



CANARY WHARF
GROUP PLC

BRAEBURN ESTATES (GP) LIMITED

Registered number: 07698559

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



BRAEBURN ESTATES (GP) LIMITED

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BRAEBURN ESTATES (GP) LIMITED

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.

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

PRINCIPAL ACTIVITY

The company acts as the General Partner of Braeburn Estates Limited Partnership.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,326 (2017 - £6,968).

No dividends were paid or proposed (2017: £Nil).

DIRECTORS

The directors who served during the year were:

T K A A Al-Abdulla (appointed 6 November 2018)
A Al-Jail (appointed 14 June 2018, resigned 6 November 2018)
A Al-Attiah (appointed 30 July 2018)
N M AlBuenain (resigned 30 July 2018)
A P Anderson II
R D S Archer
M Ashraf (appointed 30 November 2018)
J M Holmes (resigned 30 November 2018)
Sir George Iacobescu CBE
A J S Jordan
J Lamothe

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2018 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

This report was approved by the board on 15 May 2019 and signed on its behalf.



J R Garwood
Secretary

BRAEBURN ESTATES (GP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 International Reporting Standards ('IFRS') as adopted by the European Union. 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.

BRAEBURN ESTATES (GP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES (GP) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Braeburn Estates (GP) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Braeburn Estates (GP) Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and International IFRSs as adopted by the European Union.

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 Financial Reporting Council's (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.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

BRAEBURN ESTATES (GP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES (GP) LIMITED

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.

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 respect of these matters.

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 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.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BRAEBURN ESTATES (GP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES (GP) LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 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.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

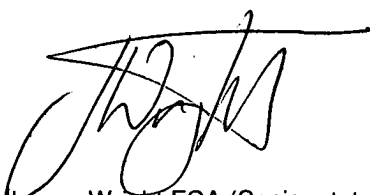
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



James Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 May 2019

BRAEBURN ESTATES (GP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Share of profit/(loss) in partnership	7	(73)	8,533
(LOSS)/PROFIT BEFORE TAX		<u>(73)</u>	<u>8,533</u>
Tax on (loss)/profit	6	1,399	(1,565)
PROFIT FOR THE FINANCIAL YEAR		<u>1,326</u>	<u>6,968</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Unrealised (deficit)/surplus on revaluation of fixed asset investments		(33,407)	2,085
Tax on revaluation of fixed asset investments		5,678	(354)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>(27,729)</u>	<u>1,731</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(26,403)</u>	<u>8,699</u>

The notes on pages 9 to 15 form part of these financial statements.

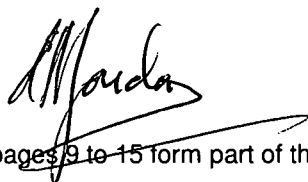
BRAEBURN ESTATES (GP) LIMITED
REGISTERED NUMBER: 07698559

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018


	Note	2018 £	2017 £
FIXED ASSETS			
Investments	7	1,164	34,644
		<u>1,164</u>	<u>34,644</u>
CURRENT ASSETS			
Trade and other receivables	8	131,165	90
		<u>131,165</u>	<u>90</u>
Current liabilities	9	-	(1,342)
NET CURRENT ASSETS/(LIABILITIES)		<u>131,165</u>	<u>(1,252)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>132,329</u>	<u>33,392</u>
Deferred tax	11	-	(4,660)
NET ASSETS		<u><u>132,329</u></u>	<u><u>28,732</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	130,100	100
Revaluation reserve		1,936	29,665
Retained earnings		293	(1,033)
		<u>132,329</u>	<u>28,732</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 May 2019.

A J S Jordan
Director



M Ashraf
Director



The notes on pages 9 to 15 form part of these financial statements.

BRAEBURN ESTATES (GP) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2018	100	29,665	(1,033)	28,732
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	1,326	1,326
Revaluation of investment	-	(27,729)	-	(27,729)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	(27,729)	-	(27,729)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(27,729)	1,326	(26,403)
Shares issued during the year	130,000	-	-	130,000
AT 31 DECEMBER 2018	130,100	1,936	293	132,329

The notes on pages 9 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2017	100	27,934	(8,001)	20,033
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	6,968	6,968
Revaluation of investment	-	1,731	-	1,731
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	1,731	-	1,731
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,731	6,968	8,699
AT 31 DECEMBER 2017	100	29,665	(1,033)	28,732

The notes on pages 9 to 15 form part of these financial statements.

BRAEBURN ESTATES (GP) LIMITED

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

1. GENERAL INFORMATION

Braeburn Estates (GP) Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

The following new and revised accounting standards and interpretations have been adopted by the company in 2018. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by EU):

IFRS 16 'Leases'

Annual Improvements to IFRS 2015-2017 cycle (various standards):

Amendment to IAS 28 'Investments in Associates'

Amendment to IAS 19 'Employee Benefits'

IFRS 17 'Insurance Contracts'

IFRIC 23 'Uncertainty over Income Tax Treatments'

The directors anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the company.

The preparation of financial statements in compliance with IFRS 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).

The principal accounting policies are summarised below:

2.2 GOING CONCERN

At the year end, the company is in a net asset position.

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

BRAEBURN ESTATES (GP) LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Cash flow statement

The company had no cash flows during the year or the prior year and has accordingly not produced a Cash Flow Statement.

2.4 Investments

Investments in partnerships and are stated at fair value. The fair value is calculated by reference to the company's share of the net assets of the investment, as adjusted for assets and liabilities which are not carried at fair value. The movement that relates to income earned from partnership is taken to the income statement. The remaining fair value movement is recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

Income from investments is recognised as the company becomes entitled to receive payment. Revenue profits and losses in partnerships are recognised on an accruals basis.

2.5 Financial instruments

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other payables

Trade and other payables are stated at cost.

2.6 Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of temporary difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

BRAEBURN ESTATES (GP) LIMITED

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investments

Investments in partnerships are carried at fair value. The directors have valued the investment at the company's share of the partnership's net asset value.

4. AUDITOR'S REMUNERATION

The auditor's remuneration of £590 (2017: £554) for the audit of the company has been borne by Braeburn Estates Limited Partnership.

5. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

BRAEBURN ESTATES (GP) LIMITED

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

6. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	-	1,342
Adjustments in respect of previous periods	(1,341)	-
TOTAL CURRENT TAX	(1,341)	1,342
DEFERRED TAX		
Origination and reversal of timing differences	(58)	223
TOTAL DEFERRED TAX	(58)	223
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(1,399)	1,565

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to (2017 - different to) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(73)	8,533
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(14)	1,643
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	(1,341)	77
Non-taxable income	-	(125)
Change in rate applied to deferred tax	(44)	(30)
TOTAL TAX (CREDIT)/CHARGE FOR THE YEAR	(1,399)	1,565

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 19.0% on 1 April 2017 and a further reduction to 17% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

BRAEBURN ESTATES (GP) LIMITED

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

7. FIXED ASSET INVESTMENTS

	Investments in partnerships £
COST OR VALUATION	
At 1 January 2018	34,644
Revaluations	(33,407)
Share of profit/(loss)	(73)
	<u>1,164</u>
At 31 December 2018	<u>1,164</u>
NET BOOK VALUE	
At 31 December 2018	<u>1,164</u>
At 31 December 2017	<u>34,644</u>

As a general partner, the company has contributed £10 of the capital of the Braeburn Estates Limited Partnership, an English Limited Partnership registered at One Canada Square, Canary Wharf, London E14 5AB. This equates to 0.1% of the Partnership capital. The Partnership was established to redevelop a 5.25 acre site at Southbank Place, London.

8. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Amounts owed by Braeburn Estates Limited Partnership	130,089	90
Deferred taxation	1,076	-
	<u>131,165</u>	<u>90</u>

Amounts owed by Braeburn Estates Limited Partnership are interest free and repayable on demand.

9. CURRENT LIABILITIES

	2018 £	2017 £
Corporation tax	-	1,342
	<u>-</u>	<u>1,342</u>

BRAEBURN ESTATES (GP) LIMITED

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

10. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	<u>130,089</u>	<u>90</u>

Financial assets measured at amortised cost comprise amounts owed to Braeburn Estates Limited Partnership.

11. DEFERRED TAXATION

	2018 £
At beginning of year	(4,660)
Charged to the profit or loss	58
Charged to other comprehensive income	<u>5,678</u>
AT END OF YEAR	<u><u>1,076</u></u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Tax losses carried forward	1,473	1,416
Revaluation of investments	<u>(397)</u>	<u>(6,076)</u>
	<u><u>1,076</u></u>	<u><u>(4,660)</u></u>

BRAEBURN ESTATES (GP) LIMITED

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

12. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
32,525 (2017 - 25) A ordinary shares of £1.00 each	32,525	25
32,525 (2017 - 25) B ordinary shares of £1.00 each	32,525	25
32,525 (2017 - 25) C ordinary shares of £1.00 each	32,525	25
32,525 (2017 - 25) D ordinary shares of £1.00 each	32,525	25
	<hr/>	<hr/>
	130,100	100
	<hr/>	<hr/>

During the year the company issued additional 32,500 A, 32,500 B, 32,500 C and 32,500 D ordinary £1 shares.

All classes of share rank pari passu in all respects.

13. CONTROLLING PARTY

In 2011, entities owned by Canary Wharf Group plc and Qatari Diar Real Estate Investment Company ('Qatari Diar') entered into a 50:50 joint venture to redevelop the Shell Centre, a 5.25 acre site on the Southbank in London.

The company is 50% owned by Canary Wharf Holdings (PB) Limited, a wholly owned subsidiary of Canary Wharf Group plc, and 50% owned by Project Russet (Holdings Company) Limited, a wholly owned subsidiary of Qatari Diar.

BRAEBURN ESTATES LIMITED PARTNERSHIP
Registered Number: LP14539

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

BRAEBURN ESTATES LIMITED PARTNERSHIP

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BRAEBURN ESTATES LIMITED PARTNERSHIP

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Braeburn Estates Limited Partnership was registered as an English limited partnership on 13 July 2011 and comprises one General Partner and 2 Limited Partners. The General Partner is incorporated in England and Wales. The Limited Partners are incorporated in Jersey.

The Amended and Restated Limited Partnership Deed dated 28 July 2011 requires that the General Partner prepares financial statements for each financial period. In preparing these financial statements, the General Partner is 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 the going concern basis unless it is inappropriate to presume the Partnership will continue in existence.

The General Partner is also responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Partnership.

The General Partner is responsible for ensuring that the Partnership has complied at all times with its obligations under the Agreement and has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Partnership and to prevent and detect fraud, errors and other irregularities.

These financial statements have been prepared under Regulation 7 of the Partnerships (Accounts) Regulations 2008.

BRAEBURN ESTATES LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES LIMITED PARTNERSHIP

REPORT ON THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS

Opinion

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union; and
- have been prepared in accordance with Limited Partnership Agreement.

We have audited the non-statutory financial statements of Braeburn Estates Limited Partnership (the 'parent limited liability partnership') and its subsidiaries (the 'group') which comprise:

- the consolidated and parent limited partnership Statements of Comprehensive Income;
- the consolidated and parent limited partnership Statements of Financial Position;
- the consolidated and parent limited partnership Statements of Changes in Equity;
- the consolidated and parent limited partnership Statements of Cash Flow; and
- the related notes 1 to 18 and (a) to (n).

The financial reporting framework that has been applied in their preparation is the relevant IFRS's as adopted in the European Union and the Limited Partnership Agreement.

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 financial statements section of our report.

We are independent of the group and of the parent limited partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

BRAEBURN ESTATES LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES LIMITED PARTNERSHIP

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the general partners' use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the general partner has not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The general partners are responsible for the other information. The other information comprises the information included in the financial statements, 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.

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 respect of these matters.

Responsibilities of general partners

As explained more fully in the general partner's responsibilities statement, the general partner is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the general partner 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 non-statutory financial statements, the general partner is responsible for assessing the group's and the parent limited partnership'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 partners either intend to liquidate the group or the parent limited partnership or to cease operations, or have no realistic alternative but to do so.

BRAEBURN ESTATES LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES LIMITED PARTNERSHIP

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory 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 non-statutory financial statements.

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

Use of our report

This report is made solely for the exclusive use of the partners and solely for the purpose set out in our engagement letter. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent.

Our audit work has been undertaken so that we might state to the group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP
Statutory Auditor
London, UK

Date: 15 May 2019

BRAEBURN ESTATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Revenue	3	151,342,064	190,061,607
Cost of sales		(157,726,964)	(180,977,711)
Gross (loss)/profit		<u>(6,384,900)</u>	<u>9,083,896</u>
Administrative expenses		(1,821,154)	(2,801,386)
Other operating income		4,541	–
Operating (loss)/profit	4	<u>(8,201,513)</u>	<u>6,282,510</u>
Finance and similar income	5	193,057	35,356
Finance and similar charges	6	(805)	(427)
(Loss)/profit on ordinary activities before tax		<u>(8,009,261)</u>	<u>6,317,439</u>
Taxation	7	(15,211)	(46,645)
(Loss)/profit for the year		<u>(8,024,472)</u>	<u>6,270,794</u>
Other comprehensive income			
Fair value movement of effective hedging instruments		128,619	71,279
Total comprehensive income		<u><u>(7,895,853)</u></u>	<u><u>6,342,073</u></u>

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 9 to 24 form an integral part of these financial statements.

BRAEBURN ESTATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	31 December 2017 £ As restated (see page 7)
Current assets			
Work in progress	8	765,687,615	564,075,267
Trade and other receivables	9	81,075,0122	56,353,418
Cash and cash equivalents		87,442,412	57,032,909
Total assets		<u>934,205,039</u>	<u>677,461,594</u>
Current liabilities			
Trade and other payables	10	(122,452,489)	(96,354,976)
Total current liabilities		<u>(122,452,489)</u>	<u>(96,354,976)</u>
Non current liabilities			
Residential deposits	11	(104,531,676)	(85,835,000)
Payments on account	12	(118,143,251)	(157,082,289)
Bank loan	13	(196,205,246)	(67,162,480)
Derivative instrument	14	(347,198)	(475,817)
Total non current liabilities		<u>(419,227,371)</u>	<u>(310,555,586)</u>
Total liabilities		<u>(541,679,860)</u>	<u>(406,910,562)</u>
Net assets		<u>392,525,179</u>	<u>270,551,032</u>
Equity			
Capital accounts	17	10,000	10,000
Partner advances	17	404,318,913	274,448,913
Hedging reserve	17	(347,198)	(475,817)
Partners' current accounts	17	(11,456,538)	(3,432,066)
Shareholders' equity		<u>392,525,177</u>	<u>270,551,030</u>
Minority interest		<u>2</u>	<u>2</u>
		<u>392,525,179</u>	<u>270,551,032</u>

The Notes on pages 9 to 24 form an integral part of these financial statements.

Approved by the partners on 15 May 2019 and signed on their behalf by:


A P Anderson II
DIRECTOR

M Ashraf
DIRECTOR 

On behalf of Braeburn Estates (GP) Limited

BRAEBURN ESTATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018

	Capital accounts	Partner advances	Hedging reserve	Current accounts	Minority interest	Total equity
	£	£	£	£	£	£
At 1 January 2017 (as previously stated)	10,000	274,448,913	(547,096)	(9,702,858)	–	264,208,959
Restatement ¹	–	–	–	(2)	2	–
At 1 January 2017 (as restated)	10,000	274,448,913	(547,096)	(9,702,860)	2	264,208,959
Comprehensive income for the year						
Profit for the year	–	–	–	6,270,794	–	6,270,794
Fair value movement of effective hedging instruments	–	–	71,279	–	–	71,279
Total comprehensive income for the year	–	–	71,279	6,270,794	–	6,342,073
At 31 December 2017	10,000	274,448,913	(475,817)	(3,432,066)	2	270,551,032
Comprehensive income for the year						
Loss for the year	–	–	–	(8,024,472)	–	(8,024,472)
Fair value movement of effective hedging instruments	–	–	128,619	–	–	128,619
Total comprehensive income for the year	–	–	128,619	(8,024,472)	–	(7,895,853)
Additional Partner advances	–	129,870,000	–	–	–	129,870,000
	–	129,870,000	–	–	–	129,870,000
At 31 December 2018	10,000	404,318,913	(347,198)	(11,456,538)	2	392,525,179

The Notes on pages 9 to 24 form an integral part of these financial statements.

¹ In July 2015 the Partnership transferred its £1 interest in SBP1 Sarl Inc and £1 interest in SBP2 Sarl Inc to Almacantar. SPB1 Sarl Inc and SPB2 Sarl Inc each hold one of the eight ordinary £1 shares in Braeburn Estates Management Company Limited.

BRAEBURN ESTATES LIMITED PARTNERSHIP

CONSOLIDATED CASH FLOW STATEMENT

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Operating (loss)/profit	(8,201,513)	6,282,510
Increase in work in progress	(201,612,348)	(140,022,090)
Increase in receivables	(24,721,699)	(24,175,686)
Increase in payables	5,855,256	79,352,927
Tax charge	(15,211)	(46,645)
Net cash flows from operating activities	(228,695,515)	(78,608,984)
Cash flows from investing activities		
Interest received	193,057	35,356
Interest paid	(805)	(427)
Net cash flows from investing activities	192,252	34,929
Cash flows from financing activities		
Bank loans	129,042,766	48,147,507
Partner advances	129,870,000	
Net cash flows from financing activities	258,912,766	48,147,507
Net movements in cash and cash equivalents	30,409,503	(30,426,548)
Cash and cash equivalents at the start of the year	57,032,909	87,459,457
Cash and cash equivalents at the end of the year	87,442,412	57,032,909

The Notes on pages 9 to 24 form an integral part of these financial statements.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

1. PRINCIPAL ACCOUNTING POLICIES

General information

Braeburn Estates Limited Partnership is an English Limited Partnership registered at One Canada Square, Canary Wharf, London E14 5AB.

In July 2011, entities owned by Canary Wharf Group plc and Qatari Diar Real Estate Investment Company ('Qatari Diar') formed the Partnership to redevelop the Shell Centre, a 5.25 acre site on the South Bank in London.

The Partnership agreed to pay £300.0m to secure the site on a 999 year lease. Of this total, £30.0m was paid on exchange of the agreement with Shell and the balance was conditional on planning permission being received. The Partnership acquired the site in July 2015, following the successful conclusion of the planning process.

The development is mixed use, comprising office, residential and retail space, which will regenerate an important section of the South Bank in central London. The existing 27 storey tower in the middle of the Shell Centre has been preserved and retained by Shell for their use. Shell also agreed to take a 246,000 sq. ft. prelet of the entirety of one of the two new office buildings to be constructed on the site. In total, the redevelopment will comprise 530,000 sq. ft. of office space, 43,000 sq. ft. of retail, restaurants, cafes and a health club; and 830,000 sq. ft. of residential, creating 877 apartments.

The two office buildings have been presold to Almacantar, of which Building 1 was preleased by Shell. Building 2 has been leased by Almacantar to We Work. Building 1 achieved practical completion in August 2018 and Building 2 in January 2019.

One of the residential buildings has been part presold to an investment fund with the affordable housing element to be sold to a registered social landlord or similar and the retail element to be retained by the joint venture. The remaining four buildings will have apartments for private sale and are being developed by entities controlled by the Partnership. Three of the four residential buildings are scheduled for completion in the latter half of 2019. Belvedere Gardens will complete in the summer of 2019 and the other two buildings in late 2019.

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations as adopted by the EU.

The following new and revised accounting standards and interpretations have been adopted by the Partnership in 2018. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by EU):

IFRS 16 'Leases'

Annual Improvements to IFRS 2015-2017 cycle (various standards):

Amendment to IAS 28 'Investments in associates'

Amendment to IAS 19 'Employee benefits'

IFRS 17 'Insurance contracts'

IFRIC 23 'Uncertainty over income tax treatments'

The management anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the Partnership.

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

The principal accounting policies are summarised below:

Going Concern

The Partnership is in a net asset position at the year end.

Having made the requisite enquiries and assessed the resources at the disposal of the Partnership, the Partners have a reasonable expectation that the Partnership will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Basis for consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiary undertakings at 31 December 2018 and 31 December 2017 and their results for the years then ended.

Revenue

Rental income from operating leases is recognised in the Income Statement on a straight-line basis over the term of the lease.

Revenue from property sales is recognised, net of VAT, on completion, when the significant risks and returns pass to the acquirer.

Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Interest receivable and interest payable

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure directly related to the development. Net realisable value is calculated as the amount estimated to be recovered from the development once development work has been completed, less costs to complete.

Finance costs associated with direct expenditure are capitalised. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Construction contracts

Construction contracts consist of properties that are being constructed in accordance with long term development contracts and for which the detailed design specification of each building is agreed with the purchaser. Where applicable the contracts are split into 3 component parts: sale of land, completed construction works at the date of entering into the contracts; and on going construction contracts.

Revenue on sale of land and completed construction works is recognised at the point when the control is transferred to the buyer.

Revenue on construction contracts is recognised according to the stage reached in the contract using the percentage completion method. The percentage of completion is calculated by reference to costs incurred on the building compared with the estimated total costs. The resulting balance carried in the statement of financial position comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as payments on account.

If it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Financial Instruments

Trade and other receivables

Receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the debtor concerned.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held with banks and other short term highly liquid investments with original maturities of 3 months or less, which are held for the purpose of meeting short term cash commitments.

Trade and other payables

Trade and other payables are stated at cost.

Borrowings

Loans payable are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Derivative instruments

The Partnership uses interest rate derivatives to help manage its risks of changes in interest rates. The Partnership does not hold or issue derivatives for trading purposes.

In order for a derivative to qualify for hedge accounting, the Partnership is required to document the relationship between the item being hedged and the hedging instrument. The Partnership is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument which shows that the hedge will be effective on an on-going basis. The effectiveness testing is reperformed at each balance sheet date to ensure that the hedge remains highly effective.

The changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The changes in the fair value of derivative financial instruments that are designated and effective as fair value hedges are recognised against the item being hedged. The changes in the fair value of any ineffective portions of hedges or undesignated financial instruments are recognised in the profit and loss account.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument is retained in equity and recycled to the Income Statement when the forecast transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of temporary difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Construction contracts

Revenue on construction contracts is recognised according to the stage reached in the contract using the percentage completion method. The directors estimate the outcome of each contract on an individual basis on the proportion of costs incurred compared with the estimated total costs at each balance sheet date.

Work in progress

The Partnership uses valuations performed by independent valuers in determining the net realisable value of the Partnership's work in progress. At the year end the net realisable value exceeded the historical cost.

Derivative financial instruments

The fair values of derivative financial instruments are provided by counter party financial institutions, which is level 2 of the fair value hierarchy.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

3. REVENUE

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Recharge revenue	15,258,818	32,129,801
Rental income	597,834	21,843
Construction revenue	134,611,410	157,909,963
Service charge revenue	874,002	—
	<u>151,342,064</u>	<u>190,061,607</u>

Recharge revenue relates to the recharge of costs to Braeburn Estates Developments (1) Limited, Braeburn Estates Developments (2) Limited and Braeburn Estates Developments (Infrastructure) Limited.

4. OPERATING (LOSS)/PROFIT

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Operating profit/(loss) is stated after charging:		
Remuneration of the auditor:		
Audit fees for the audit of the Partnership	5,190	5,023
Audit of subsidiaries	27,415	21,407
Fees to the auditor for other services	—	554
Total audit fees	<u>32,605</u>	<u>26,984</u>

No staff were employed by the Partnership during the year or the prior year.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

5. FINANCE AND SIMILAR INCOME

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Bank interest receivable	193,057	35,356
	<u>193,057</u>	<u>35,356</u>

6. FINANCE AND SIMILAR CHARGES

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Bank charges	805	427
	<u>805</u>	<u>427</u>

7. TAXATION

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Corporation tax		
Current tax on profits for the year	15,106	46,787
Total current tax	<u>15,106</u>	<u>46,787</u>
Deferred tax		
Origination and reversal of timing differences	105	(142)
Total deferred tax	<u>105</u>	<u>(142)</u>
Taxation on profits on ordinary activities	<u>15,211</u>	<u>46,645</u>

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
(Loss)/profit on ordinary activities before tax	<u>(8,009,261)</u>	<u>6,317,439</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	(1,521,760)	1,216,107
Effects of: Loss/(profit) taxed in the accounts of the Partners	1,536,971	(1,169,462)
Taxation on profits on ordinary activities	<u>15,211</u>	<u>46,645</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 – 19.25%).

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 19.0% on 1 April 2017 and a further reduction to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

8. WORK IN PROGRESS

	31 December 2018 £	31 December 2017 £
At 1 January	564,075,267	424,053,177
Additions	295,247,717	268,189,961
Transferred to cost of sales	(141,060,276)	(148,847,910)
Transferred to payments on account	47,424,907	20,680,039
At 31 December	<u>765,687,615</u>	<u>564,075,267</u>

During the 2015, the Partnership acquired the 999 year leasehold interest at the development site at Southbank Place, London. The costs associated with the 2 office buildings, which have been presold to Almacantar, were transferred to payments on account.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

9. TRADE AND OTHER RECEIVABLES

	31 December 2018 £	31 December 2017 £
Trade receivables	36,769,154	25,082,081
Derivative financial instruments	–	23,333
Amounts owed by Braeburn Estates Developments (Infrastructure) Limited	36,347,838	14,158,516
Amounts owed by Braeburn Estates Developments Management Limited	16,706	2,303,343
Corporation tax debtor	17,742	–
Deferred tax debtor	40	145
Other debtors	5,389,510	493,745
Prepayments and accrued income	2,534,022	14,292,255
	<u>81,075,012</u>	<u>56,353,418</u>

Amounts owed by associated undertakings are interest free and repayable on demand.

10. TRADE AND OTHER PAYABLES

	31 December 2018 £	31 December 2017 £
Trade payables	9,653,156	13,262,470
Amounts owed to Braeburn Estates Developments (1) Limited	25,349,201	21,220,403
Amounts owed to Braeburn Estates Developments (2) Limited	44,495,580	36,236,256
Amounts owed to Braeburn Estates (GP) Limited	130,090	90
Amounts owed to Canary Wharf Group	14,327,560	52,449
Tax payables	12,794	51,094
Other payables	4,191,798	593,962
Accruals and deferred income	24,292,310	24,938,252
	<u>122,452,489</u>	<u>96,354,976</u>

Amounts owed to associated undertakings are interest free and repayable on demand.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

11. RESIDENTIAL DEPOSITS

	31 December 2018 £	31 December 2017 £
Deposits received	<u>104,531,676</u>	<u>85,835,000</u>

Deposits for residential sales comprise reservation fees and deposits for the purchase of apartments, net of related agents' fees.

12. PAYMENTS ON ACCOUNT

	31 December 2018 £	31 December 2017 £
Amounts received from construction contracts	376,383,176	325,912,273
Amounts transferred from work in progress	8,738,748	(38,686,159)
Amounts transferred to turnover	<u>(324,454,532)</u>	<u>(189,843,122)</u>
Payments on account: Construction contracts	60,667,391	97,382,992
Payments on account: Agreements for sale	<u>57,475,860</u>	<u>59,699,297</u>
	<u>118,143,251</u>	<u>157,082,289</u>

The Partnership has entered into forward sale agreements with Almacantar for 2 office properties within the Shell Centre redevelopment. The aggregate consideration for the completed buildings will be £550.0m and the Partnership has undertaken the development on behalf of the purchaser. The first building reached practical completion in August 2018 and the second in January 2019.

The Partnership has also entered into an agreement to sell the private rental component of one of the residential buildings it is developing to a third party purchaser upon completion of the development.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

13. BANK LOAN

The Partnership has four construction facilities totalling £505.0m all of which have been utilised at 31 December 2018.

The four facilities relate to the four residential buildings under development: Belvedere Gardens, One Casson Square, 30 Casson Square and 4 Casson Square:

The construction loan facility of £163.4m in relation to Belvedere Gardens bears interest at LIBOR plus 2.75% and is repayable on 23 October 2019. 75.0% of the loan is hedged by interest rate swaps which, based on a notional drawdown profile, serves to fix the interest rate at 3.583%. The remaining 25.0% of the loan is hedged by an interest rate cap, which serves to restrict the interest rate to a maximum of 4.25%.

The construction loan facility of £121.0m in relation to 30 Casson Square bears interest at LIBOR plus 3.25% and is repayable on 2 March 2020. 75.0% of the loan is hedged by interest rate swaps which, based on a notional drawdown profile, serves to fix the interest rate at 4.2325%. During the year the interest rate cap that used to hedge the remaining 25% of the loan was novated to a joint venture partner.

During the year the Partnership has drawn down on its £134.7m construction loan facility in relation to One Casson Square. The loan bears interest at LIBOR plus 2.75% and is repayable on 24 January 2020. 75.0% of the loan is hedged by interest rate swaps which, based on a notional drawdown profile, serves to fix the interest rate at 3.963%.

During the year the Partnership has also drawn down on its £86m construction loan facility in relation to 4 Casson Square. The loan bears interest at LIBOR plus 2.75% and is repayable on 23 April 2020. 75.0% of the loan is hedged by interest rate swaps which, based on a notional drawdown profile, serves to fix the interest rate at 3.9205%.

Construction loan facilities are secured on the Partnership's developments (Note 8):

Details of the derivative financial instruments are set out in note 14.

The carrying amount is analysed as follows:

	31 December 2018 £	31 December 2017 £
Drawings	206,336,827	72,523,715
Deferred fees	(10,131,581)	(5,361,235)
Carried forward	<u>196,205,246</u>	<u>67,162,480</u>

Accrued interest of £1,618,313 (2017: £478,494) has been included in accruals and deferred income.

The carrying value of the loans represents their fair value.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Partnership uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt caused by movements in the market rates of interest.

At 31 December 2018 the Partnership held four interest rate swaps which served to fix the interest on 75.0% of its loans in relation to: Belvedere Gardens to a rate of 3.583%, 30 Casson Square to 4.2325%, One Casson Square to 3.963% and 4 Casson Square to 3.9205%. These swaps are classified as highly effective and qualify for hedge accounting. The cumulative fair value of the swaps at 31 December 2018 was a liability of £347,198 (2017: liability of 475,817).

The Partnership also holds an interest cap which serves to restrict the interest payable on the remaining 25.0% of the Belvedere Gardens loan to a maximum of 4.25%. The cap is classified as not highly effective. The fair value of the cap at 31 December 2018 was £Nil (2017: assets of £23,333).

The following table shows the undiscounted cash inflows and outflows in relation to the Partnership's derivative financial instruments based on the Partnership's prediction of future movements in interest rates.

	Swaps £	Cap £	2018 £	2017 £
Within one year	297,796	—	297,796	328,804
In one to 2 years	49,502	—	49,502	356,769
In 2 to 5 years		—		25,640
	<u>347,298</u>	<u>—</u>	<u>397,298</u>	<u>711,213</u>

Changes in interest rates would affect the market value of derivative financial instruments. These changes would impact on the income statement for the cap which is not designated as being in an effective hedging relationship and would impact the reserves for the swaps, which are highly effective. A 0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would have the following impact:

	31 December 2018 £	31 December 2017 £
0.5% increase in interest rates		
Impact on Income Statement	1,141,144	207,553
Impact on hedging reserve	-	1,075,340
Impact on net assets	<u>1,141,144</u>	<u>1,282,893</u>

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

A -0.5% parallel shift in the interest rate curve used to value derivatives, with all other variables held constant would have the following impact:

	31 December 2018 £	31 December 2017 £
0.5% increase in interest rates		
Impact on hedging reserve	(1,154,687)	-
Impact on net assets	<u>(1,154,687)</u>	<u>-</u>

15. FINANCIAL INSTRUMENTS

	31 December 2018 £	31 December 2017 £
Financial assets		
Trade and other receivables	73,133,698	55,859,528
Cash and cash equivalents	87,442,412	57,032,909
	<u>160,576,110</u>	<u>112,892,437</u>
Financial liabilities		
Trade and other payables	(122,439,696)	(96,303,882)
Bank loans	(196,205,246)	(67,162,480)
	<u>(318,644,942)</u>	<u>(163,466,362)</u>
Financial liabilities measured at amortised cost		
Derivative instruments measured at fair value through profit or loss	(347,198)	(475,817)
	<u>(319,992,140)</u>	<u>(163,942,179)</u>

FINANCIAL RISKS

Interest rate risk

The Partnership has borrowed in sterling at floating rates of interest and uses interest rate swaps and caps to generate the desired interest profile and to manage the Partnership's exposure to interest rate fluctuations. 75.0% of the Partnership's loans are fixed by interest rate swaps. For one of the loans, the remaining 25.0% is covered by an interest rate cap.

Liquidity risk

The Partnership's construction loans are drawn to fund the construction program. The remaining term of the loans at 31 December 2018 was 0.96 years, which is expected to expire after practical completion of the relevant buildings.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Loan covenants

The Belvedere Gardens loan is subject to a maximum 60.0%, 30 Casson Square loan is subject to a maximum 55.0%, One Casson Square loan is subject to a maximum 60.0% and 4 Casson Square loan is subject to a maximum 60.0% Loan to value financial covenant. These covenants were satisfied throughout the year.

Credit risk

The Partnership restricts the counterparties with which derivative transactions can be contracted and cash balances deposited. This ensures that exposure is spread across a number of approved financial institutions with higher credit ratings.

The carrying amount of financial assets recorded in the financial statements represents the Partnership's maximum exposure to credit risk.

Externally imposed capital requirements

The Partnership is not subject to externally imposed capital requirements.

16. DEFERRED TAXATION

	2018 £
At the beginning of the year	145
Charged to profit or loss	(105)
At the end of year	40

The provision for deferred tax is made up as follows:

	2018 £	2017 £
Tax losses carried forward	40	145
	40	145

At 31 December 2018, there were unprovided deferred tax assets of £173 (2017: £35) relating to tax losses carried forward of £1,013 (2017: £210).

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

17. EQUITY

	%	Capital Account £	Hedging Reserve £	Partner Advances £	Current Account £	Total Equity £
Braeburn Estates (GP) Limited	0.100	10	(348)	–	(11,456)	(11,794)
Class A: Canary Wharf (PB) Unit Trust	24.975	2,498	(86,713)	101,079,728	(2,861,270)	98,134,243
Class B: Canary Wharf (PB) Unit Trust	24.975	2,497	(86,712)	101,079,728	(2,861,271)	98,134,242
Class C: Project Russet Property Unit Trust	24.975	2,498	(86,713)	101,079,728	(2,861,270)	98,134,243
Class D: Project Russet Property Unit Trust	24.975	2,497	(86,712)	101,079,729	(2,861,271)	98,134,243
		<u>10,000</u>	<u>(347,198)</u>	<u>404,318,913</u>	<u>(11,456,538)</u>	<u>392,525,177</u>

During the year the Partnership received additional partner advances of £129,870,000.

18. RELATED PARTY TRANSACTIONS

During the year the Group incurred following costs from entities under common ownership:

	31 December 2018 £	31 December 2017 £
Costs		
Braeburn Estates Developments (1) Limited	49,686,344	43,341,895
Braeburn Estates Developments (2) Limited	60,466,261	60,847,112
Braeburn Estates (Infrastructure) Limited	44,722,947	49,210,915
Braeburn Estates Development Management Limited	1,917,439	377,388
	<u>156,792,991</u>	<u>153,777,310</u>

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

The Group has also made following recharges to entities under common ownership:

	31 December 2018 £	31 December 2017 £
Revenue		
Braeburn Estates Developments (1) Limited	3,037,218	10,082,621
Braeburn Estates Developments (2) Limited	2,953,430	9,804,471
Braeburn Estates (Infrastructure) Limited	9,268,170	12,242,709
	<u>15,258,818</u>	<u>32,129,801</u>

The Group incurred costs of £1,861,956 (2017: 3,948,187) from Canary Wharf Limited and £5,159,601 (2017: 4,974,899) from Canary Wharf Contractors Limited, wholly owned subsidiaries of Canary Wharf Group plc.

The Group also incurred charges of £140,325 (2017: £140,325) from Canary Wharf Limited in respect of administrative services.

BRAEBURN ESTATES LIMITED PARTNERSHIP

PARTNERSHIP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Revenue	(c)	163,198,290	256,495,604
Cost of sales		(169,829,987)	(247,411,708)
Gross profit/(loss)		<u>(6,631,697)</u>	<u>9,083,896</u>
Administrative expenses		(1,140,761)	(2,216,807)
Other operating income		1,280,380	9,982,817
Share of profit/(loss) of partnerships	(h)	6,257,566	(8,421,256)
Operating (loss)/profit	(d)	<u>(234,512)</u>	<u>8,428,650</u>
Finance and similar income	(e)	161,294	16,453
Finance and similar charges	(f)	–	(421)
(Loss)/Profit on ordinary activities before tax		<u>(73,218)</u>	<u>8,444,682</u>
Taxation	(g)	–	–
Profit/(Loss) for the year		<u>(73,218)</u>	<u>8,444,682</u>
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income		<u><u>(73,218)</u></u>	<u><u>8,444,682</u></u>

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 29 to 37 form an integral part of these financial statements.

BRAEBURN ESTATES LIMITED PARTNERSHIP

PARTNERSHIP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	31 December 2017 £ As restated
Non current assets			
Investments	(h)	125	27,149,503
Total non current assets		<u>125</u>	<u>27,149,503</u>
Current assets			
Trade and other receivables	(i)	477,828,928	408,473,767
Cash and cash equivalents		71,655,643	36,670,395
Total current assets		<u>549,484,571</u>	<u>445,144,162</u>
Total assets		<u>549,484,696</u>	<u>472,293,665</u>
Current liabilities			
Trade and other payables	(i)	(83,334,311)	(65,817,414)
Total current liabilities		<u>(83,334,311)</u>	<u>(65,817,414)</u>
Non current liabilities			
Payments on account	(k)	(60,667,391)	(97,382,992)
Total non current liabilities		<u>(60,667,391)</u>	<u>(97,382,992)</u>
Total liabilities		<u>(144,001,702)</u>	<u>(163,200,406)</u>
Net assets		<u>405,482,994</u>	<u>309,093,259</u>
Equity			
Capital accounts	(m)	10,000	10,000
Partner advances	(m)	404,318,913	274,448,913
Revaluation reserve	(m)	2,334,148	35,741,195
Partners' current accounts	(m)	(1,180,067)	(1,106,849)
		<u>405,482,994</u>	<u>309,093,259</u>

The Notes on pages 29 to 37 form an integral part of these financial statements.

Approved by the partners on 15 May 2019 and signed on their behalf by:


A P Anderson II
DIRECTOR

M Ashraf
DIRECTOR



On behalf of Braeburn Estates (GP) Limited

BRAEBURN ESTATES LIMITED PARTNERSHIP

PARTNERSHIP STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018

	Capital accounts £	Partner advances £	Revaluation reserve £	Current accounts £	Total equity £
At 1 January 2017	10,000	274,448,913	33,656,275	(9,551,531)	298,563,657
Profit for the year	–	–	–	8,444,682	8,444,682
Revaluation of investments	–	–	2,084,920	–	2,084,920
Total comprehensive income	–	–	2,084,920	8,444,682	10,529,602
Capital contributions	–	–	–	–	–
Other reserve movements	–	–	–	–	–
At 31 December 2017	10,000	274,448,913	35,741,195	(1,106,849)	309,093,259
Loss for the year	–	–	–	(73,218)	(73,218)
Revaluation of investments	–	–	(33,407,047)	–	(33,407,047)
Total comprehensive income	–	–	(33,407,047)	(73,218)	(33,480,265)
Partner advances	–	129,870,000	–	–	129,870,000
Other reserve movements	–	129,870,000	–	–	129,870,000
At 31 December 2018	10,000	404,318,913	2,334,148	(1,180,067)	405,482,994

The Notes on pages 29 to 37 form an integral part of these financial statements.

BRAEBURN ESTATES LIMITED PARTNERSHIP

PARTNERSHIP CASH FLOW STATEMENT

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Operating profit/(loss)	(234,512)	8,428,650
Share of (profit)/loss of Partnerships	(6,257,566)	8,421,256
Increase in receivables	(69,355,161)	(8,491,788)
Increase/(decrease) in payables	(19,198,706)	11,900,226
Net cash flows from operating activities	(95,045,945)	20,258,344
Cash flows from investing activities		
Investment in subsidiaries	(101)	—
Interest received	161,294	16,453
Interest paid	—	(421)
Net cash flows from investing activities	161,193	16,032
Cash flows from financing activities		
Partner advances	129,870,000	—
Net cash flows from financing activities	129,870,000	—
Net movements in cash and cash equivalents	34,985,248	20,274,376
Cash and cash equivalents at the start of the year	36,670,395	16,396,019
Cash and cash equivalents at the end of the year	71,655,643	36,670,395

The Notes on pages 29 to 37 form an integral part of these financial statements.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

(a) PRINCIPAL ACCOUNTING POLICIES

General information

Braeburn Estates Limited Partnership is an English Limited Partnership registered at One Canada Square, Canary Wharf, London E14 5AB.

In July 2011, entities owned by Canary Wharf Group plc and Qatari Diar Real Estate Investment Company ('Qatari Diar') formed the Partnership to redevelop the Shell Centre, a 5.25 acre site on the South Bank in London.

The Partnership agreed to pay £300.0m to secure the site on a 999 year lease. Of this total, £30.0m was paid on exchange of the agreement with Shell and the balance was conditional on planning permission being received. The Partnership acquired the site in July 2015, following the successful conclusion of the planning process.

The development is mixed use, comprising office, residential and retail space, which will regenerate an important section of the South Bank in central London. The existing 27 storey tower in the middle of the Shell Centre has been preserved and retained by Shell for their use. Shell also agreed to take a 246,000 sq. ft. prelet of the entirety of one of the two new office buildings to be constructed on the site. In total, the redevelopment will comprise 530,000 sq. ft. of office space, 43,000 sq. ft. of retail, restaurants, cafes and a health club; and 830,000 sq. ft. of residential, creating 877 apartments.

The two office buildings have been presold to Almacantar, of which Building 1 was preleased by Shell. Building 2 has been leased by Almacantar to We Work. Building 1 achieved practical completion in August 2018 and Building 2 in January 2019.

One of the residential buildings has been part presold to an investment fund with the affordable housing element to be sold to a registered social landlord or similar and the retail element to be retained by the joint venture. The remaining four buildings will have apartments for private sale and are being developed by entities controlled by the Partnership. Three of the four residential buildings are scheduled for completion in the latter half of 2019. Belvedere Gardens will complete in the summer of 2019 and the other two buildings in late 2019.

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations as adopted by the EU.

The following new and revised accounting standards and interpretations have been adopted by the Partnership in 2018. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by EU):

IFRS 16 'Leases'

Annual Improvements to IFRS 2015-2017 cycle (various standards):

Amendment to IAS 28 'Investments in associates'

Amendment to IAS 19 'Employee benefits'

IFRS 17 'Insurance contracts'

IFRIC 23 'Uncertainty over income tax treatments'

The management anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the Partnership.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see Note b).

The principal accounting policies are summarised below:

Going Concern

The Partnership is in a net asset position at the year end.

Having made the requisite enquiries and assessed the resources at the disposal of the Partnership, the Partners have a reasonable expectation that the Partnership will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Rental income from operating leases is recognised in the Income Statement on a straight line basis over the term of the lease.

Revenue from property sales is recognised, net of VAT, on completion, when the significant risks and returns pass to the acquirer.

Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts.

Interest receivable and interest payable

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Investments in partnerships are stated at fair value, with changes recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

Income from investments is recognised as the company becomes entitled to receive payment. Dividend income from investments in companies is recognised when received or irrevocably declared. Revenue profits and losses partnerships are recognised on an accruals basis.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure directly related to the development. Net realisable value is calculated as the amount estimated to be recovered from the development once development work has been completed, less costs to complete.

Construction contracts

Construction contracts consist of properties that are being constructed in accordance with long term development contracts and for which the detailed design specification of each building is agreed with the purchaser. Where applicable the contracts are split into 3 component parts: sale of land, completed construction works at the date of entering into the contracts; and on going construction contracts.

Revenue on sale of land and completed construction works is recognised at the point when the control is transferred to the buyer.

Revenue on construction contracts is recognised according to the stage reached in the contract using the percentage completion method. The percentage of completion is calculated by reference to costs incurred on the building compared with the estimated total costs. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as payments on account.

If it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Financial Instruments

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the debtor concerned.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held with banks and other short term highly liquid investments with original maturities of 3 months or less, which are held for the purpose of meeting short term cash commitments.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Trade and other payables

Trade and other payables are stated at cost.

(b) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investments

Investments in partnerships are carried at fair value. The directors have valued the investment at the Partnership's share of the partnerships' net asset value, as adjusted for the fair value of the partnerships' property interests.

Construction contracts

Revenue on construction contracts is recognised according to the stage reached in the contract using the percentage completion method. The directors estimate the outcome of each contract on an individual basis on the proportion of costs incurred compared with the estimated total costs at each balance sheet date.

(c) REVENUE

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Recharge revenue	28,569,209	98,563,798
Rental income	17,671	21,843
Construction revenue	134,611,410	157,909,963
	<u>163,198,290</u>	<u>256,495,604</u>

Recharge revenue relates to the recharge of costs to associated and subsidiary undertakings.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

(d) OPERATING (LOSS)/ PROFIT

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Operating profit/(loss) is stated after charging:		
Remuneration of the auditor:		
Audit fees for the audit of the Partnership	5,190	5,023
Audit of subsidiaries	27,415	21,407
Fees to the auditor for other services	-	554
Total audit fees	<u>32,605</u>	<u>26,984</u>

No staff were employed by the Partnership during the year or the prior year.

(e) FINANCE AND SIMILAR INCOME

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Bank interest receivable	161,294	16,453
	<u>161,294</u>	<u>16,453</u>

(f) FINANCE AND SIMILAR CHARGES

	Year Ended 31 December 2018 £	Year Ended 31 December 2017 £
Bank charges	-	421
	<u>-</u>	<u>421</u>

(g) TAXATION

No provision for tax has been made as the income earned by the Partnership is taxable in the accounts of the partners.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

(h) INVESTMENTS

	£
COST OR VALUATION	
At 1 January 2018	27,149,505
Disposal ²	(2)
At 1 January 2018 (as restated)	27,149,503
Additions	103
Revaluation	(33,407,047)
Reversal of share of losses recognised in prior years	6,257,566
At 31 December 2018	125

During the year the company has acquired 1 ordinary £1 share in Braeburn Estates Retail (GP) Limited, 1 ordinary £1 share in Braeburn Estates Retail (LP) Limited and 99.99% share of Braeburn Estates Retail Limited Partnership.

Investments comprise shares held directly and indirectly in the following subsidiaries:

	Directly held %	Indirectly held %	Description of shares	Principal activities
Braeburn Estates Management Company Limited	12.50	62.50	Ordinary £1 shares	Property management
Braeburn Estates B3 (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates B3 (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates (B3) Limited Partnership	99.99	0.01	Partnership capital	Property development
Braeburn Estates (B3) T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates (B3) T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates B4A (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates B4A (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates (B4A) Limited Partnership	99.99	0.01	Partnership capital	Property development
Braeburn Estates (B4A) T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates (B4A) T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates B4B (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates B4B (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates (B4B) Limited Partnership	99.99	0.01	Partnership capital	Property development
Braeburn Estates (B4B) T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates (B4B) T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates B5 (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates B5 (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates (B5) Limited Partnership	99.99	0.01	Partnership capital	Property development
Braeburn Estates (B5) T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates (B5) T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates B6/7 (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates B6/7 (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates (B6/7) Limited Partnership	99.99	0.01	Partnership capital	Property development
Braeburn Estates (B6/7) T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates (B6/7) T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates Retail Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (Hungerford) Limited	100.00	–	Ordinary £1 shares	Property contractor
Braeburn Estates (Lollard Street) Limited	100.00	–	Ordinary £1 shares	Property contractor
Braeburn Estates (B3) Residential Limited	100.00	–	Ordinary £1 shares	Property development

² In July 2015 the Partnership transferred its £1 interest in SBP1 Sarl Inc and £1 interest in SBP2 Sarl Inc to Almacantar.

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

Braeburn Estates (B4A) Residential Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (B4B) Residential Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (B5) Residential Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (B6/7) Residential Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (B3) Retail Limited	100.00	–	Ordinary £1 shares	Property development
Braeburn Estates (AH) Limited	100.00	–	Ordinary £1 shares	Property contractor
Southbank Place Energy Company Limited	100.00	–	Ordinary £1 shares	Energy provider
Braeburn Estates Retail (GP) Limited	100.00	–	Ordinary £1 shares	General partner
Braeburn Estates Retail (LP) Limited	100.00	–	Ordinary £1 shares	Limited partner
Braeburn Estates Retail T1 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates Retail T2 Limited	–	100.00	Ordinary £1 shares	Trustee company
Braeburn Estates Retail Limited Partnership	99.99	0.01	Partnership capital	Property development

All of the subsidiaries are incorporated in England and Wales.

(i) TRADE AND OTHER RECEIVABLES

	31 December 2018 £	31 December 2017 £ As restated
Amounts owed by subsidiaries	282,641,889	279,270,205
Amounts owed by Braeburn Estates Developments (Infrastructure) Limited	181,826,441	117,213,976
Amounts owed by Braeburn Estates Developments Management Limited	9,820,642	9,806,352
Other debtors	1,317,253	13,175
Prepayments and accrued income	2,222,703	2,170,059
	<u>477,828,928</u>	<u>408,473,767</u>

(j) TRADE AND OTHER PAYABLES

	31 December 2018 £	31 December 2017 £
Trade payables	47,419	2,739,368
Amounts owed to Braeburn Estates Developments (1) Limited	28,613,779	21,220,403
Amounts owed to Braeburn Estates Developments (2) Limited	47,670,096	36,236,256
Amounts owed to Braeburn Estates (GP) Limited	130,090	90
Amounts owed to Canary Wharf Group	3,920,834	54,036
Other payables	2,012	535,630
Accruals and deferred income	2,950,081	5,031,631
	<u>83,334,311</u>	<u>65,817,414</u>

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

(k) PAYMENTS ON ACCOUNT

	31 December 2018 £	31 December 2017 £
Amounts received from construction contracts	376,383,176	325,912,273
Amounts transferred from work in progress	8,738,748	(38,686,159)
Amounts transferred to turnover	(324,454,532)	(189,843,122)
	<u>60,667,391</u>	<u>97,382,992</u>

The Partnership has entered into forward sale agreements with Almacantar for 2 office properties within the Shell Centre redevelopment. The aggregate consideration for the completed buildings will be £550.0m and the Partnership will undertake the development on behalf of the purchaser. The first building reached practical completion in August 2018 and the second in January 2019.

(l) FINANCIAL INSTRUMENTS

	31 December 2018 £	31 December 2017 £
Financial assets		
Trade and other receivables	474,288,972	406,303,706
Cash and cash equivalents	71,655,643	36,670,395
	<u>545,944,615</u>	<u>442,974,101</u>
Financial liabilities		
Trade and other payables	(83,334,311)	(65,817,414)
Financial liabilities measured at amortised cost	<u>(83,334,311)</u>	<u>(65,817,414)</u>

BRAEBURN ESTATES LIMITED PARTNERSHIP

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

(m) CAPITAL AND RESERVES

	%	Capital account £	Partner advances £	Revaluation reserve £	Current Account £	Total £
Braeburn Estates (GP) Limited	0.100	10	-	2,334	(1,181)	1,163
Class A: Canary Wharf (PB) Unit Trust	24.975	2,498	101,079,728	582,953	(294,722)	101,370,457
Class B: Canary Wharf (PB) Unit Trust	24.975	2,497	101,079,728	582,954	(294,721)	101,370,458
Class C: Project Russet Property Unit Trust	24.975	2,498	101,079,728	582,953	(294,722)	101,370,457
Class D: Project Russet Property Unit Trust	24.975	2,497	101,079,729	582,954	(294,721)	101,370,459
		<u>10,000</u>	<u>404,318,913</u>	<u>2,334,148</u>	<u>(1,180,067)</u>	<u>405,482,994</u>

During the year the Partnership received additional partner advances of £129,870,000.

(n) RELATED PARTY TRANSACTIONS

During the year the Partnership incurred following costs from entities under common ownership:

	31 December 2018 £	31 December 2017 £
Costs		
Braeburn Estates Developments (1) Limited	49,686,344	43,341,895
Braeburn Estates Developments (2) Limited	60,466,261	60,847,112
	<u>110,152,605</u>	<u>104,189,007</u>