

Landseer Development Company Ltd

**Registered in the UK
(Registration Number): 10762162**

**Annual Report and Audited Financial Statements
For the period 9 May 2017 to 31 December 2017**

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Landseer Development Company Ltd

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Landseer Development Company Ltd

Company information

Directors:	Ari Jason Boyd David Tugendhaft Derrick Beare
Company secretary and administrator:	Belasko Administration Limited
Registered office:	18 Culford Gardens London, SW3 2ST
Independent auditor:	BDO LLP 55 Baker Street London W1U 7EU

Landseer Development Company Ltd

Report of the Directors

The Directors submit their report and the audited financial statements of the Company, which was incorporated on 9 May 2017, for the period ended 31 December 2017.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the Company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance 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.

Disclosure to Auditor of relevant information

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Principal activity

The principal activity of the Company is the development of a mixed use property in St Johns Wood and Lodge Road to provide step down care and residential accommodation, subject to obtaining the necessary planning consent.

Results and dividends

The results for the period are set out in the statement of comprehensive income on page 7. The Directors do not recommend the payment of a dividend for the period.

Landseer Development Company Ltd

Report of the Directors (continued)

Directors

The Directors of the Company during the period and to date, unless otherwise stated, were:

Jonathan Charles David Sandelson (appointed 9 May 2017, resigned 6 November 2017)

David Richard Meagher (appointed 9 May 2017, resigned 6 November 2017)

Nigel Barnett Harris (appointed 23 October 2017, resigned 16 May 2018)

Iain Anderson Corstorphine (appointed 23 October 2017, resigned 16 May 2018)

Ari Jason Boyd (appointed 16 May 2018)

Derrick Beare (appointed 16 May 2018)

David Tugendhaft (appointed 16 May 2018)

Auditor

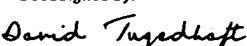
BDO LLP, who were appointed as first auditors of the Company by the Board, have expressed their willingness to continue in office and the continuation of their appointment as auditors to the Company will be put to the Board for approval.

Approved by the Board of Directors

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Director

DocuSigned by:

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Director

Date: August 9, 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LANDSEER DEVELOPMENT COMPANY LTD

Opinion

We have audited the financial statements of Landseer Development Company Ltd ("**the Company**") for the period ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standards 102 The Financial Reporting Standards applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 of the financial statements concerning the Company's ability to continue as a going concern. The Company's current senior debt facility expires within the next 12 months and although the Company has received draft credit approval (subject to satisfying certain conditions) for extending the term of the existing facility and for refinancing the facility, these new financing arrangements have not yet been finalised and signed.

This indicates the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LANDSEER DEVELOPMENT COMPANY LTD (continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial period 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which 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.; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LANDSEER DEVELOPMENT COMPANY LTD
(continued)

Auditor's responsibilities for the audit of the financial statements

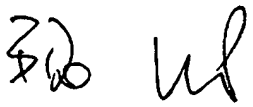
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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


Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
9 August 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Landseer Development Company Ltd**Statement of comprehensive income****For the period 9 May 2017 to 31 December 2017**

	Notes	Period from 9 May to 31 December 2017 £000
Administration expenses	5	(74)
Operating loss		(74)
Finance expense	6	(385)
Loss before tax		(459)
Taxation	7	-
Loss for the period		(459)

All amounts relate to continuing activities. There were no items of other comprehensive income and the loss for the period also reflects the total comprehensive expense for the period.

The notes on pages 10 to 17 form an integral part of these financial statements.

Landseer Development Company Ltd**Statement of financial position****As at 31 December 2017**

	Notes	31 December 2017 £000
Current assets		
Trading stock	8	56,592
Trade and other receivables	9	10,995
		67,587
Creditors: amounts falling due within one year		
Loans and borrowings	10	(67,074)
Trade and other payables	11	(972)
		(68,046)
Net current liabilities		(459)
Net liabilities		(459)
Equity		
Share capital	12	-
Retained earnings		(459)
Total deficit		(459)

The financial statements were approved by the Board of Directors and authorised for issue on 9 August 2018

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Ani Boyd

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Director

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David Tugedhaft

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Director

The notes on pages 10 to 17 form an integral part of these financial statements.

Landseer Development Company Ltd**Statement of changes in equity****For the period 9 May 2017 to 31 December 2017**

	Share capital	Retained earnings	Total
	£000	£000	£000
Period from 9 May 2017 to 31 December 2017			
At 9 May 2017	-	-	-
Total comprehensive loss for the period	-	(459)	(459)
At 31 December 2017	-	(459)	(459)

The notes on pages 10 to 17 form an integral part of these financial statements.

Landseer Development Company Ltd

Notes to the financial statements

For the period 9 May 2017 to 31 December 2017

1. General information

The Company is a private company limited by shares and registered in England & Wales incorporated on 9 May 2017. The registered address of the Company is 18 Culford Gardens, London, England.

2. Basis of preparation

The Company's financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and comply with the Companies Act 2006.

3. Accounting policies

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future.

The Company has secured an extension of the Investec Bank plc senior debt repayment date to 1 December 2018 and has draft conditional credit committee approval for a further extension of the facility to 1 June 2019. In addition, the Company has secured credit approved terms with OakNorth Bank Plc (subject to satisfying certain conditions) to refinance the existing facility and increase the borrowing to £38,400,000 for a period of 24 months from signing of facility agreement and the Company has commenced documenting this new facility. The Company therefore believes it has sufficient time and funding to carry out its investment strategy.

However, the current Investec Bank Plc debt expires within 12 months of approval of the financial statements and the new Oaknorth Bank Plc facility has not yet been signed.

These matters indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company were unable to continue as a going concern.

The Company has received a letter of support from its parent indicating that, for a period of at least 12 months from the date of approval of these financial statements, no amounts owed by the Company will be called for repayment unless the Company is in a position to make payments without adversely affecting its ability to continue to trade and settle any future obligations.

The directors have therefore considered it appropriate to prepare the financial statements on a going concern basis.

Landseer Development Company Ltd

Notes to the financial statements (continued)

For the period 9 May 2017 to 31 December 2017

3. Accounting policies (continued)

Revenue

Revenue comprises sale of developed properties and is recognised on an accruals basis.

Rental income from operating leases are recognised in income on a straight-line basis over the lease term.

Rental increases calculated with reference to an underlying index and the resulting rental income ("contingent rents") are recognised in income as they arise.

Taxation

Tax payable is provided on taxable profits at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The Company is subject to corporation tax at a rate of 19%.

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

- Deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of roll-over relief; and
- The recognition of deferred tax assets is limited to the extent the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Trading stock

Property purchased with the intention to develop and re-sale is included in current assets at the lower of cost and net realisable value. Any impairment is recognised in the statement of comprehensive income.

Financial assets

Receivables are carried at cost less any provision for impairment.

Financial liabilities and equity

Financial liabilities are measured initially at the amount of the proceeds received net of any costs directly incurred in the issue of the instrument.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the instrument's legal form.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- In accordance with its accounting policy, the Company is required to carry its trading stock at the lower of cost and net realisable value. In assessing net realisable value the Company will consider the internal appraisals of the project and/or the results of external valuations.

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017****4. Financial risk management**

The Directors are responsible for ensuring that the Company's risks are appropriately monitored and, to the extent that elements of this are delegated to third party service providers, the Directors are responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of the relevant agreements.

The Directors are responsible for the operational risk oversight of the Company and the maintenance of the Company's assets, ensuring the establishment of appropriate and consistent procedures for effective management of the Company's resources.

The significant types of risk that the Company is exposed to are detailed below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost.

The Company has the support of a loan from its parent which will not be called for repayment unless the Company is able to meet its liabilities as they fall due.

A detailed analysis of the maturity profile of the Company's financial assets and financial liabilities is shown below.

31 December 2017	Less than 12 months £000	Total £000
Financial assets:		
Trade and other receivables	328	328
	328	328
Financial liabilities:		
Trade and other payables	972	972
Loans and borrowings	67,501	67,501
	68,473	68,473

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017**

4. Financial risk management (continued)*Financial liabilities (maturity)*

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay. Financial liabilities comprise trade and other payables and loans payable to lenders and other group companies

Financial assets (maturity)

The maturity groupings are based on the period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realised. Financial assets comprise amounts receivable.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument is unable to pay amounts in full when due.

At the period end the Company had no exposure to credit risk.

Capital risk management

The capital of the Company is regarded as the called-up share capital on ordinary shares and retained earnings. The Company's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns to shareholders and to maintain a strong capital base to support the activities of the Company.

The Directors regularly review expenses and cash flow forecasts in order to maintain a strong capital base.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is linked to its senior debt with Investec and the VAT loan with the parent undertaking which attract interest at 4.5% + LIBOR per annum and 8% per annum respectively.

The Company is therefore exposed to cash flow interest rate risk but can benefit from a reduction in borrowing costs for the debt facility where rates are falling.

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017****5. Administration expenses**

**Period from 9
May to 31
December 2017
£000**

Professional fees	8
Management fees	48
Audit fees	5
Administration fees	11
Director fees	2
	74

The Company had no employees during the period.

6. Finance expense

**Period from 9
May to 31
December 2017
£000**

Bank loan interest	248
Accrued exit fee	52
Amortised loan arrangement fees	85
	385

7. Taxation

During the period, the Company was tax resident in the UK and subject to corporation tax at a rate of 19%.

**Period from 9
May to 31
December 2017
£000**

UK corporation tax at 19%	-

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017****7. Taxation (continued)**

The tax assessed for the period differs from the standard rate of income tax in the UK applied to profit before tax. The differences are explained below:

	Period from 9 May to 31 December 2017 £000
Loss on ordinary activities before tax	(459)
Loss on ordinary activities at the standard rate of UK corporation tax of 19%	(87)
Effects of: Losses carried forward	87
Total tax charge for the period	-

8. Trading stock

	31 December 2017 £000
Properties purchased for development and resale:	
36 St Johns Wood and 36-44 Lodge Road	56,592

Trading stock comprises land and buildings at 36 St Johns Wood and 36-44 Lodge Road, acquired on 1 December 2017.

9. Trade and other receivables

	31 December 2017 £000
Escrow Account	75
VAT recoverable	10,667
Amount due from a related party	253
	10,995

VAT recoverable consists of VAT charged on the purchase of the St Johns Wood and Lodge Road properties and other costs.

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017****10. Loans and borrowings****31 December 2017**
£000

Amounts due to parent undertakings:	
Leopard UK Lodge Rd JV Ltd – interest-free loan	26,001
Leopard UK Lodge Rd JV Ltd – VAT loan	10,500
Investec Bank Plc loan	31,000
Less: unamortised loan arrangement costs	(427)
	67,074

The loan from Investec Bank Plc was entered into in order to finance the acquisition of the Company's properties. The loan bears interest at 4.5% p.a. over 3 month Libor. The Company shall pay Investec Bank Plc an exit fee of £310,000 upon termination of the facility. Investec Bank Plc have a first charge over the property as well as a pledge of shares and first ranking Debenture over the assets of the Company. The shareholder loan has also been subordinated in favour of Investec Bank Plc. Certain Leopard shareholders have also provided personal guarantees of £31 million.

Subsequent to the period end, as described in note 15, the senior debt facility termination date was extended to 1 December 2018. Investec Bank Plc's credit committee have also approved a further 6 month extension to 1 June 2019, being 12 months from the original facility termination date.

The company also entered into a £10.5 million VAT loan with its parent, Leopard UK Lodge Rd JV Ltd, on 1 December 2017. The loan bore interest at 8% per annum and was repaid on 19 February 2018. On the same date, the Company also entered into an interest-free loan agreement for up to £28.9 million with its parent. The loan is unsecured and repayable on demand.

11. Trade and other payables**31 December 2017**
£000

Trade and other payables	556
Loan interest	104
Accrued exit fee	52
Accruals	260
	972

12. Share capital**31 December 2017**
£000*Allotted, called up and fully paid*

400 ordinary shares of £0.25 each

-

Landseer Development Company Ltd**Notes to the financial statements (continued)****For the period 9 May 2017 to 31 December 2017****13. Related party transactions**

31 December 2017	Expenditure £000	Amounts owed to/ (from) related parties £000
Leopard UK Lodge Rd JV Ltd (immediate parent company)	104	36,501
Leopard Investment Holding LLP (ultimate controlling party)	-	(253)
<i>Other related parties:</i>		
Westbourne Management Services Limited (management fees)	48	48
Belasko Administration Limited (administrative fees)	17	6
Iain Corstorphine (directors fees)	2	2
Total related party transactions	171	36,304

Belasko Administration Limited ("Belasko") is deemed a related party as it is an administrator of the Company.

Iain Corstorphine is considered to be a related party due to being a director of the Company during 2017.

Westbourne Management Services Limited ("Westbourne") is considered to be a related party as the directors of Landseer Development Company Ltd are also directors of Westbourne.

14. Ultimate controlling party

The immediate parent company of the Company, which owns 100% of its issued share capital, is Leopard UK Lodge Rd JV Ltd, a company incorporated in the UK.

The Directors consider the ultimate controlling party to be Leopard Investment Holding LLP, a limited liability partnership registered in the UK.

15. Subsequent events

Subsequent to the period end the Company received a VAT refund which was used to repay the full VAT loan described in note 10.

Subsequent to the period end, the Company accepted Investec Bank Plc's offer to extend the senior debt facility termination date by 6 months to 1 December 2018. Investec Bank Plc's credit committee then approved a further 6 month extension to 1 June 2019, being 12 months from the original facility termination date.

Subsequent to the period end, The Company has secured credit approved terms with OakNorth Bank Plc (subject to satisfying certain conditions) to refinance the existing facility and increase the borrowing to £38.4m for a period of 24 months from signing of facility agreement.