
GROSVENOR ESTATE HOLDINGS
(an unlimited company having share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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GROSVENOR ESTATE HOLDINGS

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GROSVENOR ESTATE HOLDINGS

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

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

BUSINESS REVIEW

The principal activity of the company during the year was to provide management and administration of the holding company activities and to act as an intermediate holding company for investments.

The company is in a net asset and net current liability position and is profit making as at 31 December 2015. The net current liability position is due to loans from subsidiaries and the company can therefore control the timing of repayment of these loans. In addition, the company has significant undrawn committed borrowing facilities.

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

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

The balance sheet shows that the company's net assets increased from £1,151,904,000 to £1,292,716,000 during the year.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

The company is financed by equity, intra group loans and external debt.

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


KEY PERFORMANCE INDICATORS

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

GROSVENOR ESTATE HOLDINGS

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

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


.....
J Ball
Secretary

GROSVENOR ESTATE HOLDINGS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £197,862,000 (2014 - £125,238,000).

There were £58,764,707 of dividends paid in the year under review (2014 - £nil).

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

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

DIRECTORS

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

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

FUTURE DEVELOPMENTS

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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


GROSVENOR ESTATE HOLDINGS

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

AUDITORS

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

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


.....
J. Ball
Secretary

GROSVENOR ESTATE HOLDINGS

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GROSVENOR ESTATE HOLDINGS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROSVENOR ESTATE HOLDINGS

We have audited the financial statements of Grosvenor Estate Holdings for the year ended 31 December 2015, set out on pages 8 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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


GROSVENOR ESTATE HOLDINGS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROSVENOR ESTATE HOLDINGS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Georgina Robb FCA (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

27 June 2016

GROSVENOR ESTATE HOLDINGS

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

| | | 2015 £000 | <i>As restated</i> 2014 £000 |
|---|---|-----------------|------------------------------------|
| Administrative expenses | | (20,174) | (19,205) |
| OPERATING LOSS | | (20,174) | (19,205) |
| Income from shares in group undertakings | | 216,040 | 144,521 |
| Interest receivable | 6 | 1,148 | 1,247 |
| Interest payable and similar charges | 7 | (4,328) | (5,814) |
| Fair value movements | | (250) | 1,174 |
| PROFIT BEFORE TAX | | 192,436 | 121,923 |
| Taxation on profit on ordinary activities | 8 | 5,426 | 3,315 |
| PROFIT FOR THE YEAR | | 197,862 | 125,238 |

The notes on pages 12 to 33 form part of these financial statements.

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

GROSVENOR ESTATE HOLDINGS

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

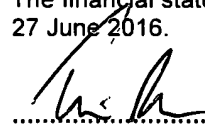
| | Note | 2015 £000 | As restated 2014 £000 |
|--|------|----------------|-----------------------------|
| Profit for the financial year | | 197,862 | 125,238 |
| Actuarial gain on defined benefit schemes | | 2,240 | (909) |
| Tax relating to components of other comprehensive income | | (525) | 182 |
| Other recognised gains | | - | 9,595 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 199,577 | 134,106 |

GROSVENOR ESTATE HOLDINGS
REGISTERED NUMBER: 01414189

BALANCE SHEET
AS AT 31 DECEMBER 2015

| | Note | 2015 £000 | <i>As restated</i> 2014 £000 |
|---|------|-------------------------|------------------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 6,440 | 6,367 |
| Investments | 10 | 1,569,703 | 1,444,203 |
| | | <u>1,576,143</u> | <u>1,450,570</u> |
| Current assets | | | |
| Debtors | 11 | 177,811 | 234,809 |
| Cash at bank and in hand | | 28,149 | 41,117 |
| | | <u>205,960</u> | <u>275,926</u> |
| Creditors: amounts falling due within one year | 12 | (452,536) | (536,705) |
| Net current liabilities | | <u>(246,576)</u> | <u>(260,779)</u> |
| Total assets less current liabilities | | <u>1,329,567</u> | <u>1,189,791</u> |
| Creditors: amounts falling due after more than one year | 13 | (29,343) | (29,493) |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>1,300,224</u> | <u>1,160,298</u> |
| Pension liability | | (7,508) | (8,394) |
| Net assets | | <u><u>1,292,716</u></u> | <u><u>1,151,904</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 59,906 | 59,906 |
| Share premium account | 19 | 173,940 | 173,940 |
| Other reserves | 19 | 9,595 | 9,595 |
| Profit and loss account | 19 | 1,049,275 | 908,463 |
| | | <u>1,292,716</u> | <u>1,151,904</u> |

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


.....
T L Budden
Director


.....
C J Jukes
Director

The notes on pages 12 to 33 form part of these financial statements.

GROSVENOR ESTATE HOLDINGS

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

| | Share capital £000 | Share premium £000 | Other reserves £000 | Retained earnings £000 | Total equity £000 |
|-----------------------------------|--------------------------|--------------------------|---------------------------|------------------------------|----------------------|
| At 1 January 2015 (as restated) | 59,906 | 173,940 | 9,595 | 908,463 | 1,151,904 |
| Profit for the year | - | - | - | 197,862 | 197,862 |
| Actuarial gains on pension scheme | - | - | - | 2,240 | 2,240 |
| Deferred tax movements | - | - | - | (525) | (525) |
| Dividends paid | - | - | - | (58,765) | (58,765) |
| AT 31 DECEMBER 2015 | 59,906 | 173,940 | 9,595 | 1,049,275 | 1,292,716 |

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

| | Share capital £000 | Share premium £000 | Other reserves £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|--------------------------|---------------------------|------------------------------|----------------------|
| At 1 January 2014 (as previously stated) | 59,906 | 173,940 | - | 783,573 | 1,017,419 |
| Prior year adjustment | - | - | - | 379 | 379 |
| At 1 January 2014 (as restated) | 59,906 | 173,940 | - | 783,952 | 1,017,798 |
| Profit for the year (restated) | - | - | - | 125,238 | 125,238 |
| Actuarial losses on pension scheme | - | - | - | (909) | (909) |
| Deferred tax movements | - | - | - | 182 | 182 |
| Other net recognised gains | - | - | 9,595 | - | 9,595 |
| AT 31 DECEMBER 2014 | 59,906 | 173,940 | 9,595 | 908,463 | 1,151,904 |

The notes on pages 12 to 33 form part of these financial statements.

GROSVENOR ESTATE HOLDINGS

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

In the year ended 31 December 2015, the company changed its accounting framework to Financial Reporting Standard 101, as issued by the Financial Reporting Council. The date of transition is 1 January 2014. The prior year financial statements have been restated for material adjustments on transition to FRS 101.

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

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

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

Information on the impact of first-time adoption of FRS 101 is given in note 22.

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

GROSVENOR ESTATE HOLDINGS

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

1. ACCOUNTING POLICIES (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

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

Where required, equivalent disclosures are given in the group accounts of Grosvenor Group Limited. The group accounts of Grosvenor Group Limited are available to the public and can be obtained as set out in note 22.

1.3 Tangible Fixed Assets

Tangible fixed assets, other than investment properties, are stated at cost less accumulated depreciation and impairment losses. Land and buildings are stated at fair value, with valuation gains and losses recognised in equity.

Depreciation is charged to the Profit and Loss account as to allocate the cost of assets and major components over their estimated useful lives, using the straight-line method.

Depreciation rate ranges applied as follows:

Leasehold improvements: 12.50%

Fixtures & Fittings: 12.50% - 33.3%

Motor vehicles: 25%

Computer systems: 25 - 33.3%

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.4 Going concern

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

GROSVENOR ESTATE HOLDINGS

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

1. ACCOUNTING POLICIES (continued)

1.5 Investments

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

1.6 Debtors

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

Derivative financial instruments utilised by the Company are interest rate swaps and forward exchange contracts against known transactions. The Company does not enter into derivative contracts for solely speculative purposes. Instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with its risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement.

GROSVENOR ESTATE HOLDINGS

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

1. ACCOUNTING POLICIES (continued)

1.9 Creditors

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

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

1.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

1.11 Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

The company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and preceding periods; that benefit is discounted to determine its present value.

The calculation is performed by a qualified actuary using the projected unit credit method. The future benefit liability is offset by the fair value of the pension plan assets at the balance sheet date.

The expected annual charge for defined benefit costs as estimated by the actuary is included in the income statement and comprises the current service cost, the interest cost on the future benefit liability and the expected return on plan assets.

Adjustments between expectation and actual, together with all the actuarial adjustments, are recognised in full in the year in which they arise and are credited or debited directly to reserves.

GROSVENOR ESTATE HOLDINGS

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

1. ACCOUNTING POLICIES (continued)

1.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.13 Current and deferred taxation

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

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

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

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

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

GROSVENOR ESTATE HOLDINGS

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

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

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

Key sources of estimation uncertainty

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

Defined benefit pension schemes

The net balance sheet deficit and the expected annual charge in respect of defined benefit pension plans is determined according to estimates carried out by actuaries on the basis of assumptions adopted by the Board. The key assumptions underlying these calculations are set out in the Employee Benefits note.

Income tax

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

Impairment of investments

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

3. OPERATING LOSS

The operating loss is stated after charging:

| | 2015 £000 | As restated 2014 £000 |
|---|--------------|-----------------------------|
| Depreciation of tangible fixed assets | 1,299 | 1,344 |
| Foreign exchange loss on loan activities | 250 | 2,017 |
| Foreign exchange gain on hedging activities | (161) | (1,657) |
| Defined contribution pension cost | 976 | 1,442 |
| Defined benefit pension cost | 1,975 | 1,719 |

GROSVENOR ESTATE HOLDINGS

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

4. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Fees for the audit of the Company | 4 | 4 |
| Fees for the audit of fellow group companies | 164 | 156 |
| | <u>168</u> | <u>160</u> |

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

5. EMPLOYEES

Staff costs were as follows:

| | 2015 £000 | 2014 £000 |
|-------------------------------------|---------------|---------------|
| Wages and salaries | 10,926 | 11,175 |
| Social security costs | 1,443 | 1,400 |
| Cost of defined benefit scheme | 1,975 | 1,719 |
| Cost of defined contribution scheme | 976 | 1,442 |
| | <u>15,320</u> | <u>15,736</u> |

All employees are based in the United Kingdom.

The cost of the employees, who were employed by Grosvenor Estate Management Limited, were borne by the company.

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.

The average monthly number of employees, including the directors, during the year was as follows:

| | 2015 No. | 2014 No. |
|-------------------------------|-------------|-------------|
| Management and administration | <u>59</u> | <u>53</u> |

GROSVENOR ESTATE HOLDINGS

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

6. INTEREST RECEIVABLE

| | 2015 | 2014 |
|---------------------------|--------------|--------------|
| | £000 | £000 |
| Bank interest receivable | 85 | 208 |
| Other interest receivable | 1,063 | 1,039 |
| | <u>1,148</u> | <u>1,247</u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 | 2014 |
|--|--------------|--------------|
| | £000 | £000 |
| Interest payable on bank borrowings | 3 | 7 |
| Other finance costs | 1,624 | 2,105 |
| Interest payable to group undertakings | 1,957 | 1,887 |
| Other interest payable | 744 | 1,815 |
| | <u>4,328</u> | <u>5,814</u> |

8. TAXATION

| | 2015 | 2014 |
|--|----------------|----------------|
| | £000 | £000 |
| CORPORATION TAX | | |
| Current tax on profits for the year | (4,910) | (1,700) |
| Adjustments in respect of previous periods | (961) | (837) |
| Total current tax | <u>(5,871)</u> | <u>(2,537)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (51) | (850) |
| Changes to tax rates | 231 | 59 |
| Adjustment for prior years | 265 | 13 |
| Total deferred tax | <u>445</u> | <u>(778)</u> |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | <u>(5,426)</u> | <u>(3,315)</u> |

GROSVENOR ESTATE HOLDINGS

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

8. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

| | 2015 £000 | 2014 £000 |
|---|-----------------------|-----------------------|
| Profit on ordinary activities before tax | <u>192,436</u> | <u>121,923</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%) | 38,968 | 26,213 |
| EFFECTS OF: | | |
| Expenses not deductible for tax purposes | 21 | 1,088 |
| Effect of tax rate change on deferred tax | 231 | 59 |
| Group relief received for no consideration | (197) | (161) |
| Adjustments in respect of prior years | (696) | (824) |
| Other items attracting no tax liability | (43,753) | (29,690) |
| TOTAL TAX CREDIT FOR THE YEAR | <u>(5,426)</u> | <u>(3,315)</u> |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

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

A deferred tax rate of 18% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2015.

GROSVENOR ESTATE HOLDINGS

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

9. TANGIBLE FIXED ASSETS

| | Motor vehicles £000 | Fixtures and fittings £000 | Office equipment £000 | Computer systems £000 | Total £000 |
|--------------------------|---------------------------|----------------------------------|-----------------------------|-----------------------------|---------------|
| COST OR VALUATION | | | | | |
| At 1 January 2015 | 59 | 15 | 171 | 12,993 | 13,238 |
| Additions | - | - | - | 1,373 | 1,373 |
| At 31 December 2015 | 59 | 15 | 171 | 14,366 | 14,611 |
| DEPRECIATION | | | | | |
| At 1 January 2015 | 29 | 15 | 171 | 6,656 | 6,871 |
| Charge for the period | 15 | - | - | 1,285 | 1,300 |
| At 31 December 2015 | 44 | 15 | 171 | 7,941 | 8,171 |
| NET BOOK VALUE | | | | | |
| At 31 December 2015 | 15 | - | - | 6,425 | 6,440 |
| At 31 December 2014 | 30 | - | - | 6,337 | 6,367 |

GROSVENOR ESTATE HOLDINGS

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

10. INVESTMENTS

| | Investments in subsidiary companies £000 |
|--------------------------|---|
| COST OR VALUATION | |
| At 1 January 2015 | 1,452,412 |
| Additions | 125,500 |
| At 31 December 2015 | <u>1,577,912</u> |
| IMPAIRMENT | |
| At 1 January 2015 | 8,209 |
| At 31 December 2015 | <u>8,209</u> |
| NET BOOK VALUE | |
| At 31 December 2015 | <u>1,569,703</u> |
| At 31 December 2014 | <u>1,444,203</u> |

During the year, the Company made additional investments in Grosvenor Fund Management Limited of £5,500,000, in Grosvenor International Investments Limited of £50,000,000, and in Grosvenor Overseas Holdings Limited of £70,000,000,

The subsidiaries of the Company are listed in the appendix to these financial statements.

11. DEBTORS

| | 2015 £000 | <i>As restated 2014 £000</i> |
|------------------------------------|----------------------|--------------------------------------|
| Trade debtors | 244 | - |
| Amounts owed by group undertakings | 155,742 | 215,729 |
| Other debtors | 12,831 | 11,937 |
| Prepayments and accrued income | 1,316 | 533 |
| Tax recoverable | 4,910 | 2,872 |
| Deferred taxation | 2,768 | 3,738 |
| | <u>177,811</u> | <u>234,809</u> |

GROSVENOR ESTATE HOLDINGS

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

11. DEBTORS (continued)

There are no interest bearing amounts owed by group undertakings at 31 December 2015 (2014: £nil).

Amounts owed by group undertakings are repayable on demand.

12. CREDITORS: Amounts falling due within one year

| | 2015 £000 | 2014 £000 |
|------------------------------------|----------------|----------------|
| Trade creditors | 947 | 737 |
| Amounts owed to group undertakings | 433,450 | 519,710 |
| Other creditors | 9,311 | 7,962 |
| Accruals and deferred income | 8,828 | 8,296 |
| | <u>452,536</u> | <u>536,705</u> |

Amounts owed to group undertakings include:

- a £345,590,646 loan from Grosvenor Teca which carries interest at 3 month LIBOR (2014: £344,439,044)

- a £4,241,203 loan from Grosvenor Fund Management Limited which carries interest at the Bank of England base rate (2014: £5,973,366)

The remaining amounts owed to group undertakings are non-interest bearing.

13. CREDITORS: Amounts falling due after more than one year

| | 2015 £000 | 2014 £000 |
|----------------------------|---------------|---------------|
| Loans from related parties | 29,343 | 29,493 |
| | <u>29,343</u> | <u>29,493</u> |

GROSVENOR ESTATE HOLDINGS

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

14. LOANS

Analysis of the maturity of loans is given below:

| | 2015 | <i>2014</i> |
|--------------------------------------|----------------------|----------------------|
| | £000 | <i>£000</i> |
| AMOUNTS FALLING DUE 2-5 YEARS | | |
| Loans from related parties | 29,343 | <i>29,493</i> |
| | <u>29,343</u> | <u><i>29,493</i></u> |

15. DEFERRED TAXATION

| | Deferred tax |
|---------------------------------------|---------------------|
| | £000 |
| At 1 January 2015 as restated | 3,738 |
| Charged to the profit or loss | (445) |
| Charged to other comprehensive income | (525) |
| AT 31 DECEMBER 2015 | <u>2,768</u> |

In respect of prior year:

| | Deferred tax |
|---------------------------------------|---------------------|
| | £000 |
| At 1 January 2014 | 2,778 |
| Charged to the profit or loss | 778 |
| Charged to other comprehensive income | 182 |
| AT 31 DECEMBER 2014 | <u>3,738</u> |

The deferred tax asset is made up as follows:

| | 2015 | <i>As restated</i> |
|---------------------------------------|---------------------|---------------------|
| | £000 | <i>2014</i> |
| | | <i>£000</i> |
| Other property, plant and equipment | (334) | <i>(174)</i> |
| Other items (incl. employee benefits) | 3,102 | <i>3,912</i> |
| | <u>2,768</u> | <u><i>3,738</i></u> |

GROSVENOR ESTATE HOLDINGS

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

16. FINANCIAL INSTRUMENTS

The company has taken out a number of foreign exchange currency swaps to fix exchange rates on loans to and from fellow subsidiaries. The fair value of these swaps at 31 December 2015 is an asset of £8,580,986 (2014 - £7,108,808), disclosed within Other Debtors.

The total mark to market in the Profit and Loss Account including swaps that have matured during the year is a loss of £88,824 (2014 - profit of £2,830,413) of which £160,710 (2014 - £1,656,518) is recognised as foreign exchange gain in operating profit and a loss of £249,534 (2014 - gain of £1,173,894) which is recognised in fair value adjustments.

17. SHARE CAPITAL

| | 2015 £000 | 2014 £000 |
|--|---------------|---------------|
| Authorised | | |
| 8,000,000 Ordinary shares of £1 each | 8,000 | 8,000 |
| 64,000,000 Non Voting Ordinary shares of £1 each | 64,000 | 64,000 |
| 8,000,000 12% Non Cumulative Irredeemable Preference shares of £1 each | 8,000 | 8,000 |
| | <u>80,000</u> | <u>80,000</u> |
| Allotted, called up and fully paid | | |
| 5,990,524 Ordinary shares of £1 each | 5,991 | 5,991 |
| 47,924,192 Non Voting Ordinary shares of £1 each | 47,924 | 47,924 |
| 5,990,524 12% Non Cumulative Irredeemable Preference shares of £1 each | 5,991 | 5,991 |
| | <u>59,906</u> | <u>59,906</u> |

Profits determined by the Directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on the preference shares. The balance of profits available for distribution are payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to Shareholders, the assets are to be applied first in repaying to the holders of the preference shares the amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

As regards voting, only the ordinary shares shall entitle the holders to vote. One vote is allocated for each fully paid ordinary share held.

GROSVENOR ESTATE HOLDINGS

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

18. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The company participates in defined contribution retirement benefit schemes. The company contributes a percentage of salary into the defined contribution schemes to fund the benefits. The assets of the schemes are held separately from those of the Grosvenor Group in funds under the control of independent pension providers. The only obligation of the company with respect to the defined contribution schemes is to make the specified contributions.

Defined benefit schemes

The company, along with other companies in the Grosvenor Group, participates in the Grosvenor Pension Plan (the "Plan", formerly the Grosvenor Estates Pension Scheme), a defined benefit pension plan which has benefits based on service and final salary. The plan is approved by HMRC for tax purposes, and is operated separately from the Grosvenor Group and managed by an independent set of Trustees. The Trustees are responsible for payment of the benefits and management of the plan's assets. The plan is subject to UK regulations, which require the Grosvenor Group and Trustees to agree a funding strategy and contribution schedule for the plan.

The company participates in defined benefit schemes that provide pensions for both the company and employees of other entities owned by Grosvenor Group Limited and its shareholders. The company accounts for its proportionate share of defined benefit obligations, plan assets and costs of the schemes. The schemes provide retirement benefits based upon pensionable salary and length of service. The principal scheme, which is open to all staff, provides a defined benefit pension up to an upper earnings limit; above this limit the company contributes between 25% and 30% of that tranche of salary into a defined contribution scheme. Some members accrue benefits on historical scales which provide pensions based on full salary.

Independent qualified actuaries complete valuations of the schemes at least every three years and, in accordance with their recommendations, annual contributions are paid to the schemes so as to secure the benefits set out in the rules.

The most recently completed triennial valuation was carried out at 31 December 2014. The valuation has been updated to 31 December 2015 where appropriate.

As with the vast majority of similar arrangements, the Grosvenor Group ultimately underwrites the risks relating to the defined benefit plan. These risks include investment risks and demographic risks, such as the risk of members living longer than expected. The plan holds a large proportion of its assets in equity investments. Strong future equity returns would be expected to reduce the company's future cash contributions (and vice versa). If the contributions currently agreed are insufficient to pay the benefits due, the company will need to make further contributions to the plan.

The amounts recognised in the Profit and Loss Account in respect of defined benefit schemes are as follows:

| | 2015 | As restated 2014 |
|----------------------|--------------|---------------------|
| | £000 | £000 |
| Current service cost | 1,685 | 1,363 |
| Past service cost | 66 | 66 |
| Curtailment | (88) | - |
| Net interest cost | 312 | 290 |
| | <u>1,975</u> | <u>1,719</u> |

GROSVENOR ESTATE HOLDINGS

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

The amounts included in Other Comprehensive Income in respect of defined benefit schemes are as follows:

| | 2015 | <i>As restated</i> |
|--|--------------|--------------------|
| | £000 | 2014 |
| | | £000 |
| Experience on benefit obligations | 1,012 | 1,386 |
| Changes in demographic assumptions | 550 | 374 |
| Changes in financial assumptions | 429 | (2,684) |
| | <u>1,991</u> | <u>(924)</u> |
| Change in scheme apportionment | 590 | (400) |
| Defined benefit scheme assets actuarial gain | (341) | 415 |
| | <u>2,240</u> | <u>(909)</u> |

Movements in the present value of defined benefit obligations were:

| | 2015 | <i>As restated</i> |
|--|----------------------|----------------------|
| | £000 | 2014 |
| | | £000 |
| At 1 January | 33,395 | 30,106 |
| Current service cost | 1,685 | 1,363 |
| Past service cost | 66 | 66 |
| Curtailments and settlements | (88) | - |
| Interest cost | 1,236 | 1,335 |
| Actuarial (loss)/ gain due to changes in financial assumptions | (2,581) | 1,324 |
| Benefits paid | (722) | (799) |
| At 31 December | <u>32,991</u> | <u>33,395</u> |

Movements in the fair value of scheme assets were:

| | 2015 | <i>As restated</i> |
|---|----------------------|----------------------|
| | £000 | 2014 |
| | | £000 |
| At 1 January | 25,003 | 23,210 |
| Interest on plan assets | 924 | 1,045 |
| Actual return on plan assets less interest on plan assets | (341) | 415 |
| Regular contributions by the employer | 473 | 982 |
| Benefits paid | (572) | (649) |
| At 31 December | <u>25,487</u> | <u>25,003</u> |

GROSVENOR ESTATE HOLDINGS

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

Movements in the net defined benefit obligations were:

| | 2015 £000 | <i>As restated</i> 2014 £000 |
|--|----------------|------------------------------------|
| At 1 January | (8,392) | (6,896) |
| Expense/ (credit) charged to profit and loss | (1,975) | (1,719) |
| Amount recognised outside of profit and loss | 2,240 | (909) |
| Benefit payments | 150 | 150 |
| Employer contributions | 473 | 982 |
| At 31 December | (7,504) | (8,392) |

Analysis of the scheme assets:

| | 2015 £000 | <i>As restated</i> 2014 £000 |
|--------------------------|---------------|------------------------------------|
| Equities | 20,130 | 19,668 |
| Corporate bonds | 2,618 | 2,662 |
| Multi-asset credit funds | 2,464 | 2,288 |
| Other | 275 | 385 |
| At 31 December | 25,487 | 25,003 |

The plan does not invest directly in property occupied by the Group or in financial securities issued by the Group.

The plan's assets are invested in a diversified range of asset classes as set out in this note. These assets include liability matching assets and annuity policies purchased by the Trustees which aim to match the benefits to be paid to some members from the plan and therefore remove the investment, inflation and demographic risks in relation to those liabilities.

GROSVENOR ESTATE HOLDINGS

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

The Company operates a Defined Benefit Pension Scheme.

Analysis of net pension scheme liability:

| | 2015 | <i>As restated</i> |
|-------------------------------------|-----------------|--------------------|
| | £000 | 2014 |
| | | £000 |
| Fair value of plan assets | 25,487 | 25,003 |
| Present value of plan liabilities | (32,995) | (33,397) |
| Net pension scheme liability | (7,508) | (8,394) |

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | 2015 | 2014 |
|---|---------------|-------------|
| | % | % |
| Discount rate | 3.80 % | 3.70 % |
| Inflation | 3.30 % | 3.30 % |
| Expected rate of salary increases | 5.10 % | 5.10 % |
| Expected rate of future pension increases | 3.30 % | 3.30 % |

The assumed life expectancy of a 65 year old male today is 24.8 years (2014 - 25.0 year) and a 65 year old female today is 26.5 years (2014 - 26.8 years).

The assumed life expectancy of a 65 year old male in 20 years is 27.0 years (2014 - 27.7 years) and a 65 year old female in 20 years in 28.4 years (2014 - 29.0 years).

The sensitivity to the assumptions above of the total defined benefit obligation and approximate income statement expense is set out as follows:

| | Total defined benefit obligation | Approx expense in 2016 |
|---|---|---------------------------------------|
| Increase in discount rate by 0.25% | (1,349) | (15) |
| Increase in inflation rate by 0.25% | 1,418 | 16 |
| Increase in life expectancy by 1 year at 65 | 743 | 8 |

The calculations in this section have been carried out using the same method and data as the Group's pensions and accounting figures with each assumption adjusted as shown above. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result.

GROSVENOR ESTATE HOLDINGS

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

19. RESERVES

Share premium

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

Other reserves

Other reserves arose in 2014 due to a Group reorganisation whereby the company received the entire share capital of Grosvenor Investments North America Inc., a fellow group undertaking, by way of a dividend from its wholly owned subsidiary, Grosvenor Overseas Holdings Limited. This dividend was treated as an unrealised profit in other reserves, in accordance with TECH 02/10.

Profit and loss account

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

GROSVENOR ESTATE HOLDINGS

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

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the disclosure exemptions under FRS 101 relating to IAS 24 Related Party Disclosures and does not disclose related party transactions with Grosvenor Group Limited or wholly owned fellow subsidiaries of Grosvenor Group Limited, which would otherwise qualify as related parties.

During 2015, the company entered into the following transactions with related parties:

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Management and administration fee from the Grosvenor Trusts | (1,952) | (1,855) |

At the end of the year, the following amounts were due from/(to) related parties:

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Amounts due from the Grosvenor Trusts | 186 | 165 |
| Amounts due from group undertakings not wholly owned by the ultimate parent company | 180 | 692 |
| Amounts due to companies owned by the Grosvenor Trusts | (29,343) | (29,343) |

21. CONTROLLING PARTY

The company's ultimate parent undertaking is Grosvenor Group Limited a company incorporated in Great Britain and registered in England and Wales which is wholly owned by trusts on behalf of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared.

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

GROSVENOR ESTATE HOLDINGS

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

22. FIRST TIME ADOPTION OF FRS 101

| | As previously stated 1 January 2014 £000 | Effect of transition 1 January 2014 £000 | FRS 101 (as restated) 1 January 2014 £000 | As previously stated 31 December 2014 £000 | Effect of transition 31 December 2014 £000 | FRS 101 (as restated) 31 December 2014 £000 |
|---|---|--|---|--|---|--|
| Fixed assets | 1,397,096 | - | 1,397,096 | 1,450,570 | - | 1,450,570 |
| Current assets | 200,305 | 3,659 | 203,964 | 274,533 | 1,393 | 275,926 |
| Creditors: amounts falling due within one year | (556,858) | - | (556,858) | (536,705) | - | (536,705) |
| NET CURRENT LIABILITIES | (356,553) | 3,659 | (352,894) | (262,172) | 1,393 | (260,779) |
| Total assets less current liabilities | 1,040,543 | 3,659 | 1,044,202 | 1,188,398 | 1,393 | 1,189,791 |
| Creditors: amounts falling due after more than one year | (17,924) | - | (17,924) | (29,493) | - | (29,493) |
| Provisions for liabilities | (5,200) | (3,280) | (8,480) | (5,994) | (2,400) | (8,394) |
| NET ASSETS | 1,017,419 | 379 | 1,017,798 | 1,152,911 | (1,007) | 1,151,904 |
| Capital and reserves | 1,017,419 | 379 | 1,017,798 | 1,152,911 | (1,007) | 1,151,904 |

GROSVENOR ESTATE HOLDINGS

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

22. FIRST TIME ADOPTION OF FRS 101 (continued)

| | As previously stated 31 December 2014 £000 | Effect of transition 31 December 2014 £000 | FRS 101 (as restated) 31 December 2014 £000 |
|--|--|---|--|
| Note | | | |
| Administrative expenses | (18,226) | (979) | (19,205) |
| Operating profit | (18,226) | (979) | (19,205) |
| Income from investments | 144,521 | - | 144,521 |
| Interest receivable and similar income | 1,247 | - | 1,247 |
| Interest payable and similar charges | (5,814) | - | (5,814) |
| Other finance income | 1,174 | - | 1,174 |
| Taxation | 3,315 | - | 3,315 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR | 126,217 | (979) | 125,238 |

Explanation of changes to previously reported profit and equity:

- Under UK GAAP, the pension scheme was treated as a multi-employer scheme, as permitted by FRS17, and accounted for as a defined contribution scheme. Under FRS 101, the company's share of the Grosvenor Pension Plan is recognised as a defined benefit scheme, resulting in a liability on the balance sheet, a profit and loss movement and a reserves movement. There is also a deferred tax impact arising as a result of accounting for the defined benefit pension scheme under FRS 101.

APPENDIX

At 31 December 2015, Grosvenor Estate Holdings 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 companies are directly held:

110 Park Street Limited
Grosvenor Estate International Developments
Grosvenor Estate International Properties
Grosvenor Estate Investment Management Limited
Grosvenor European Properties Limited
Grosvenor Fund Management Limited
Grosvenor Garden Leisure Limited
Grosvenor Group Finance Company
Grosvenor Group Management Services Ltd (formerly Grosvenor Sixty Nine Ltd)
Grosvenor International Investments Limited
Grosvenor Limited
Grosvenor Overseas Holdings Limited
Grosvenor Sports Club Limited
Grosvenor Westminster Holdings Limited

Indirect holdings

The following companies are indirectly held:

1300 Marine Drive Holdings Ltd (Canada)
1300 Marine Drive LP (Canada)
14th & 5 Holdings LLC (USA) -- 50% owned
1-5 GP Management Limited
1500 K Street LLC (USA) -- 20% owned
1645 Pacific Homes LLC (USA)
180 Post Street LLC (USA) -- 50% owned
185 Post Street LLC (USA) -- 50% owned
1900 Duke Street LP (USA) -- 25% owned
20 Balderton Street Project 1 Limited -- 50% owned
221 Seabright Holdings Ltd (Canada) -- 50% owned
251 Post Street LLC (USA) -- 50% owned
29-37 Davies Street Limited
306 Rodeo Drive LLC (USA) -- 50% owned
701 North Michigan Avenue LLC (USA) -- 20% owned
7435 159th Place NE LLC (USA)
875 California II LLC (USA)
875 California LLC (USA)
Admiralty Way Apartments LLC (USA) -- 90% owned
Alpha Place Developments LLP -- 33.3% owned
Atlantic Freeholds Ltd (USA) -- 50% owned
Australia Asia Pacific Limited
Azabu Tokutei Mokuteki Kaisya (Japan) -- 50%
Ballpark Square LLC (USA) -- 99.4% owned
Ballpark Hotel LLC (USA)
Balsam BT Holdings Ltd (Canada)
Bankside 4 Limited

Barton Oxford LLP -- 50% owned
Belgrave House Developments Limited
Belgravia Estate Services Limited
Belgravia Leases Limited
Bright Plaza Limited (Hong Kong)
Cambridge Retail Investment Limited
Chelsea at Juintina Village LP (USA)
Chester Street Development Limited
Church Street Plaza LLC (USA) -- 48.9% owned
CMT Property Investment Limited (Hong Kong)
Coton Park Limited
CP6WW LLC (USA)
Crawley Commercial Limited
Crawley Residential Limited
Drummond Road Limited
Due West Investments Limited
Eaton Square Properties Limited
Edgemont Village BT Ltd (Canada)
Edgemont Village GP Ltd (Canada)
Esplanade Capital Ventures Ltd (Canada)
Esplanade Commercial Holdings Ltd (Canada)
FBC Silver Spring LLC (USA)
Fenton Street Apartments LLC (USA)
Fieldglen II Pty Ltd (Australia) -- in liquidation
Finestart International Ltd (BVI)
Fountain North Limited (Scotland)
Fournier Securities Limited
Frontier Drive Metro Centre LP (USA) -- 50% owned
GC Bankside LLP -- 50% owned
GCC Balsam Properties Ltd (Canada)
GCH Investments (1) Limited
GCH Investments (2) Limited
GCH Investments LLP
GCPPIB (GB) Ltd -- 50% owned
GDP1 Tokutei Mokuteki Kaisya (Japan) -- 38% owned
GDP2 Investment Business Limited Partnership (Japan) -- 38% owned
GDP2 Tokutei Mokuteki Kaisya (Japan) -- 38% owned
GDP3 Tokutei Mokuteki Kaisya (Japan) -- 38% owned
GEB2 Limited Grosvenor
GERP Luxembourg SARL (Luxembourg) -- 5% owned
GFAL Limited
GFM (CE) S.A. (Luxembourg)
GFM Equity Advisors Inc. (USA)
GFM Securities LLC (USA)
GFM-NYC Investors Inc. (USA)
Gio Investments Limited
GJI Limited (Cayman)
Global Real Estate Absolute Return (General Partner) Ltd (Cayman)
Global Real Estate Absolute Return Fund Ltd (Cayman) -- 81.9% owned
Global Real Estate Absolute Return Master Fund Ltd (Cayman) -- 81.9% owned
Golden Eternal Limited (BVI)

GOP2 Tokutei Mokuteki Kaisya (Japan)
GOP3 Tokutei Mokuteki Kaisya (Japan)
GP Warehouse Investment Company (USA) -- 50% owned
GP Warehouse Investment Member One LLP (USA)
GP Warehouse Investment Member Two LLP (USA)
GPT Tokutei Mokuteki Kaisya (Japan) -- 48% owned
Grosvenor (Basingstoke) Limited
Grosvenor 5th Avenue Holdings Ltd (Canada)
Grosvenor Alpha Place LLP
Grosvenor Americas Corporation (Canada)
Grosvenor Americas Holdings Limited
Grosvenor Americas Inc (USA)
Grosvenor Americas Joint Ventures LLC (USA)
Grosvenor Americas LLC (USA)
Grosvenor Americas Partners (USA)
Grosvenor Americas Sarl (Luxembourg)
Grosvenor Americas USA Inc (USA)
Grosvenor Americas USA Ltd (USA)
Grosvenor Asia Pacific Limited (Hong Kong)
Grosvenor Asset Management Limited
Grosvenor Atlantic Ltd (USA)
Grosvenor Australia Asset Management Pty Ltd (Australia) -- in liquidation
Grosvenor Australia Asia Pacific Limited
Grosvenor Australia Investments Property Ltd (Australia) -- in liquidation
Grosvenor Australia Nominees Pty Ltd (Australia) -- in liquidation
Grosvenor Australia Properties Pty Ltd (Australia) -- in liquidation
Grosvenor Australia Services Pty Ltd (Australia) -- in liquidation
Grosvenor Basingstoke Management Limited
Grosvenor Basingstoke Properties Limited
Grosvenor Belgravia Investment Limited
Grosvenor Belgravia Properties
Grosvenor Beltline Holdings II Ltd (Canada)
Grosvenor Beltline Holdings Ltd (Canada)
Grosvenor California Ltd (USA)
Grosvenor Canada Ltd (Canada)
Grosvenor Capco Ltd (USA)
Grosvenor Capital Corporation (Canada)
Grosvenor Commercial Properties
Grosvenor Continental Europe Holdings Limited
Grosvenor Continental Europe Holdings SA (Luxembourg)
Grosvenor Continental Europe SAS (France)
Grosvenor DC Residential LLC (USA)
Grosvenor Development Corporation (Canada)
Grosvenor Developments (GB) Limited
Grosvenor Developments (UK) Limited
Grosvenor Developments Limited
Grosvenor Edgemont Holdings Ltd (Canada)
Grosvenor Estate Belgravia
Grosvenor Estate International Investments Limited
Grosvenor Estate Management Limited
Grosvenor Estates Limited

Grosvenor Financial California LLC (USA)
Grosvenor Financial Inc (USA)
Grosvenor First European Property Investments SA (Luxembourg) – 77.5% owned
Grosvenor Freeholds Pty Ltd (Australia) -- in liquidation
Grosvenor Fund Management (USA) Inc. (USA)
Grosvenor Fund Management Australia Pty Ltd (Australia) -- in liquidation
Grosvenor Fund Management Inc. (USA)
Grosvenor Fund Management Italy SRL (Italy)
Grosvenor Fund Management Japan Ltd (Bermuda)
Grosvenor Fund Management Spain SL (Spain)
Grosvenor Fund Management Sweden AB (Sweden)
Grosvenor Fund Management UK Limited Grosvenor Lothbury Investment Limited
Grosvenor GP Limited LLC (USA)
Grosvenor Group Holdings Limited
Grosvenor High Street GP Ltd (Canada)
Grosvenor High Street LP (Canada)
Grosvenor High Street LP Ltd (Canada)
Grosvenor Hong Kong Limited (Hong Kong)
Grosvenor International (American Freeholds) Ltd (USA)
Grosvenor International (Atlantic Freeholds) Ltd (USA)
Grosvenor International (Cupertino) Ltd (USA)
Grosvenor International (Nevada) Ltd (USA)
Grosvenor International (Westcoast Freeholds) Ltd (USA)
Grosvenor International Australia Pty Ltd (Australia) -- in liquidation
Grosvenor International Fund Management Limited
Grosvenor International Investments (Canada) Ltd (Canada)
Grosvenor International Investments (USA) Corporation (Canada)
Grosvenor International Investments Corporation (Canada)
Grosvenor International Investments SARL (Luxembourg) – in liquidation (Luxembourg)
Grosvenor International SARL (Luxembourg)
Grosvenor Investment Management Limited
Grosvenor Investments Limited
Grosvenor Investments North America Inc (USA)
Grosvenor Investments Portugal SARL (Luxembourg) -- 26.41% owned
Grosvenor Investments USA LLC (USA)
Grosvenor Keysign Limited
Grosvenor Limited (Hong Kong)
Grosvenor Liverpool Limited
Grosvenor London Properties Limited
Grosvenor Management Consulting (Shanghai) Limited (PRC)
Grosvenor Management Jersey Limited (Jersey)
Grosvenor Management Limited
Grosvenor Maple Leaf Ventures II LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures III LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures IV LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures V LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures VI LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures VII LP (USA) -- 20% owned
Grosvenor Maple Leaf Ventures VIII LP (USA) -- 20% owned
Grosvenor Mayfair Properties Limited

Grosvenor One Residential GP Limited
Grosvenor Pacific Development Ltd (Canada)
Grosvenor Park Partners Limited (Cayman) -- 41% owned
Grosvenor Policy Management Limited
Grosvenor Properties (2008) Ltd (Canada)
Grosvenor Property Advisers Limited
Grosvenor Property Asset Management Limited
Grosvenor Property Developments Limited
Grosvenor Property Group Limited
Grosvenor Property Holdings Limited
Grosvenor Property Investment Management Limited
Grosvenor Quarryvale Limited
Grosvenor Realty Investments Limited
Grosvenor Rempel East Clayton Development Ltd (Canada)
Grosvenor Residential GP Limited
Grosvenor Residential GP Limited
Grosvenor Residential Holdings LLC
Grosvenor Residential Investment Partners LLP
Grosvenor Residential REIT Holdings LLC
Grosvenor Seventy Eight Limited
Grosvenor Seventy Five Limited
Grosvenor Seventy Nine Limited
Grosvenor Seventy Seven Limited
Grosvenor Seventy Six Limited
Grosvenor Sixty Five Limited
Grosvenor Stow Limited -- 50% owned
Grosvenor Stow Projects 2 Limited -- 50% owned
Grosvenor Stow Projects Limited -- 50% owned
Grosvenor Teca
Grosvenor Technopole Investment Limited
Grosvenor UK Finance Plc
Grosvenor UK Properties Limited
Grosvenor Urban Retail LP (USA) -- 25% owned
Grosvenor Vega China Retail Fund LP
Grosvenor Vega Fund Management Ltd (Cayman) -- 75% owned
Grosvenor Vega GP Ltd (Cayman) -- 75% owned
Grosvenor Village GP Ltd (Canada)
Grosvenor Village Holdings Ltd (Canada)
Grosvenor Village LP (Canada)
Grosvenor West End Properties
Grosvenor Westminster Properties
GT3 Tokutei Mokuteki Kaisya (Japan) -- 50% owned
Halkin Street LLP -- 50% owned
Hamilton Marketplace LLC (USA)
Harlequin Services Limited (Hong Kong)
Hassall Street Pty Ltd (Australia) -- in liquidation
Headfort Place Garages Limited -- 50% owned
High Ace Holdings Limited (BVI)
ISPT Grosvenor International Property Trust -- 9.99% owned (Australia)
IO Investment LLP -- 96.2% owned
IOG2 LLP -- 99.2% owned

JRE Investments Ltd (BVI)
Kefren Capital Real Estate S.L (Spain) -- 40% owned
KGH BT Holdings Ltd (Canada) -- 50% owned
King George GP Ltd (Canada)
Liffey Valley Limited
Liverpool One Management Company Limited
Liverpool Property Investments Limited
Liverpool PSDA Limited
Liverpool Site 11 Hotel Limited
Liverpool Site 12 Limited
LLC (USA) Hornby BT Holdings Ltd (Canada)
London Leasehold Flats Limited
London Leasehold Properties Limited
London Office II (Growth) General Partner Ltd
London Office II (Growth) LP Ltd
Marine Drive BT Holdings Ltd (Canada)
Marine Drive WV Development Ltd (Canada)
Mayfair Leasehold Properties Limited
Modern Resource Ltd (Hong Kong)
Montrose Place Development Limited
Montrose Place LLP
NLG Campden LLP -- 33.3% owned
Old Broad Street Properties Limited
One Park West Limited
owned Esplanade Residential Holdings Ltd (Canada)
Pacific BT Holdings Ltd (Canada)
PAIP Investment Partnership (Australia) -- 75% owned
Parnolia Limited -- 50% owned
POP II Investment Partnership (Australia) -- 75% owned
Preston Tithebarn Investment Limited
Quarryvale Two Limited
Retail Centres V (Sweden) General Partner Ltd
Retail Centres V (Sweden) LP Ltd
Rice Lake Square LP (USA) -- 25% owned
Richly Leader Ltd (Hong Kong) -- 50% owned
Rise BT Holdings Ltd(Canada)
Rosemary GP Ltd (Canada)
Seatonmere Limited (BVI)
Sekmount Properties Limited
Sona Sierra SGPS SA (Portugal) -- 50% owned
Southwark GP 1 Limited
Southwark GP 2 Limited
Southwark GP Nominee 1 Limited
Southwark GP Nominee 2 Limited
Southwark Holding LP
Southwark LP
Southwark Real Estate Investments Limited
Spring Plus Limited (BVI) -- 50% owned
St Andrews Project Holdings Ltd (Canada) -- 50% owned
St Andrews Project Ventures Ltd (Canada)
St John's Preston Limited

Talbot General Partner Limited
Texton Investments Limited (BVI)
The Grosvenor Residential Investment Funds LP -- 29.4% owned
The Grosvenor Residential Unit Trust (Jersey) -- 20.6% owned
The Grouss Residential Investment Partnership LLP -- 50% owned
The Grosvenor London Office Partnership – 50% owned
Trumpington Meadows Land Company Limited -- 50% owned
UNHEM Construction Limited
Unity Asian Development Limited (Hong Kong) -- 60% owned
Urban Neighbourhood Holdings Limited
Urban Neighbourhoods Limited
Urban Retail V (Europe) SARL (Luxembourg) – 9.1% owned
Urban Retail V (UK) LP – 9.18% owned
Victoria Properties (London) Limited
Viewell Investments Limited (BVI)
Village BT Holdings Ltd (Canada) -- 50% owned
West 15 Project Holdings Ltd (Canada)
West 15 Ventures Ltd (Canada)