

Rothschilds Continuation Finance B.V.
Amsterdam, the Netherlands

Financial statements period ended 31 December 2017

Disclaimer:

In the event of any differences or inconsistencies between the text and the quantitative information on this internet site and that in the original financial statements as filed at the trade register of the Chamber of Commerce, the latter shall prevail.

Rothschilds Continuation Finance B.V.
Amsterdam, the Netherlands

Financial statements period ended 31 December 2017

Rothschilds Continuation Finance B.V.

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Rothschilds Continuation Finance B.V.

Director's report

The director takes pleasure in submitting herewith the report and audited financial statements of Rothschilds Continuation Finance B.V. ("the Company") for the nine months ended 31 December 2017. The financial statements have been prepared in accordance with generally accepted accounting standards in the Netherlands and applicable Dutch Law.

Overview of activities

The Company's purpose is to act as finance company for the Rothschild Group. It has issued a number of years ago two tranches of Floating Rate Notes of which one tranche in the amount of USD 45,000,000 was repaid in January 2015. The outstanding amount of Floating rate notes amounts to USD 200,000,000. The proceeds of the notes issue have been lent to companies in the Rothschild Group. The Company has not developed any additional finance activities during this financial period.

The Company's Articles of Association have been amended as announced last financial year. The financial year has been changed from a year ending 31 March to a calendar year. In addition thereto the share capital structure of the Company has been amended. The Class A and Class B shares have been replaced by ordinary shares only without changing the nominal value per share.

Result for the period

The result of the Company during the period under review developed in accordance with expectations.

Financial instruments

The Company's loan assets and loan liabilities are denominated in the same currency. The interest rates are related meaning that a fixed positive margin applies. Interest payment dates are the same for both asset and liability loans. Therefore the need for financial instruments to cover currency or interest rate exposures does not exist. Hence the Company is not engaged in any financial instruments covering such risks.

Risk management

All funds raised have been onlent to group companies in the same currency and on the basis of a fixed interest margin. The Company's obligations under the Floating Rate Note programme are guaranteed on a subordinated basis by Rothschilds Continuation Limited.

Audit committee

The audit committee function for the Company has been assumed by the audit committee of Rothschild & Co S.C.A., a French company listed on the Paris stock exchange. The Company is an entity controlled by Rothschild & Co S.C.A. The Rothschild & Co S.C.A. audit committee meets at least four times a year. It considers the Company's accounts on one of those four occasions. Members of the Rothschild & Co S.C.A. audit committee are:

- Mr Peter Smith, Chairman
- Mr Andre Levy-Lang
- Mr Sylvain Hefes
- Mrs Carole Piwnica

Rothschilds Continuation Finance B.V.

Director's report - continued

Future outlook

A significant change in activities during the financial year 2018 is not expected. The result for the year will increase proportionally compared with the result for the period under review.

Statement as required under Article 5:25d paragraph 2-c of the Financial Markets Supervision Act

The financial statements provide to the best of my knowledge a true and fair view of the Company's assets and liabilities, financial position, result for the nine months and give a fair view of the activities and developments of the business during the nine months ended 31 December 2017. Material risks if any are properly disclosed.

Zaandam, 11 April 2018

M. de Boer

Rothschilds Continuation Finance B.V.

Balance sheet as at 31 December 2017

Comparative figures as at 31 March 2017

(Before appropriation of results and expressed in Euros)

		31 December 2017	31 March 2017
Financial Fixed Assets			
Loans to group companies	3	<u>166,555,600</u>	<u>186,995,000</u>
Current Assets			
Interest receivable		842,609	18,829
Prepayments and accrued income	4	85,765	88,008
Corporate income tax	5	16,031	14,145
Cash at bank	6	<u>1,106,244</u>	<u>1,031,162</u>
		<u>2,050,649</u>	<u>1,152,145</u>
Current Liabilities			
Interest payable		788,248	17,531
Accrued expenses and deferred income		<u>28,054</u>	<u>31,797</u>
		<u>816,301</u>	<u>49,327</u>
Current Assets less Current Liabilities		<u>1,234,347</u>	<u>1,102,818</u>
Total Assets less Current Liabilities		<u>167,789,947</u>	<u>188,097,818</u>
Long Term Liabilities - due after one year			
Floating Rate Notes	7	<u>166,555,600</u>	<u>186,995,000</u>
Total Assets less Total Liabilities		<u><u>1,234,347</u></u>	<u><u>1,102,818</u></u>
Shareholders' Equity			
Share capital		18,172	18,172
Other reserves		1,084,646	900,806
Unappropriated results		<u>131,529</u>	<u>183,840</u>
		<u><u>1,234,347</u></u>	<u><u>1,102,818</u></u>

The accompanying notes on page 7 - 10 form an integral part of these financial statements

Rothschilds Continuation Finance B.V.

Profit and loss account for the nine months ended 31 December 2017

Comparative figures for the financial year ended 31 March 2017

(Before appropriation of results and expressed in Euros)

	31 December 2017	31 March 2017
Financial Income and Expenses		
Interest Income	2,439,016	2,732,220
Interest Expense	<u>(2,274,604)</u>	<u>(2,500,434)</u>
Net Interest Income	<u>164,411</u>	<u>231,787</u>
Other net interest income	-	-
Currency Exchange Results	<u>-</u>	<u>-</u>
Total Financial Income and Expenses	<u>164,411</u>	<u>231,787</u>
Profit before Taxation	164,411	231,787
Corporate Income tax	5 (32,882)	(47,947)
Profit after Taxation	<u><u>131,529</u></u>	<u><u>183,840</u></u>

The accompanying notes on page 7 - 10 form an integral part of these financial statements

Rothschilds Continuation Finance B.V.

Notes to the financial statements for the nine months ended 31 December 2017

1. General

Rothschilds Continuation Finance B.V. ("the Company") was incorporated as private company with limited liability on 15 March 1983. The Company has its statutory seat in Amsterdam. The shareholders of the Company are Rothschilds Continuation Finance Holdings Limited, United Kingdom, K Développement S.A., France, Edmond de Rothschild (Suisse) S.A., Switzerland, and Integritas B.V., The Netherlands. The principal activity of the Company is to act as a finance company. The Company's Articles of Association have been amended during the period under review to change the financial year to a calendar year and to bring these in line with current Dutch Law.

2. Basis of presentation and principal accounting principles

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and in accordance with the provisions contained in Title 9, Book 2 of the Dutch Civil Code, the most significant of which are:

- (a) **Foreign currencies**
Assets and liabilities denominated in foreign currencies are translated into Euro's at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Euro's at exchange rate in effect on the date of the transactions. The resulting currency exchange differences are recognised in the profit and loss account.
- (b) **Assets and liabilities**
Assets and liabilities are shown at face value unless otherwise stated.
- (c) **Recognition of income**
Income and expenses including taxation are recognised and reported on an accruals basis.
- (d) **Corporate income tax**
Corporate income tax is provided for in accordance with the tax ruling conditions previously published by the Dutch Tax Authorities. To comply with these conditions the Company is required to report a minimum amount of taxable income based on the amounts of the outstanding loans. The Company recharges all general and administrative expenses to one of its shareholders to meet this requirement.
- (e) **Impairment of financial fixed assets**
The financial fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated. The recoverable amount is the higher of value in use and net realisable value. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. Subsequently, at each reporting date, the Company assesses whether there is any indication that an impairment loss that was recorded in previous years has decreased. If any such indication exists, then the recoverable amount of the relevant asset is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the relevant asset.

Rothschilds Continuation Finance B.V.

Notes to the financial statements for the nine months ended 31 December 2017

2. Basis of presentation and principal accounting principles - continued

(f) **Going Concern**

The financial statements of the Company have been prepared on the basis of the going concern assumption.

3. Loans to group companies

The Company has provided loans denominated in USD to two entities of the Rothschild Group. The loans are unsecured. They carry interest at 1/8% above the interest rate applying to the corresponding Floating Rate Notes (see note 7). The interest rates are reset biannually. The loans are repayable on dates corresponding to the repayment dates of the Floating Rate Notes. Credit risk arising from the exposure to the group companies has been considered by the Company in accordance with Dutch GAAP RJ 290. There are no indications for impairment.

Details are as follows:

<u>Group Company</u>	<u>Maturity</u>		<u>Principal</u>
Rothschilds Continuation Holdings AG	undated	USD	100,000,000
NM Rothschild & Sons Ltd.	undated	USD	100,000,000

Movements during the nine months comprise of:

	31 December 2017 EUR	31 March 2017 EUR
Balance long term receivables at beginning of the period	186,995,000	175,668,200
Exchange differences during the period	(20,439,400)	11,326,800
Balance long term receivables at end of the period	166,555,600	186,995,000

4. Prepayments and accrued income

The Company recharges all general and administrative expenses to a group company. The amount recharged includes audit fees in the amount of EUR 20,892 (31 March 2017: EUR 13,718).

At the date of the balance sheet prepayments and accrued income comprise of:

	31 December 2017 EUR	31 March 2017 EUR
Recharged expenses to Group company	79,770	86,608
Receivable VAT	5,862	951
Other	133	450
Balance at end of year	85,765	88,008

Rothschilds Continuation Finance B.V.

Notes to the financial statements for the nine months ended 31 December 2017

5. Corporate income tax

The Company reports taxable income in accordance with previous ruling policy involving a minimum amount of taxable interest income. To comply with this policy the Company recharges all its general and administrative expenses to a Group company. During the period the Company received a provisional tax assessment in relation to the current financial year. The assessment has been paid in full. Corporate income tax is due at the statutory rate of 20%, any taxable income in excess of EUR 200,000 is subject to corporate income tax at the rate of 25%.

6. Cash at bank

An amount of EUR 1,015 of cash at bank is denominated in US dollars (year ended 31 March 2017: EUR 103). All other balances are denominated in Euro's. At the period end the Company had not invested an amount in an interest bearing account (year ended 31 March 2017: nil). All balances are available on demand.

7. Floating rate notes

The Company has in issue USD denominated Floating Rate Notes. The Floating Rate Notes carry interest at six month Libor for USD deposits plus 1/4%. The notes are unconditionally guaranteed by Rothschilds Continuation Limited on a subordinated basis. The notes amount to USD 200,000,000 and do not have a fixed repayment date. The Company may on any interest payment date redeem some or all of the USD 200,000,000 Floating Rate Notes provided it has given not more than 45 days' nor less than 30 days' notice to the Noteholders.

Details are as follows:

	<u>Maturity</u>	<u>Principal</u>	
	Undated	USD	200,000,000
Movements during the period comprise of:		31 December 2017	31 March 2017
		EUR	EUR
Balance of long term Notes at beginning of the period		186,995,000	175,668,200
Exchange differences during the period		(20,439,400)	11,326,800
Balance of long term Notes at end of the period		166,555,600	186,995,000

8. Shareholders' equity

The amendment of the Company's Articles of Association referred to in Note 1 also included the restatement of the Company's share capital by removing the Class A and Class B shares and replacing them by ordinary shares only. The issued share capital amounts to Euro 18,172 consisting of 2,200 shares of Euro 8.26 each (year ended 31 March 2017: 2,200 Class ordinary shares)

Rothschilds Continuation Finance B.V.

Notes to the financial statements for the nine months ended 31 December 2017

8. Shareholders' equity - continued

Details of shareholders' equity are as follows:

	31 December 2017 EUR	31 March 2017 EUR
Share capital at beginning and end of the period	<u>18,172</u>	<u>18,172</u>
Other reserves earnings at beginning of the period	900,806	721,184
Transfer from unappropriated results	183,840	179,622
Other reserves earnings at end of the period	<u>1,084,646</u>	<u>900,806</u>
Unappropriate results at beginning of the period	183,840	179,622
Profit for the period	131,529	183,840
Transfer to other reserves	(183,840)	(179,622)
Unappropriate results at end of the period	<u>131,529</u>	<u>183,839.92</u>
Total shareholders' equity	<u><u>1,234,347</u></u>	<u><u>1,102,818</u></u>

9. Directors

The Company has one director (year ended 31 March 2017: one) who did not receive any remuneration during the period under review (remuneration year ended 31 March 2017: nil). The Company does not have any supervisory directors (year ended 31 March 2017: nil).

10. Staff numbers and employment costs

The Company has no other employees than its director (year ended 31 March 2017: nil). Hence it has not incurred any salary or related social security and pension costs during the period (year ended 31 March 2017: nil).

11. Statement of the allocation of the profit

The Annual General Meeting of shareholders will be requested to approve the following appropriation of the 2017 result after taxation: an amount of EUR 131,529 to be added to the other reserves.

12. Subsequent events

There are no subsequent events.

Rothschilds Continuation Finance B.V.

Other information

Statutory arrangements in respect of profit distribution

Under Dutch Civil Law, no dividends can be declared until all losses have been recovered. Subject to this the profits are at the disposal of the shareholders.

Audit opinion

The opinion of the Company's auditors is attached.



Independent auditor's report

To: the General Meeting of Rothschilds Continuation Finance B.V.

Report on the audit of the financial statements 2017

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Rothschilds Continuation Finance B.V. as at 31 December 2017 and of its result for 9 months period then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2017 of Rothschilds Continuation Finance B.V., seated in Amsterdam.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2017;
- 2 the profit and loss account for the 9 month period 31 December 2017; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Rothschilds Continuation Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

MATERIALITY

- Materiality of EUR 1 million
- 0.6% of total assets

KEY AUDIT MATTER

- Valuation of the loans to group companies

UNQUALIFIED OPINION

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1 million (2016: EUR 1 million). The materiality is determined with reference to the total assets (0.6%). We consider total assets as the most appropriate benchmark as this reflects the entities main objective being the issuance of debt and the financing of other companies within the Rothschild Group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed that uncorrected misstatements in excess of EUR 50 thousand, which are identified during the audit, would be reported to the Audit Committee of Rothschild & Co S.C.A., as well as smaller misstatements that in our view must be reported on qualitative grounds.



1336013/18W00157237AVN

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent companies affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Audit Committee of Rothschilds & Co S.C.A. in their role as the responsible body overseeing the Company's financial reporting process. The below key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the loans to group companies

Description

Rothschilds Continuation Finance B.V. (the company) has issued notes to grant intercompany funding to NM Rothschild & Sons Ltd. and Rothschilds Continuation Holdings A.G, which are part of the Rothschild Group.

As disclosed in note 3 of the financial statements, loans to group companies are accounted for at amortised costs less impairments. The valuation of a loan is depending on the credit risk related to that loan.

When there is objective evidence that a loan will not be recovered in full in accordance with the contractual terms, the company needs to perform an impairment calculation in accordance with RJ 290. Due to the company's dependency on the creditworthiness of NM Rothschild & Sons Ltd. and Rothschilds Continuation Holdings A.G to meet the obligations to its noteholders, we consider the valuation of loans to be a key audit matter.

Our response

We have performed audit procedures to test the accuracy of the valuation of the company's loans to group companies. These audit procedures consisted of inspecting the individual terms and conditions of the loan agreements and performing substantive audit procedures on interest payments received. Moreover, we have assessed the respective group companies' credit risk and liquidity position by inspecting their financial position and performance through inspecting the financial statements of NM Rothschild & Sons Ltd. and Rothschilds Continuation Holdings AG for the year ended 31 December 2017. Also, through interaction with the group auditor and Rothschild Group's senior finance management, we assessed if any impairment indicators exist. In addition we have inspected the credit rating of the ultimate parent company through external rating agencies' reports (Moody's Investor Services).

We have evaluated the adequacy of the disclosures in note 3 of the Financial Statements in accordance with RJ 290.

Our observation

We found that Management's assessment of the recoverability of the intercompany funding to NM Rothschild & Sons Ltd. and Rothschilds Continuation Holdings A.G resulted in a balanced outcome and that the risk is adequately disclosed in Note 3 of the financial statements.

Report on the other information included in the financial statements

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Director's report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The director is responsible for the preparation of the other information, including the Director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed prior to 2003 for the first time as external auditor of Rothschilds Continuation Finance B.V. for the audit of the 2003 financial statements and operated as statutory auditor since then.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of director and Audit Committee for the financial statements

The director is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the director is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



As part of the preparation of the financial statements, the director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of Rothschild & Co S.C.A. is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_oob_01. This description forms part of our auditor's report.

Amstelveen, 11 April 2018

KPMG Accountants N.V.

R. Huizingh RA



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