting policies have been applied:

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 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 130(f)(ii), 130(f)(iii), 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.

### 2.3 GOING CONCERN

The Company is in a net asset and net current liability position as at 31 December 2020.

The intermediate holding company, Grosvenor Estate Holdings, has provided the directors of the Company with a letter of support confirming that it intends to support the Company for a period of not less than twelve months from the date of signing the accounts, provided that the Company remains a wholly owned subsidiary of Grosvenor Estate Holdings. Grosvenor Estate Holdings intends to enable it to meet its liabilities as they fall due.

The Grosvenor Group (the "Group") is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property business and its tenants. Similarly, the Group continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

These factors have also formed part of the Group-level assessment of the Group's cash flow forecasts for the period ending 31 December 2022. In particular these forecasts consider the impact of the United Kingdom's exit from the European Union and Covid-19 on the Group's income and stressed assumptions on the availability of finance and property valuations. Having considered the economic factors outlined above, and on the basis of the Group's continued forecast liquidity and ongoing support for the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 INVESTMENTS

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

Investments are tested for impairment on an annual basis or when objective evidence is identified that indicates an impairment may be needed (such as financial difficulties on behalf of the investee). Impairments are calculated as the difference between the current carrying value of the investment and its expected recoverable value - taken to be the higher of the value in use (approximated using the net asset value of the investee) and the fair value less costs to sell.

### 2.5 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.

### 2.6 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 and financial liabilities are initially measured at fair value.

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

#### Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### Financial liabilities

##### At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.6 FINANCIAL INSTRUMENTS (continued)

effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

##### 2.7 CREDITORS

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

##### 2.8 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 profit or loss 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 profit or loss within 'other operating income'.

##### 2.9 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.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.10 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### 3. 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 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount 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 be different from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### i) Significant judgements in applying the Company's accounting policies

There were no critical judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### ii) 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. Covid-19 and the associated near-term economic uncertainty creates greater uncertainty in the estimation of these investment values and the underlying properties held in these investment companies.

As a result of the method used to calculate any required impairments, it is not feasible to perform a sensitivity analysis.

#### 4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

Income from shares in group undertakings represent dividends received from subsidiaries in the 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 2020**

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**5. AUDITOR'S REMUNERATION**

Auditor's remuneration for the audit of the financial statements of the company for the year ended 31 December 2020 is £3,300 (2019 - £3,108) 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.

**6. 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.

**7. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Total current tax</b>	<b>-</b>	<b>-</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<b>(18,432,608)</b>	<b>(14,707,385)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>(3,502,196)</b>	<b>(2,794,403)</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>36,305,768</b>	<b>2,794,403</b>
Non-taxable income	<b>(32,803,572)</b>	<b>-</b>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>-</b>	<b>-</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2020.

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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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8. INVESTMENTS

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2020	1,167,708,352
At 31 December 2020	1,167,708,352
<b>IMPAIRMENT</b>	
At 1 January 2020	678,008,915
Charge for the year	191,082,991
At 31 December 2020	869,091,906
<b>NET BOOK VALUE</b>	
At 31 December 2020	298,616,446
At 31 December 2019	489,699,437

During the year the Company recognised an impairment of £191,082,991 in an investment in a subsidiary operating in the real estate industry to reflect the impact of the Covid-19 pandemic on the fair value of the underlying property investments. The impairment was recognised to reduce the carrying value of the investment to the net asset value of the subsidiary. The year end carrying value of £298,616,446 is shown above.

The Company's investments are listed in Note 13.



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GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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9. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	168,062	159,155
	<u>168,062</u>	<u>159,155</u>

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

10. CALLED UP SHARE CAPITAL

	2020 £	2019 £
<b>Authorised</b>		
1,000,000,000 (2019 - 1,000,000,000) Ordinary shares of £0.05 each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
<b>Allotted, called up and fully paid</b>		
814,362,993 (2019 - 814,362,993) Ordinary shares of £0.05 each	40,718,149	40,718,149
	<u>40,718,149</u>	<u>40,718,149</u>

The Company's shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

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. A loss of £8,856 (2019: £259,175 loss) as a result of foreign exchange differences is recognised in the foreign exchange reserve in 2020.

**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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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 12. CONTROLLING PARTY

On 3rd August 2020 as part of a wider reorganisation of the ownership of Grosvenor Group Limited, GGL Group Number Two Limited (now called Grosvenor Group Limited) became the ultimate parent of the Company. Grosvenor Group Limited is incorporated in Great Britain and registered in England and Wales. It is wholly owned by trusts on behalf of the Grosvenor family, headed by the 7th Duke of Westminster, therefore the ultimate controlling party has remained unchanged.

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.

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## GROSVENOR CONTINENTAL EUROPE HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 13. INVESTMENTS IN SUBSIDIARIES

At 31 December 2020, 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:

United Kingdom

Registered office: 70 Grosvenor Street, London W1K 3JP

Grosvenor ECO Limited

France

Registered office: 69 Boulevard Haussman 75008 Paris

A France 85 SAS - 50% owned

Bruyeres 9 SAS

Des Grilles 40 SAS

Grosvenor Continental Europe SAS

Grosvenor Development SAS

Lesault 14 SAS - 50% owned

Luxembourg

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

GGERP Luxembourg SARL - 5% owned

GFM (CE) S.A.

Grosvenor Continental Europe Holdings SARL

Grosvenor First European Property Investments SARL

Grosvenor Investments Portugal SARL

Grosvenor Retail European Properties SA - 13.95% owned

Portugal

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

Sonae Sierra SGPS SA - 30% owned