

Registered Number: 03936125

SNOWHILL REAL ESTATE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

Period ended 30 September 2015

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SNOWHILL REAL ESTATE LIMITED

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SNOWHILL REAL ESTATE LIMITED

Period ended 30 September 2015

Directors

M. DalBello

C.M. Castle

D. Jaffe (resigned 25 June 2015)

M. Kalsbeek (appointed 25 June 2015)

Secretary

Intertrust (UK) Limited

Registered Office

11 Old Jewry

7th Floor

London

EC2R 8DU

Bankers

Natwest

11 Springs Gardens

Manchester

M2 1FB

Auditor

KPMG LLP

15 Canada Square

London

E14 5GL

Solicitors

K&L Gates LLP

One New Change

London

EC4M 9AF

SNOWHILL REAL ESTATE LIMITED

REPORT OF THE DIRECTORS

Period ended 30 September 2015

The directors present their report and accounts for the period ended 30 September 2015.

Principal activities

Snowhill Real Estate Limited, a company incorporated in the United Kingdom, holds land interests in Smithfield, London EC1 comprising the General Market building and the Annexe building.

The General Market is bounded by West Poultry Avenue, Charterhouse Street and Farringdon Road and comprises a number of former market buildings occupying a separate island site. The Annex block is the southernmost property within the site and comprises an island site bounded by Snow Hill to the south, Smithfield Street to the east and West Smithfield to the north.

The Company holds a long leasehold interest in a former NCP basement car park which extends underneath the General Market and Annex sites for a term of 999 years from 1896. In addition, the company has an interim site lease for a term expiring in May 2020. This is an overriding lease of the existing buildings on the site and the 999 year lease operates as a sub-lease whilst the site lease is in existence. The company is obliged to keep the property clean and tidy pending redevelopment and its repairing obligations are limited by a schedule of condition. The buildings are in a dilapidated condition and largely vacant.

A new development agreement was entered into with the City Corporation in December 2011 which will enable a regeneration scheme to take place in due course when a revised planning consent is granted and vacant possession is obtained. The basement of the building is currently occupied by Crossrail under the terms of an Agreement dated 2 August 2007. The Company has the ability to terminate all occupational interests on giving notice to the parties involved.

Results and dividends

The Company made a profit of £7,021,000 for the period (2014: profit of £1,954,000). The directors do not recommend the payment of a dividend (2014: £nil).

An impairment reversal of £12,486,000 (2014: £1,993,000) was recognised on the property in the year.

Review of the business and future developments

A new development agreement was entered into with the City Corporation in December 2011 which granted the Company the right to undertake a regeneration scheme. Either party has the ability to terminate the agreement if a development notice has not been served within 5 years after completion of the Crossrail project. Under the terms of the development agreement, the Company has the right to redevelop the General Market and Annex in separate phases. The development agreement is subject to a cut-off date of 31 December 2025 in relation to any phase in respect of which a development notice has not been served by that date.

SNOWHILL REAL ESTATE LIMITED

REPORT OF THE DIRECTORS (continued)

Period ended 30 September 2015

The development agreement placed an obligation on the Company to undertake an agreed phase of interim works to the railway tunnels which run under the site in advance of the precise extent of the regeneration scheme being defined and planning consent being obtained. These works were completed in 2012 and the cost of the works was borne by the Company subject to a capped contribution from the City Corporation.

Existing agreements with Network Rail were updated both in relation to the interim and further tunnel works, including the acquisition of air rights over the railway ventilation shaft in respect of which a figure of £940,000 was paid in November 2013. An additional sum of £500,000 is payable to Network Rail on receipt of a satisfactory planning consent together with an additional overage payment linked to the floor area of the consented scheme.

Since 2010, TH Real Estate who are acting as development managers on the Company's behalf have worked in close liaison with the City Corporation and English Heritage to develop proposals involving the retention, restoration and re-use of a significant proportion of the historic fabric. A planning application was submitted on 11 February 2013 and approved by the City of London Corporation Planning Committee on 16 July 2013. However this was called in by the Secretary of State for Communities and Local Government on September 2013 and a Public Inquiry commenced on 11 February 2014 which was concluded on 28 February 2014. A decision letter was issued on 7 July 2014 stating the Inspector had recommended that the planning consent be refused and that the Secretary of State agreed with his decision. The Company decided not to pursue an appeal to the High Court.

A supplemental deed regarding the 2007 Agreement was completed with Crossrail in February 2014. This included an agreement that Crossrail's rights of occupation would apply to the entire basement under the General Market together with provision for an advance payment of £520,000 in respect of Crossrail's occupation of the basement since 2010. Terms were also agreed that Crossrail can be required to vacate the basement of the General Market on six months written notice at any point from 2 January 2015. Agreements were also concluded during 2014 with the two remaining tenants who held protected leases under the Landlord & Tenant Act 1954 with the consequence that the Company will now be in a position to secure vacant possession and take forward a refurbishment scheme in due course on receipt of planning consent.

Large areas of the property at ground floor and above are not capable of occupation and remained vacant during the period. Four external retail units are currently let on short term leases.

The Company incurred substantial costs during the second half of 2015 in undertaking repairs to the external fabric of the General Market in order to mitigate health and safety risks and to comply with the repairing obligations contained in the site lease. The works were completed in December 2015.

An option agreement was entered into with BPP (Farringdon Road) Limited in 2013 regarding the acquisition of a 250 year right of way over the ramp from Snow Hill and the basement of the General Market to provide access to the basement of Caxton House. A supplemental agreement was entered into with BPP on 27 July whereby the final option payment was reduced to £3.75m. The deed of easement with BPP was completed on 31 July 2015.

SNOWHILL REAL ESTATE LIMITED

REPORT OF THE DIRECTORS (continued) **Period ended 30 September 2015**

Following the unexpected outcome of the Public Inquiry, considerable energy was devoted to reviewing alternative proposals for the site. A mixed use refurbishment scheme emerged as a viable option involving retention of the existing buildings with retail and restaurant uses at ground floor providing a vibrant public realm. This proposal was put on hold pending the outcome of discussions with the City Corporation regarding the possible acquisition of the Company's property interests in the General Market and Annexe as a possible future home for the Museum of London. These discussions resulted in terms being agreed during the period to sell the property to the City Corporation for a price of £33million. The transaction was concluded on 22 December 2015 subsequent to the financial year end.

Following the sale of the property interests the Directors are considering the future of the Company but, as yet, no decisions have been made.

Directors

The directors of the Company are set out on page 2, which includes those who held office throughout the year and any appointments, resignations and cessations since the year end.

Registered office

The Company's registered office address is 11 Old Jewry, 7th Floor, London, EC2R 8DU.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that 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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

Clive Castle
Director
11 Old Jewry
London
EC2R 8DU



Date: 22 June 2016

Registered Number: 03936125

SNOWHILL REAL ESTATE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNOWHILL REAL ESTATE LIMITED

We have audited the financial statements of Snowhill Real Estate Limited for the period ended 30 September 2015 set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNOWHILL REAL ESTATE LIMITED (continued)

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

Date: 24 June 2016

SNOWHILL REAL ESTATE LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 30 September 2015

	Note	10 months to 30 September 2015 £'000	12 months to 30 November 2014 £'000
Turnover	2	47	726
Cost of sales		(235)	(363)
Gross (loss)/profit		(188)	363
Other operating income		-	-
Administration expenses	3	12,486	1,993
Disposal		(4,917)	-
Operating profit	3	7,381	2,356
Interest receivable		1	11
Interest payable	5	(361)	(413)
Profit on ordinary activities before taxation		7,021	1,954
Taxation	6	-	-
Profit for the financial period/year	11	7,021	1,954

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit of £7,021,000 attributable to the shareholders for the period ended 30 September 2015 (30 November 2014: profit of £1,954,000)

The notes on pages 12 to 18 form part of these financial statements.

SNOWHILL REAL ESTATE LIMITED

BALANCE SHEET

30 September 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		17,500		13,500
Current assets					
Debtors	8	173		135	
Cash and short term deposits		219		816	
		<u>392</u>		<u>951</u>	
Creditors: amounts falling due within one year	9	<u>(10,779)</u>		<u>(14,359)</u>	
Net current liabilities			(10,387)		(13,408)
Total assets less current liabilities			<u>7,113</u>		<u>92</u>
Net assets			<u>7,113</u>		<u>92</u>
Capital and reserves					
Called up share capital	10		-		-
Share premium account	11		10,092		10,092
Capital contribution reserve	11		27,725		27,725
Profit and loss account	11		<u>(30,704)</u>		<u>(37,725)</u>
Equity shareholders' funds	11		<u>7,113</u>		<u>92</u>

The notes on pages 12 to 18 form part of these financial statements.

The financial statements were approved by the Board of Directors on 22 June 2016.

Signed on behalf of the Board of Directors by


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Clive Castle

Director

Register Number: 03936125

SNOWHILL REAL ESTATE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Period ended 30 September 2015

	2015 £'000	2014 £'000
Shareholders' funds/(deficit) at beginning of period/year	92	(1,862)
Profit for the financial period/year	7,021	1,954
Shareholders' funds at end of period/year	<u>7,113</u>	<u>92</u>

The notes on pages 12 to 18 form part of these financial statements.

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS

Period ended 30 September 2015

1. ACCOUNTING POLICIES

(a) Basis of accounting

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by AIMCo RE Holdings (Luxembourg) 1 S.à.r.l., the current immediate parent company, who has indicated that it will continue to make available such funds as are needed by the company. In light of this and the company's forecast cash requirements for the period to October 2016 this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason that it will not do so.

(b) Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small company under the Companies Act 2006.

(c) Related parties transactions

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' to dispense with the requirement to disclose transactions with group companies which are wholly owned within the group.

(d) Fixed assets

All fixed assets are initially recorded at cost. Finance costs are not included in the cost of fixed assets. No depreciation is charged on assets in the course of construction. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period in the profit and loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Change of reporting date

The directors changed the financial reporting date to 30 September 2015 to be more aligned with the company's shareholder.

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued) Period ended 30 September 2015

1. ACCOUNTING POLICIES (continued)

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. However deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rate that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws or substantively enacted at the balance sheet date.

(g) Lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(h) Developments expected in future accounting periods – FRS 100, 101 and 102

FRS 100 sets out the application of financial reporting requirements in the UK and Republic of Ireland and FRS 101 “IFRS” with reduced disclosures” outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS. FRS 102 is applicable in the UK and Republic of Ireland and is known as “new UK GAAP”. The mandatory effective date for the new framework of reporting is for accounting periods beginning on or after 1 January 2015. A full analysis was undertaken and it was decided that the company will apply FRS102 (“the new UK GAAP”).

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts derived from rental income. Rental income is recognised in the profit and loss account on an accruals basis. Benefits to lessees in the form of rent-free periods and capital contributions are treated as a reduction in the overall return on the leases and, in accordance with UITF 28, *Operating lease incentives*, are recognised on a straight line basis over the shorter of the lease term or the period up to the initial rental review date. The resulting asset is reflected as a debtor in the balance sheet.

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued)

Period ended 30 September 2015

3. OPERATING PROFIT

This is stated after charging the following:

	2015	2014
	£'000	£'000
Statutory audit ¹	7	8
Tax fees ¹	5	15
Impairment loss reversed	(12,486)	(1,993)
	<u>(12,474)</u>	<u>(1,970)</u>

¹ There were no other fees paid to the auditor.

4. STAFF COSTS

No salaries or wages have been paid to the directors who are the only employees of the Company in either the current or prior year.

5. INTEREST PAYABLE

	2015	2014
	£	£
On amounts owed to Charterhouse Snowhill (Luxembourg) S.à.r.l	361	413
Net interest payable	<u>361</u>	<u>413</u>

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued) Period ended 30 September 2015

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax on loss on ordinary activities.

There is no current or deferred tax for the current period (year ended 30 November 2014 - £nil).

(b) Factors affecting current tax charge.

The tax assessed on the profit on ordinary activities for the period to 30 September 2015 is different to the standard rate of corporation tax in the UK of 20.40% (year ended 30 November 2014 - 21.66%). The differences are reconciled below:

	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before taxation	7,021	1,954
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.40% (2014 – 21.66%)	1,432	423
Unrecognised losses	-	-
Unutilised losses carried forward	112	(25)
Impairment reversal/loss – not taxable	(2,547)	(432)
Permanent differences	1,003	34
Total current tax	-	-

(c) Factors that may affect future tax charges

There are estimated tax losses of £7,156,643 (30 November 2014 - £9,308,931) available to carry forward against suitable future taxable profits. A deferred tax asset has not been recognised due to uncertainty as to when the losses will be utilised.

The 2016 Budget on 19 March 2016 announced that the UK corporation tax rate will reduce to 17% by 2020 with a 1% interim cut in 2017.

This will reduce the company's potential future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the further 1% rate reduction, although this will further reduce the company's future current and deferred tax charge.

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued) Period ended 30 September 2015

7. TANGIBLE FIXED ASSETS

	<i>Properties held for development £'000</i>
Cost at 1 December 2014	40,387
Disposals	(8,486)
At 30 September 2014	31,901
Impairment	
At 1 December 2014	(26,887)
Impairment reversal in the year	12,486
At 30 September 2015	(14,401)
Net book value at 30 September 2015	17,500
Net book value at 30 November 2014	13,500

An impairment reversal of £12,486,000 (2014: £1,993,000) was recognised on the property held for development in the year.

8. DEBTORS

	<i>2015 £'000</i>	<i>2014 £'000</i>
Trade debtors	173	135
	173	135

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued) Period ended 30 September 2015

9. CREDITORS

	2015	2014
	£'000	£'000
Amounts due within one year		
Trade creditors	27	29
Accruals and deferred income	219	158
Amounts owed to Charterhouse Snowhill (Luxembourg) S.à.r.l	10,533	14,172
	<u>10,779</u>	<u>14,359</u>

10. SHARE CAPITAL

	<i>Allotted, called up and fully paid</i>			
	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	100	1	100	1
	<u>100</u>	<u>1</u>	<u>100</u>	<u>1</u>

SNOWHILL REAL ESTATE LIMITED

NOTES TO THE ACCOUNTS (continued)

Period ended 30 September 2015

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)

	Share capital*	Share premium	Capital contribution	Profit and loss	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 December 2014	-	10,092	27,725	(37,725)	(92)
Profit for the year	-	-	-	7,021	7,021
At 30 September 2015	-	10,092	27,725	(30,704)	7,113

* Called up share capital at the 30 September 2015 was 100 ordinary shares of £1 each (30 November 2014: 100 ordinary share of £1)

12. ULTIMATE CONTROLLING PARTY

At 30 September 2015 the ultimate controlling party is FREP Holdings Canada I Limited Partnership, a Canadian limited Partnership which holds investments on behalf of a number of limited partner pension clients. This is the highest and lowest level at which consolidated accounts are prepared. These accounts are not available to the public. The immediate parent undertaking is Snowhill RE (Luxembourg) S.à.r.l., a company registered in Luxembourg.

13. POST BALANCE SHEET EVENT

On 22 December 2015 the company sold its interest in the General Market and Annexe to the City Corporation for £33 million.

On 30 November 2015 the company entered into an agreement with Crossrail and Transport for London in respect of their occupation of the basement for the purpose of the Crossrail project up to 31 December 2015 with a sum of £639,000 received on 4 December 2015.