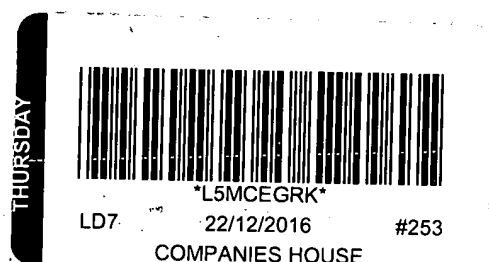


**ALLIED LONDON ONE LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**



**Allied London One Limited
Directors' Report and Financial Statements
For The Year Ended 31 December 2015**

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Allied London One Limited
Company Information
For The Year Ended 31 December 2015

Directors

Mr F P Graham-Watson
Mr J Raine
Mr S Gorasia
Mr S P Lyell
Mr M J Ingall
Mr A J Campbell

Secretary

Mr A J Campbell

Company Number

07733022

Registered Office

2nd Floor
HQ Building
2 Atherton Street
Manchester
M3 3GS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Allied London One Limited
Company No. 07733022
Directors' Report For The Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Statement of Directors' Responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal Activity

The principle activity of the company is that of property investment.

Review of Business

On 31 December 2015 the trade and assets of Clarence Dock Estates LLP, a wholly owned subsidiary, were hived up into Allied London One Limited. As a result of this, the investment held in the subsidiary was fully impaired as Clarence Dock Estates LLP had no remaining trade or assets and was struck from the register on 26 September 2016.

The directors of the company are reliant on the ultimate parent company to facilitate financial support which is expected to continue to be provided and the directors of the company have therefore prepared the financial statements on a going concern basis.

Directors

The directors who held office during the year were as follows:

Mr F P Graham-Watson		
Mr J Raine	APPOINTED	09/07/2015
Mr S Gorasia	APPOINTED	09/07/2015
Mr S P Lyell		
Mr M J Ingall		
Mr A J Campbell	APPOINTED	09/07/2015

Small Company Rules

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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

By order of the board

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F Graham-Watson
Director
Date

21/12/16

**Allied London One Limited
Auditor's Report
For The Year Ended 31 December 2015**

Independent Auditor's Report to the Members of Allied London One Limited

We have audited the financial statements of Allied London One Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Financial Reporting Council's (FRC'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 FRC'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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice applicable to smaller entities; 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 statement and the directors' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit, we have identified no material misstatements in the directors' report.

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;
- the financial statements are not in agreement with the accounting records or returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the strategic report.



Alexander Tapp (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory
Auditor

Date

22 December 2016

BDO LLP
55 Baker Street
London
W1U 7EU

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

Allied London One Limited
Statement of Comprehensive Income
For The Year Ended 31 December 2015

	Notes	2015 £	2014 £
TURNOVER		81,370	-
Cost of sales		(23,583)	-
GROSS PROFIT		57,787	-
Administrative expenses		(3,005)	-
OPERATING PROFIT	2	54,782	-
Fair value adjustment to financial obligation		(2,608,690)	-
Gain on revaluation of investment property		6,208,553	-
Loss on impairment of investment		(261,007)	-
PROFIT BEFORE TAXATION		3,393,638	-
Tax on profit	4	(719,973)	-
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		2,673,665	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,673,665	-

All amounts relate to continuing activities.

Allied London One Limited
Statement of Financial Position
For The Year Ended 31 December 2015

Company No. 07733022

		2015		2014	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	5		23,148,954		-
Investments	6		-		178,902
			<u>23,148,954</u>		<u>178,902</u>
CURRENT ASSETS					
Debtors	7	2,176,070		-	
Cash at bank and in hand		<u>1,837,708</u>		<u>-</u>	
		4,013,778		-	
Creditors: Amounts Falling Due Within One Year	8	<u>(1,678,111)</u>		<u>(178,402)</u>	
NET CURRENT ASSETS (LIABILITIES)			<u>2,335,667</u>		<u>(178,402)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,484,621</u>		<u>500</u>
Creditors: Amounts Falling Due After More Than One Year	9		<u>(22,090,483)</u>		<u>-</u>
PROVISIONS FOR LIABILITIES					
Deferred Taxation	10		<u>(719,973)</u>		<u>-</u>
NET ASSETS			<u>2,674,165</u>		<u>500</u>
CAPITAL AND RESERVES					
Called up share capital	11		500		500
Profit and loss account			<u>2,673,665</u>		<u>-</u>
SHAREHOLDERS' FUNDS			<u>2,674,165</u>		<u>500</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on

21/12/16

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F Graham-Watson
Director

Allied London One Limited
Statement of Changes in Equity
For The Year Ended 31 December 2015

	Share Capital	Profit & Loss Account	Total
	£	£	£
As at 01 January 2014	500	-	500
As at 31 December 2014 and 01 January 2015	500	-	500
Profit for the year and total comprehensive income	-	2,673,665	2,673,665
As at 31 December 2015	500	2,673,665	2,674,165

The notes on pages 7 to 12 form part of these financial statements

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the provisions of Financial Reporting Standard 102 section 1A small entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 section 1A small entities is mandatory for accounting periods beginning on or after 1 January 2016, but may be applied early to periods ending on or after 31 December 2014. The company has taken the option to apply the standard early in the preparation of these financial statements. Information on the impact of first-time adoption of FRS 102 section 1A small entities is given in note 15.

The functional currency is pounds sterling.

1.2. Statement of Cash Flow

The company has taken advantage of the exemption in Financial Reporting Standard 102 "Cash flow statements" Section 1.12B not to produce a cash flow statement on the grounds that it is a small company.

1.3. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor Vehicles	25% Straight Line
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1.5. Investment properties

All investment properties are carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided for. Changes in fair value are recognised in the income statement.

1.6. Deferred Taxation

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

In preparing these financial statements, the trustees have had to make the following judgements:

- Determine whether leases entered into by the trust either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Financial liabilities measured at fair value through profit and loss relates to the value of amounts owed under a Joint Venture Agreement. The obligation is a non-basic financial instrument as under the terms of the agreement, the Joint Venture Investor will receive a share equating to 40% of any profit on sale of the property after providing for the following deductions:
 - An amount equal to an IRR of 15% per annum on £620,000 plus £10,000 over the life of the Joint Venture agreement.
- The fair value has been determined based on a directors' valuation using a discounted cashflow. The assumptions applied in determining fair value of this financial liability include:
 - Expected rental income on completion of the property: £8 - £27, with a weighted average of £18
 - Expected net initial yields on sale: 5-10%
 - Expected costs to complete the property based on the latest internal appraisal
 - Purchaser's costs are estimated to be 5.8% of the gross development value of the asset
 - Discount rate of the anticipated cashflows: 13.5%
- The financial obligation in respect of the Joint Venture Agreement is fair valued at the date of each Statement of Financial Position. There is an inevitable degree of judgement involved in the trustee's valuation as the property is unique and there are many uncertain factors including the timing of any sale as well as the costs to complete that drive the ultimate profit from the sale of the property. This value can only ultimately be reliably tested in the market itself. Refer to note 15 for more details of the assumptions used. The actual liability that is due to the Joint Venture Investor, is only due on sale of the property and therefore has been classified as a long term liability. The ultimate amount due to the Joint Venture Investor depends upon market factors such as property yields and rental rates achieved as well as construction costs and will be due following the sale.

Allied London One Limited
Notes to the Accounts (continued)
For The Year Ended 31 December 2015

1.8. Financial Instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

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

1.9. Going Concern

The directors have considered the financial position of the company in preparing these financial statements and note that it bank loans due for repayment within one year of the signing of the accounts.

Following the year end the company has refinanced the bank loan facility currently in place by extending the facility to 28 April 2018, with the same terms attached, resulting in no repayment being required. The company has also taken out a further facility totalling £32m to allow the company to continue to develop the investment property, this is due for repayment on 27 April 2018. The value of the property at 31 December 2015 is assessed to be greater than the outstanding loan facilities and expect any future expenditure to increase the value of the investment property.

2. Operating Loss

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	17,526	-
Audit fees	3,000	-
	<u>20,526</u>	<u>-</u>

3. Average number of employees

Average number of employees, including directors, during the year was as follows:

	2015	2014
Directors	6	4
	<u>6</u>	<u>4</u>

4. Tax on Profit on Ordinary Activities

	2015 Tax Rate	2014 Tax Rate	2015 £	2014 £
UK Corporation Tax	20%	21.5%	-	-
Deferred Taxation			719,973	-
			<u>719,973</u>	<u>-</u>
			2015 £	2014 £
Profit on ordinary activities before tax			3,393,638	-
Breakdown of Tax Charge is:				
Tax on profit at 20% (UK standard rate) (2014: 21.5%)			678,728	-
Effects of:				
Timing differences in relation to fair value movements			41,245	-
Total tax charge for the period			<u>719,973</u>	<u>-</u>

5. Tangible Assets

	Investment Properties £	Motor Vehicles £	Total £
Cost			
As at 1 January 2015	-	-	-
Additions	16,905,351	52,576	16,957,927
Revaluation	6,208,553	-	6,208,553
As at 31 December 2015	<u>23,113,904</u>	<u>52,576</u>	<u>23,166,480</u>
Depreciation			
As at 1 January 2015	-	-	-
Provided during the period	-	17,526	17,526
As at 31 December 2015	<u>-</u>	<u>17,526</u>	<u>17,526</u>
Net Book Value			
As at 31 December 2015	<u>23,113,904</u>	<u>35,050</u>	<u>23,148,954</u>
As at 1 January 2015	<u>-</u>	<u>-</u>	<u>-</u>

The fixed asset additions relate to investment property and vehicles transferred at cost from the wholly-owned subsidiary Clarence Dock Estates LLP.

The directors, who have significant experience in the development of similar real estate, have given an open market valuation on an existing use basis of £23,113,904 for the investment property as at 31 December 2015. This has therefore created a surplus on revaluation of £6,208,553.

6. Investments

	Unlisted £
Cost	
As at 1 January 2015	178,902
Additions	82,105
As at 31 December 2015	<u>261,007</u>
Impairment	
As at 1 January 2015	-
Added in period	261,007
As at 31 December 2015	<u>261,007</u>
Net Book Value	
As at 31 December 2015	<u>-</u>
As at 1 January 2015	<u>178,902</u>

On 31 December 2015, the company acquired the trade and assets of its wholly owned subsidiary, Clarence Dock Estates LLP, which had net liabilities of £82,105.

The directors have made an impairment provision for the remaining cost of the investment as they no longer believe that the carrying value of the investment is supported by its underlying net assets.

Allied London One Limited
Notes to the Accounts (continued)
For The Year Ended 31 December 2015

7. Debtors

	2015	2014
	£	£
Due within one year		
Trade debtors	626,274	-
Prepayments and accrued income	113,096	-
Other debtors	936,700	-
Amounts owed by group undertakings	500,000	-
	2,176,070	-

The amounts due from group undertakings are repayable on demand and not interest bearing.

8. Creditors: Amounts Falling Due Within One Year

	2015	2014
	£	£
Trade creditors	828,058	-
Other creditors	36,621	-
Accruals and deferred income	111,889	-
Amounts owed to group undertakings	448,825	178,402
Net obligations under finance lease contracts	252,718	-
	1,678,111	178,402

The amounts due to group undertakings are repayable on demand and not interest bearing.

9. Creditors: Amounts Falling Due After More Than One Year

	2015	2014
	£	£
Bank loans	17,679,474	-
Net obligations under finance lease contracts	1,802,319	-
Financial liability carried at fair value	2,608,690	-
	22,090,483	-

Interest is charged at 15% per annum, the loan is secured against the property assets of the company. The loan is due for repayment in February 2017.

The financial liability carried at fair value of £2,608,690 (2014: £nil) relates to amounts owed under a Joint Venture Agreement. Under the terms of the agreement, 40% of the profit from the sale of certain properties within the group is due to the Joint Venture investor.

10. Deferred Taxation

	2015	2014
	£	£
Deferred taxation	719,973	-
Deferred taxation	719,973	-

The provision for deferred taxation is made up of accelerated capital allowances

11. Share Capital

	Value	Number	2015	2014
	£		£	£
Allotted, called up and fully paid				
Ordinary shares	1.000	500	500	500

12. Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related party disclosures" Section 33.1A not to disclose details of related party transactions with entities that are included in the consolidated financial statements of Capital Properties (UK) Two Limited and are 100% owned.

13. Ultimate Controlling Party

Capital Debt Holdco Limited, a company registered in the British Virgin Islands, is the immediate parent company. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in the British Virgin Islands.

Allied London One Limited
Notes to the Accounts (continued)
For The Year Ended 31 December 2015

14. Financial Instruments

The Company considers that the fair value of cash and cash equivalents, loans, trade and other receivables, and trade and other payables are not materially different to their carrying value.

The Company's financial instruments may be analysed as follows:

	2015 £	2014 £
Financial assets		
Financial assets measured at amortised cost	3,751,542	-
Financial liabilities		
Financial liabilities measured at amortised cost	21,048,015	178,402
Financial liabilities measured at fair value through profit or loss	2,608,690	-

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, net amounts due under finance lease contracts and amounts due to group undertakings.

Financial liabilities measured at fair value through profit or loss relate to the value of amounts due under a Joint Venture Agreement. The obligation is a non-basic financial instrument as under the terms of the agreement, the Joint Venture Investor will receive a share equating to 40% of any profit on sale of the property after providing for the following deductions:

- An amount equal to an IRR of 15% per annum on £620,000 plus £10,000 over the life of the Joint Venture agreement.

The fair value has been determined based on a directors' valuation using a discounted cashflow. The assumptions applied in determining fair value of this financial liability include:

- Expected rental income on completion of the property: £8 - £27, with a weighted average of £18
- Expected net initial yields on sale: 5-10%
- Expected costs to complete the property based on the latest internal appraisal
- Purchaser's costs are estimated to be 5.8% of the gross development value of the asset
- Discount rate of the anticipated cashflows: 13.5%

15. Transition to FRS 102

The financial statements for the year ended 31 December 2015 are the company's first annual financial statements that comply with FRS 102. The date of transition to FRS 102 is 01 January 2014.

The transition to FRS 102 has not resulted in any changes in accounting policies compared to those prepared in accordance with former United Kingdom Generally Accepted Accounting Practice (UK GAAP) for the company, however, amounts owed to and from group companies have been presented separately to the extent that they are with different companies within the Capital Holdco Limited group.

16. Post Balance Sheet Events

Following the year end the company has refinanced the bank loan facility currently in place by extending the facility to 28 April 2018, with the same terms attached, resulting in no repayment being required. The company has also taken out a further facility totalling £32m to allow the company to continue to develop the investment property, this is due for repayment on 27 April 2018.

17. General Information

Allied London One Limited, registered number 07733022 is a limited by shares company incorporated in England & Wales. The Registered Office is HQ Building, 2 Atherton Street, Manchester, M3 3GS.

Allied London One Limited
Trading Income Statement
For The Year Ended 31 December 2015

	2015		2014	
	£	£	£	£
TURNOVER				
Rental income		81,370		-
		<u>81,370</u>		<u>-</u>
COST OF SALES				
Void costs of property	6,057		-	
Depreciation of motor vehicles	17,526		-	
		<u>(23,583)</u>		<u>-</u>
GROSS PROFIT		<u>57,787</u>		<u>-</u>
Administrative Expenses				
Bank charges	5		-	
Audit fees	3,000			
		<u>(3,005)</u>		<u>-</u>
OPERATING PROFIT		<u>54,782</u>		<u>-</u>
Fair value adjustment to financial obligation	(2,608,690)		-	
Gain on revaluation of investment property	6,208,553		-	
Loss on impairment of investments	(261,007)		-	
		<u>3,338,856</u>		<u>-</u>
PROFIT BEFORE TAXATION		<u>3,393,638</u>		<u>-</u>
Tax on Profit				
Deferred taxation	562,983		-	
		<u>(562,983)</u>		<u>-</u>
PROFIT AFTER TAXATION BEING LOSS FOR THE FINANCIAL YEAR		<u><u>2,830,655</u></u>		<u><u>-</u></u>