

LANDSEER DEVELOPMENT COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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LANDSEER DEVELOPMENT COMPANY LTD

COMPANY INFORMATION

Directors	Ari Boyd David Tugendhaft Derick Beare Rodney Weinstein
Registered number	10762162
Registered office	18 Culford Gardens London SW3 2ST
Independent auditors	BDO LLP Chartered Accountants 55 Baker Street London W1U 7EU

LANDSEER DEVELOPMENT COMPANY LTD

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LANDSEER DEVELOPMENT COMPANY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The Directors are responsible for preparing 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Directors

The Directors who served during the year were:

Ari Boyd (appointed 16 May 2018)
David Tugendhaft (appointed 16 May 2018)
Derrick Beare (appointed 16 May 2018)
Nigel Harris (resigned 16 May 2018)
Iain Corstorphine (resigned 16 May 2018)
Rodney Weinstein (appointed 19 July 2019)

Disclosure of information to auditors

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

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

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

LANDSEER DEVELOPMENT COMPANY LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

Ari Boyd

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Director: **ARI BOYD**

Date: August 16, 2019

DocuSigned by:

David Tugendhaft

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Director: **DAVID TUGENDHAFT**

Date: August 16, 2019

LANDSEER DEVELOPMENT COMPANY LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANDSEER DEVELOPMENT COMPANY LTD

Opinion

We have audited the financial statements of Landseer Development Company Ltd (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Standard 102 'The Financial Reporting Standard 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 2018 and of its loss 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.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company requires further funds to repay its existing loan facility with OakNorth Bank Plc which expires in August 2020. Alternate financing is yet to be agreed. As stated in note 2.2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability 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 Auditors' 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.

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.

LANDSEER DEVELOPMENT COMPANY LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANDSEER DEVELOPMENT COMPANY LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 Directors' 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 prepare the financial statements in accordance with the small companies regime and 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 on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

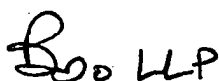
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

LANDSEER DEVELOPMENT COMPANY LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANDSEER DEVELOPMENT
COMPANY LTD (CONTINUED)**

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 Auditors' 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.

 BDO LLP

Richard Levy (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 16 August 2019

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 YEAR ENDED 31 DECEMBER 2018**

		Year ended 31 December 2018 £000	Period from 9 May to 31 December 2017 £000
	Note		
Administrative expenses		(124)	(74)
Operating loss		<u>(124)</u>	<u>(74)</u>
Interest payable and expenses	5	(4,399)	(385)
Loss before tax		<u>(4,523)</u>	<u>(459)</u>
Loss for the financial year		<u>(4,523)</u>	<u>(459)</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>(4,523)</u>	<u>(459)</u>

The notes on pages 10 to 15 form part of these financial statements.

LANDSEER DEVELOPMENT COMPANY LTD
REGISTERED NUMBER: 10762162

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Current assets			
Trading stock	6	58,553	56,592
Debtors: amounts falling due within one year	7	60	10,995
Cash at bank and in hand	8	82	-
		<u>58,695</u>	<u>67,587</u>
Creditors: amounts falling due within one year	9	(10,214)	(68,046)
Net current assets/(liabilities)		<u>48,481</u>	<u>(459)</u>
Total assets less current liabilities		<u>48,481</u>	<u>(459)</u>
Creditors: amounts falling due after more than one year	10	(53,463)	-
Net liabilities		<u>(4,982)</u>	<u>(459)</u>
Called up share capital	11	-	-
Profit and loss account		(4,982)	(459)
		<u>(4,982)</u>	<u>(459)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Ari Boyd

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Director: **ARI BOYD**

Date: August 16, 2019

DocuSigned by:

David Tugendhaft

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Director: **DAVID TUGENDHAFT**

Date: August 16, 2019

The notes on pages 10 to 15 form part of these financial statements.

LANDSEER DEVELOPMENT COMPANY LTD**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	-	(459)	(459)
Comprehensive income for the year			
Loss for the year	-	(4,523)	(4,523)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(4,523)	(4,523)
Total transactions with owners	-	-	-
At 31 December 2018	-	(4,982)	(4,982)

The notes on pages 10 to 15 form part of these financial statements.

LANDSEER DEVELOPMENT COMPANY LTD**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period			
Loss for the period	-	(459)	(459)
Other comprehensive income for the period			
	-	-	-
Total comprehensive income for the period	-	(459)	(459)
Total transactions with owners	-	-	-
At 31 December 2017	-	(459)	(459)

The notes on pages 10 to 15 form part of these financial statements.

LANDSEER DEVELOPMENT COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

The principal activity of the Company is the development of a mixed use property in St Johns Wood to provide care, a nursing home, and residential accommodation.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Cashflow statement

The Company has taken the cashflow exemption under FRS102 and consequently has not presented a cashflow statement as the Company represents a small entity under the small companies regime.

2.2 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 loan facility with OakNorth Bank Plc, which terminates in August 2020, was increased by £1.9m subsequent to the year end, and the proceeds will be used to finance the Company's planned work programme for the next 12 months. Furthermore, the Company has received an undertaking from its parent indicating that, for a period of at least 12 months from date of approval of these financial statements, no amounts owed by the company will be called for repayment unless (i) the Company is in a position to make payments without adversely affecting its ability to continue to trade and settle and future obligations and (ii) repayment is permitted by the Company's debt facilities.

Given that the debt termination date is still a number of months away, the directors believe that the Company has sufficient time to carry out its investment strategy and arrange the necessary funding to refinance the debt facility. However, no agreement is yet in place and therefore this indicates 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.

2.3 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.4 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income over the term of the debt using the effective interest method

LANDSEER DEVELOPMENT COMPANY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 Trading stock

Property purchased with the intention to develop and re-sale are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.6 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.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

4. Employees

The Company has no employees other than the former Directors, who received remuneration of £9,398 during the year (2017 - £1,875)

LANDSEER DEVELOPMENT COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Interest payable and similar expenses

	Year ended 31 December 2018 £000	Period from 9 May to 31 December 2017 £000
Bank interest payable	1,820	144
Bank loan termination costs	39	-
Interest payable on loans from parent undertaking	1,643	104
Amortisation of loan arrangement and exit fees	897	137
	<u>4,399</u>	<u>385</u>

6. Trading stock

	2018 £000	2017 £000
Trading stock	58,553	56,592
	<u>58,553</u>	<u>56,592</u>

Trading stock comprises land and buildings at 36 St Johns Wood and 36-44 Lodge Road.

7. Debtors

	2018 £000	2017 £000
Amounts owed by group undertaking	-	253
Other debtors	48	10,742
Prepayments and accrued income	12	-
	<u>60</u>	<u>10,995</u>

In 2017, amounts owed by group undertaking consists of £253,000 of funding receivable from the Company's ultimate controlling party, Leopard Investment Holding LLP.

The other debtors for 2017 included VAT recoverable of £10.7 million on the purchase of the Company's trading stocks. This was refunded during 2018 and the proceeds were used to partly repay the amounts owed to the parent undertaking (see note 9).

LANDSEER DEVELOPMENT COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	82	-
	<u>82</u>	<u>-</u>

9. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank loans	-	30,624
Trade creditors	25	556
Amounts owed to parent undertaking	10,102	36,605
Accruals and deferred income	87	261
	<u>10,214</u>	<u>68,046</u>

The loan from Investec Bank Plc was entered into in order to finance the acquisition of the Company's properties. The loan was repaid in August 2018 from the proceeds of the Oaknorth Bank Plc loan as disclosed in note 10.

LANDSEER DEVELOPMENT COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Bank loans	33,947	-
Amounts owed to parent undertaking	19,516	-
	<u>53,463</u>	<u>-</u>

In August 2018, the Company entered into a new loan facility with OakNorth Bank Plc ("OakNorth") for £38.4m which has a repayment date of August 2020. The security package includes a charge over the property and an exit fee is payable on termination of the facility. The bank loan is shown net of arrangement fees. Subsequent to the period end, the facility was increased by £1.9 million.

On 1 December 2017 the Company entered into an interest-free loan agreement with its parent. The interest-free loan is unsecured and repayable on demand with a final maturity date of 1 December 2027. The interest-free loan from the parent undertaking is subordinate to the senior debt loan facility with OakNorth.

A loan variation was entered into with the parent undertaking effective 1 January 2018 with up to £15.5 million of the previously interest free loan becoming interest bearing at 7.25% per annum plus LIBOR. This tranche of the interest bearing loan is repayable in January 2020.

A further loan variation was entered into effective 29 June 2018 with a further £5 million incurring interest at 13.25% per annum and is repayable in June 2021.

The remaining balance is interest free and repayable on demand.

11. Share capital

	2018 £	2017 £
400 (2017 - 400) Ordinary shares of £0.25 each	<u>100</u>	<u>100</u>
Allotted, called up and partly paid		
400 (2017 - 400) Ordinary shares of £0.25 each	<u>100</u>	<u>100</u>

LANDSEER DEVELOPMENT COMPANY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Related party transactions

Iain Corstorphine and Nigel Harris are deemed to be related parties due to being directors of the Company until May 2018. Director fees of £9,398 were charged during the year (2017: £1,875) with nil fees outstanding at year-end (2017: £1,875).

Westbourne Management Services Limited ("Westbourne") is considered to be a related party as the directors of the Company are also directors of Westbourne. During 2018, all Westbourne costs since inception were deemed development costs and capitalised to trading stock. Fees of £102,063 were charged by Westbourne during the year (2017: £47,857) with nil fees outstanding at year end (2017: £47,857).

All transactions with fellow group undertakings are shown in the notes to the financial statements (see notes 5, 7, 9 & 10).

13. Post balance sheet events

The loan facility with OakNorth Bank Plc was increased by £1.9m subsequent to the year end.

14. Controlling party

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