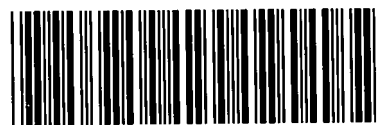


**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
FOR  
D.U.K.E. Continental Partners Limited**

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for the Year Ended 30 June 2017**

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**D.U.K.E. Continental Partners Limited**

**COMPANY INFORMATION**  
**for the Year Ended 30 June 2017**

<b>DIRECTORS:</b>	Cromwell Director Limited C Treacy
<b>SECRETARY:</b>	Cromwell Corporate Secretarial Limited
<b>REGISTERED OFFICE:</b>	1st Floor Exchange Place 3 3 Semple Street Edinburgh EH3 8BL
<b>REGISTERED NUMBER:</b>	SC286340 (Scotland)
<b>AUDITORS:</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
<b>BANKERS:</b>	Bank of Scotland 2nd Floor New Ueberior House 11 Earl Grey Street Edinburgh EH3 9BN
<b>SOLICITORS:</b>	Nabarro LLP 125 London Wall London EC2Y 5AL

**REPORT OF THE DIRECTORS  
for the Year Ended 30 June 2017**

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2017.

**REVIEW OF BUSINESS**

Both the level of business for the year and financial position of the company were as anticipated by the directors.

The results of the company for year ended 30 June 2017 are set out in detail on page 7.

On 16 December 2016 all property assets held by the Group were sold to a third party. A price was agreed with the Group's lenders (the Bank) at a level that allowed the Group to repay all outstanding debt principal and also pay break costs associated with terminating hedging that was due to expire on 31 December 2016. An agreement was reached with the Bank to waive any deferred exit fees and interest due under the facility agreement over and above the net disposal proceeds from the disposals. It is intended that the company and Group be wound up following conclusion of the disposals and repayment of the amounts due to the Bank. As a consequence the directors have prepared the financial statements on a basis other than going concern.

Following this transaction the Group has restructured the intercompany loans between all UK Group companies with all balances being waived in full. As a result a net credit, after releasing brought forward provisions against receivables, of €16,160,000 for intercompany loans payable and receivable has been recognised in respect of these waivers.

Intercompany loans payable and receivable with overseas Group companies remained in place at 30 June 2017, however all intercompany receivables were fully impaired resulting in a further impairment charge of €1,949,000 being recognised.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

Cromwell Director Limited  
C Treacy

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors of D.U.K.E. Real Estate Limited manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of the business of the company. The principal risks and uncertainties of D.U.K.E. Real Estate Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.

**KEY PERFORMANCE INDICATORS**

The directors of D.U.K.E. Real Estate Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of D.U.K.E. Real Estate Limited, which includes the company, is discussed in the group's annual report, which does not form part of this report.

**FINANCIAL RISK MANAGEMENT**

The company's financial risk management is set out in detail in note 16 to the financial statements.

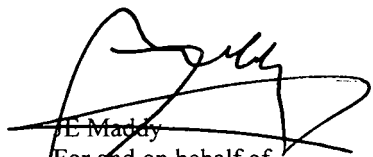
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS  
for the Year Ended 30 June 2017**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



J.E. Maddy  
For and on behalf of  
Cromwell Director Limited - Director

26 March 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
for the Year Ended 30 June 2017**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF D.U.K.E. CONTINENTAL PARTNERS LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, D.U.K.E Continental Partners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2017; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. On 16 December 2016, , following an agreement with the Bank to settle all amounts due under loan and hedging agreements by the Group (of which the subsidiary is a member) the majority of the assets held by the company were sold to a third party. It is intended that the company be wound up following conclusion of the disposals and repayment of the amounts due to the Bank by other Group members. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF D.U.K.E. CONTINENTAL PARTNERS LIMITED**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

### **Responsibilities for the financial statements and the audit**

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### **Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
D.U.K.E. CONTINENTAL PARTNERS LIMITED**

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Marsden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

Date: .....

26 March 2018

**INCOME STATEMENT**  
for the Year Ended 30 June 2017

	Notes	30.6.17 €'000	30.6.16 €'000
<b>CONTINUING OPERATIONS</b>			
Revenue		-	27
Impairment of loans		(1,844)	(11,682)
Administrative expenses		(112)	(855)
Forgiveness of intercompany balances		16,160	-
<b>OPERATING PROFIT/(LOSS)</b>		14,204	(12,510)
Finance costs	4	2,483	1,716
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	5	16,687	(10,794)
Income tax	6	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u>16,687</u>	<u>(10,794)</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the Year Ended 30 June 2017**

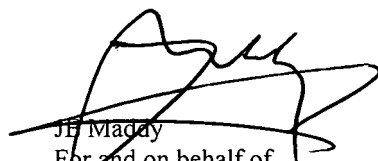
	30.6.17 €'000	30.6.16 €'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>	16,687	(10,794)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u>16,687</u>	<u>(10,794)</u>

**STATEMENT OF FINANCIAL POSITION**

30 June 2017

	Notes	30.6.17 €'000	30.6.16 €'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	-	4,382
<b>TOTAL ASSETS</b>		-	4,382
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	9	83,625	83,625
Share premium	10	9,000	9,000
Accumulated losses	10	(92,633)	(109,320)
<b>TOTAL EQUITY</b>		(8)	(16,695)
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	8	21,077
<b>TOTAL LIABILITIES</b>		8	21,077
<b>TOTAL EQUITY AND LIABILITIES</b>		-	4,382

The financial statements on pages 8 to 26 were approved by the Board of Directors on 26 March 2018 and were signed on its behalf by:

  
 JH Maddy  
 For and on behalf of  
 Cromwell Director Limited - Director

**STATEMENT OF CHANGES IN EQUITY**  
**for the Year Ended 30 June 2017**

	Called up share capital €'000	Accumulated losses €'000	Share premium €'000	Total equity €'000
<b>Balance at 1 July 2015</b>	83,625	(98,526)	9,000	(5,901)
<b>Changes in equity</b>				
Total comprehensive loss	-	(10,794)	-	(10,794)
<b>Balance at 30 June 2016</b>	83,625	(109,320)	9,000	(16,695)
<b>Changes in equity</b>				
Total comprehensive income	-	16,687	-	16,687
<b>Balance at 30 June 2017</b>	83,625	(92,633)	9,000	(8)

**STATEMENT OF CASH FLOWS**  
for the Year Ended 30 June 2017

		30.6.17 €'000	30.6.16 €'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	-	(1,716)
Interest paid		-	1,716
		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>Increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at beginning of year</b>		-	-
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>		<u>          </u>	<u>          </u>

**NOTES TO THE STATEMENT OF CASH FLOWS**  
for the Year Ended 30 June 2017

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	30.6.17	30.6.16
	€'000	€'000
Profit/(loss) before income tax	16,687	(10,794)
Waiver of intercompany loans	(16,160)	-
Impairment of loans	1,844	11,682
Finance costs	(2,483)	(1,716)
	<u>(112)</u>	<u>(828)</u>
Decrease in trade and other receivables	652	9,668
Decrease in trade and other payables	(540)	(10,556)
	<u>(540)</u>	<u>(10,556)</u>
<b>Cash generated from operations</b>	<u>-</u>	<u>(1,716)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year Ended 30 June 2017**

**1. STATUTORY INFORMATION**

D.U.K.E. Continental Partners Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by revaluation of financial statements and derivatives.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 14.

The company is exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the results of the company and its subsidiaries are incorporated in the consolidated financial statements of the ultimate parent company, D.U.K.E. Real Estate Limited.

As a consequence of the deal agreed during the year to sell the Group's remaining assets, as detailed below, the directors have prepared the financial statements on a basis other than going concern. The key features of a basis of preparation other than going concern are that the assets are written down to their recoverable amount and provision is made for all future closure costs and operating losses. No adjustments were needed in these financial statements to reduce assets to their recoverable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long term liabilities as current assets and liabilities. Any future closure costs will be borne by the parent entity and a relevant provision for these has been made in the Group accounts.

During the financial year the company was a party to a cross guarantee on the Group's Bank of Scotland plc facility and was therefore dependent on the ability of the Group to continue as a going concern.

The facility with Bank of Scotland plc, a subsidiary of Lloyds Banking Group plc ("the Bank") provided committed facilities through to 31 December 2016.

On 16 December 2016 all property assets held by the Group were sold to a third party. A price was agreed with the Group's lenders (the Bank) at a level that allowed the Group to repay all outstanding debt principal and also pay break costs associated with terminating hedging that was due to expire on 31 December 2016. An agreement was reached with the Bank to waive any deferred exit fees and interest due under the facility agreement over and above the net disposal proceeds from the disposals. It is intended that the company and Group be wound up following conclusion of the disposals and repayment of the amounts due to the Bank.

**New and amended standards**

There are no new standards and amendments to standards that are mandatory for the financial period beginning 1 July 2016.

**New and amended standards not currently relevant to the company**

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2016, but are not currently relevant to the company:

- Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016)
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation (effective 1 January 2016)
- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016)
- Annual improvements 2014 (effective 1 January 2016)

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**ACCOUNTING POLICIES - continued**

- Amendment to IAS 1 'Presentation of financial statements' on the disclosure initiative (effective 1 January 2016)
- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective 1 January 2016)

**New and amended standards not effective for current financial year**

The following new standards and amendments have been issued but are not effective for the financial year beginning 1 July 2016 and have not been adopted early:

- Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative (effective 1 January 2017)
- Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 9 'Financial instruments' (effective 1 January 2018)
- Amendments to IFRS 2 'Share-based payment' on clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018)
- Amendments to IFRS 16 'Leases' (effective 1 January 2019)
- Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective 1 January 2018)
- Annual Improvements 2014-16, (effective 1 January 2017)
- IFRIC 22 'Foreign currency transactions and advance consideration' (effective 1 January 2018)

The impact of these standards is yet to be finalised by the company.

**General information**

The company is a limited liability company incorporated and domiciled in Scotland. The address of its registered office is: Exchange Place 3, 3 Semple Street, Edinburgh, EH3 8BL.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive the cash flows expires or it has transferred the financial asset and the economic benefit of the cash flows. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are used to support the company's operations. Interest is charged to the income statement as incurred or earned. Issue costs for instruments subsequently recorded at amortised cost are netted against the fair value of the related debt instruments on initial recognition and are charged to the income statement over the term of the relevant facility.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument, as follows:

- a) Financial assets/liabilities held for short term gain, including derivatives other than hedging instruments, are measured at fair value and movements in fair value are credited/charged to the income statement in the year.
- b) Loans and receivables/payables and non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market are measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non current assets/liabilities.

**Critical judgements in applying accounting policies and key sources of estimation uncertainty**

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas summarised below.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

**Estimation of fair value of Investments**

The fair value of investments reflects the group's share of the underlying net asset value of the investments. Where there are property assets included in the underlying net asset value of the investment, the property valuation has been arrived at primarily after consideration of market evidence for similar property.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

**Current tax**

The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the balance sheet date.

**Deferred tax**

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and

- deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the temporary differences can be deducted. In deciding whether future reversal is probable, the directors review the company's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

**Foreign currencies**

**Functional and presentation currency**

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. The company's functional currency is Euros.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in equity.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**2. ACCOUNTING POLICIES - continued**

**Investments**

Fixed asset investments are stated in the statement of financial position at cost, less provision for any impairment.

**Impairment**

The carrying value of cash generating units (taking into account related liabilities and allocated central net assets) is tested for impairment by comparison with expected relevant future cash flows discounted at the pre-tax cost of capital taking into account appropriate risk; provision is made for any impairment identified.

When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the present value of expected future cash flows of the relevant cash generating unit) or 'fair value less costs to sell'. Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the company could receive for the cash generating unit in an arm's length transaction.

**Receivables**

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, default in payment or a significant deterioration in credit worthiness. Any impairment is recognised in the income statement within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against 'other operating income and expenses' in the income statement.

**Trade payables**

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

**Cash and cash equivalents**

In the preparation of the company's statement of cash flows, cash and cash equivalents represent short term liquid investments which are readily realisable. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the statement of financial position.

**Ordinary shares and preference shares**

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividend distribution**

Dividend distribution to the company's shareholders is recognised in the financial statements in the year in which the dividends are paid.

**3. EMPLOYEES AND DIRECTORS**

The company had no employees during the current or prior year.

**Directors' emoluments**

The directors are executives of the Cromwell (Europe) Limited group. D.U.K.E. Real Estate Limited, the ultimate parent company, has a management agreement with Cromwell Management Services Limited, a subsidiary of Cromwell (Europe) Limited. The management charge is invoiced to D.U.K.E. Real Estate Limited and a recharge is not made to subsidiary companies. The management charge includes various costs and the directors' remuneration cannot be separately identified.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 30 June 2017

**4. NET FINANCE INCOME**

	30.6.17 €'000	30.6.16 €'000
Finance costs:		
Bank interest	(534)	100
Interest receivable from group undertakings	(1,949)	(1,816)
	<u>(2,483)</u>	<u>(1,716)</u>

The bank interest credit relates to accrued bank loan interest that was released following the sale of the Group's assets.

**5. PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2016 - loss before income tax) is stated after charging/(crediting):

	30.6.17 €'000	30.6.16 €'000
Foreign exchange differences	118	822
Waiver of intercompany loans	(16,160)	-
	<u>(16,042)</u>	<u>822</u>

**Auditors' remuneration**

The audit fee of the company for the current and prior year is borne by the ultimate parent company, D.U.K.E. Real Estate Limited.

**6. INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 30 June 2017 nor for the year ended 30 June 2016.

**Factors affecting the tax expense**

The tax assessed for the year is lower (2016 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.17 €'000	30.6.16 €'000
Profit/(loss) before income tax	<u>16,687</u>	<u>(10,794)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	3,296	(2,159)
Effects of:		
investments		
Non-deductible impairment of/(reversal of impairment of) loans	364	(2,336)
Utilization of brought forward tax losses	(83)	-
Group relief surrendered to group companies for nil consideration	-	4,858
Non-taxable interest received on intercompany loans	(385)	(363)
Non-taxable waiver of intercompany loans	(3,192)	-
Tax expense	<u>-</u>	<u>-</u>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. Given that these changes were substantively enacted at the balance sheet date its effects are included in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**7. INVESTMENTS**

	Shares in group undertakings €'000
<b>COST</b>	
At 1 July 2016 and 30 June 2017	115,399
<b>PROVISIONS</b>	
At 1 July 2016 and 30 June 2017	115,399
<b>NET BOOK VALUE</b>	
At 30 June 2017	-
At 30 June 2016	-

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**7. INVESTMENTS - continued**

At 30 June 2017 the following were the company's subsidiaries and each were held directly by the company:

<b>Companies</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class</b>	<b>%</b>
<b>Subsidiary undertakings</b>				
TCP France Massy Holdings S.A.	Luxembourg	Holding company	Ordinary	100
D.U.K.E. Continental Partners Holdings II B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Holdings III B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Holdings IV B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Holdings V B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Holdings VI B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners II B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Netherlands Holdings B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Continental Partners Trading II B.V.	Netherlands	Holding company	Ordinary	100
D.U.K.E. Netherlands Amsterdam I B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Amsterdam II B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Drachten B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Groningen B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Leeuwarden B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Lelystad B.V.	Netherlands	Dormant	Ordinary	100
D.U.K.E. Netherlands Waalwijk B.V.	Netherlands	Dormant	Ordinary	100
Fabrikkveien 7 AS	Norway	Dormant	Ordinary	100
VCP Norway AS	Norway	Property investment	Ordinary	100
VCP France Massy SCI	France	Holding company	Ordinary	100

The company has an interest in the following:

All subsidiaries, joint ventures and unit trusts have a single registered office in the country they are resident in. These are:

**Netherlands** - Jachthavenweg 124, 1081 KJ Amsterdam, Netherlands

**France** - 43-47 avenue de la Grande Armée, F75116, Paris, France

**Luxembourg** - 14 rue Edward Steichen, 2540, Luxembourg

**Norway** - c/o Colliers, Wergelandsveien 7, 0167 Oslo, Norway

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 30 June 2017

**8. TRADE AND OTHER RECEIVABLES**

	30.6.17 €'000	30.6.16 €'000
Current:		
Amounts owed by group undertakings	-	4,380
Value added tax	-	2
	<u>-</u>	<u>4,382</u>
	<u>-</u>	<u>4,382</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			30.6.17	30.6.16
Number:	Class:	Nominal value:	€	€
50	'A' ordinary shares	€1	50	50
50	'B' ordinary shares	€1	50	50
83,624,702	Redeemable preference shares	€1	83,624,702	83,624,702
			<u>83,624,802</u>	<u>83,624,802</u>
			<u>83,624,802</u>	<u>83,624,802</u>

The redeemable preference shares carry a zero coupon. The redemption date is indefinite and so the redeemable preference shares have been disclosed as part of equity.

**10. RESERVES**

	Accumulated losses €000
At 1 July 2016	(109,320)
Profit for the year	<u>16,687</u>
At 30 June 2017	<u>(92,633)</u>

**11. TRADE AND OTHER PAYABLES**

	30.6.17 €'000	30.6.16 €'000
Current:		
Trade payables	8	-
Amounts owed to group undertakings	-	20,529
Accrued expenses	-	548
	<u>8</u>	<u>21,077</u>
	<u>8</u>	<u>21,077</u>

Amounts owed to group undertakings are unsecured, repayable on demand and incur no interest.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 30 June 2017

**12. FINANCIAL INSTRUMENTS**

The company's principal financial instruments include trade and other receivables, cash and cash equivalents and trade and other payables.

	30.6.17		30.6.16	
	Book value	Fair value	Book value	Fair value
	€'000	€'000	€'000	€'000
<b>Assets</b>				
Trade and other receivables	-	-	4,382	4,382
<b>Liabilities</b>				
Trade and other payables	(8)	(8)	(21,077)	(21,077)

In accordance with IAS 39, the company classifies the assets in the analysis above as 'loans and receivables'. At the 2017 and 2016 year ends, the company did not have any 'held to maturity' or 'available for sale' financial assets or 'held for trading' financial assets and liabilities as defined by IAS 39.

For other financial assets and liabilities, which are all short-term in nature, the carrying value approximates to fair value.

**13. ULTIMATE PARENT COMPANY**

The company's immediate parent undertaking is D.U.K.E. Property Holdings (UK) Limited.

The company's ultimate parent undertaking, D.U.K.E. Real Estate Limited, is jointly owned by Uberior Europe Limited (a subsidiary of Lloyds Banking Group plc - a UK entity) and Cromwell Holdings Europe Limited. Cromwell Holdings Europe Limited's ultimate parent entity is Cromwell Corporation Limited, an Australian entity.

D.U.K.E. Real Estate Limited is the parent company of the smallest and largest group for which consolidated financial statements are drawn up and of which the company is a member. Copies of the consolidated financial statements of D.U.K.E. Real Estate Limited can be obtained from Exchange Place 3, 3 Semple Street, Edinburgh, EH3 8BL.

**14. CONTINGENT LIABILITIES**

Following the refinancing of the Group in December 2014, the facilities contained cross collateralisation and cross default provisions. The total Group debt outstanding as at the date of these financial statements is £nil (2016: £46,664,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**15. RELATED PARTY DISCLOSURES**

**Amounts owed by group undertakings**

The funding of D.U.K.E Real Estate Limited and its subsidiaries ('the group') is controlled centrally. Resources are allocated to different entities within the group according to their needs, which constantly vary due to differing trading patterns, seasonality and other factors. The amounts owed at the year end disclosed in note 11 and note 7 are owed (to)/by various subsidiary companies.

**Balances and transactions with shareholders**

**Lloyds Banking Group**

Uberior Europe Limited is a 50% shareholder of D.U.K.E. Real Estate Limited. Uberior Europe Limited is part of the Lloyds Banking Group. Lloyds Banking Group is the main debt provider to the group.

As at 30 June 2017, the company had the following outstanding balances with Lloyds Banking Group:

	30.6.17	30.6.16
	€'000	€'000
Bank interest accrued	-	434
Outstanding balances owed to Lloyds Banking Group	-	434

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2017**

**16. FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks: market risk (including currency risk) and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury function on a group-wide basis under policies approved by the board of directors. The central treasury function identifies, evaluates and hedges financial risks in close co-operation with the group's operational managers. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

**(a) Market risk**

**Foreign exchange risk**

The company operates across Europe and is exposed to foreign exchange risk arising from various currency exposures with respect to the Euro and the UK pound. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

**(b) Liquidity risk**

The company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period.

The company's main source of liquidity is its property business. Cash generation by this business is dependent upon the reliability of rental income.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the central treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

**Capital risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to its parent, issue new shares or sell assets to reduce debt.