Registered number: 10949589

LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED)

COMPANY INFORMATION

DIRECTORS	L Lazari N Lazari A Lazari
COMPANY SECRETARY	N Lazari
REGISTERED NUMBER	10949589
REGISTERED OFFICE	Accurist House 44 Baker Street London W1U 7BR
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans AL1 3JX

LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED)

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DIRECTORS' STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018

Business Update:

The year in question has been a key milestone in the history of the Group by achieving the crystallization of a long term succession plan in fully transferring the Lazari family's ownership and management of the business from the first generation of founders, the late Christos Lazari and Maritsa Lazari, to the second generation, and fulfilling the family's wider diversification strategy of its business interests by demerging the Group to create three independent businesses.

Sole ownership of Lazari Investments Limited, "the Group", via direct and beneficial share structures is now held equally by Len, Nicholas and Andrie Lazari who lead the company and occupy the three executive Director positions. The three siblings have a long association in helping manage the Group with a combined total of seventy-one years in the operation of the business, having been pivotal to the historic management of the *property portfolio*.

This company, Lazari Property Holdings Limited, was incorporated in 2017 and renamed Lazari Investments Limited. This company now heads up the Group consisting of nine wholly owned subsidiaries segmenting the various property assets from the previous standalone structure, which was felt to have become unsuitable to manage the business moving forward.

Seven of the subsidiaries own individual property investment portfolios charged to various lenders whilst a further subsidiary owns an uncharged property portfolio. The remaining company is the original Lazari Investments Limited, established in 1976 and renamed Lazari Investments Management Limited, which now operates as a property management and servicing company on behalf of the Group and also holds the Group's cash reserves.

Maritsa Lazari's interests has been transferred to the newly independent entities of Lazari Developments Holdings Limited (a property development trading company) and Lazari Finance Holdings Limited (a property lending finance company) and their subsidiaries. Her three children, as aforementioned, retain a minority (7.89%) beneficial interest in the latter as beneficiaries of the Lazari Children's Trust.

The implementation of these plans heralds the commencement of the next phase in the Group's legacy and growth ambitions coming from humble beginnings from the vision of its founders but now being established as a mature and secure entity with a robust financial position looking forward to future opportunities.

"*First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans* into reality. The beginning, as you will observe, is in your imagination." Napoleon Hill.

Introduction:

The Group is a well-established private commercial property investment company focusing on Central London. It owns an outstanding portfolio of property assets spread over eight estates, consisting of 132 separate buildings with 497 occupiers. At the financial year ending 31st March 2018, it comprised circa 2.830 million square feet net internal area (NIA) of commercial space along with 110 residential units (together with 736 residential units sold off on long leaseholds) and also 1,578 car spaces.

92.62% of the portfolio in capital value terms is located in the West End with the remainder in North London. The market rental value of the portfolio, as assessed by JLL, was £156,277,499 p.a. as at 31st March 2018.

Financial Results:

As a result of the corporate restructure and demerger of the previous trading subsidiaries of Lazari Finance Holdings Limited and Lazari Developments Holdings Limited into independent entities, comparisons with previous years are not possible. These companies held substantial assets with Lazari Finance Holdings Limited having shareholders' funds of £694.092 million at the time of its demerger in September 2017 (£702.001 million as at 31st March 2018) and Lazari Development Holdings Limited having shareholders' funds of £84.328 million at the time of the demerger (£83.972 million as at 31st March 2018), neither of which form part of the current Group.

These consolidated financial statements have been prepared for the period from the date of incorporation to 31st March 2018 for the Lazari property group. The performance commentary below however is cited on an annual basis for ease of understanding from 1st April 2017 to 31st March 2018. We have provided a reconciliation between the six month balances in the primary consolidated financial statements to 31st March 2018 and the annual period, as shown on page 8 of the strategic report. The results presented in these consolidated primary statements have equal prominence to the numbers explained below.

As at 31st March 2018, Lazari Investments Limited Group's property portfolio has been independently valued by JLL at £2.913 billion reflecting an underlying valuation increase of 5.09%. This was supported partly by a like-for-like increase in contracted rent of 2.88% for properties held throughout the full year, but primarily through our various asset management and planning gain initiatives. This compares favourably against the IPD Capital Growth Index for offices in the West End over the same period, which increased by 3.60%. Our West End portfolio increased by 4.89% whereas our North London portfolio increased by 7.60% (principally driven by completion of a pre-let hotel development in Southgate, N14).

Total assets (both capital and current) have risen to £3.033 billion. Net assets as at 31st March 2018 stood at £1.073 billion adopting our preferred definition which takes into account all of the UK GAAP Accounting Standards, including FRS102, excluding only a Deferred Tax provision for Capital Gains of £8.687 million. These figures have been impacted by the demerger.

Rental income (excluding surrender fees and premiums received) increased to £105.986 million from £105.422 million (1.10.17 - 31.03.18 £55.598 million). Total income for the year increased to £109.096 million (1.10.17 - 31.03.18 £56.974 million) from £107.148 million the previous year.

The Group has reported an underlying pre-tax profit (excluding valuation movements) of £36.234 million (1.10.17 - 31.03.18 £ 20.768 million). Also, there was an exceptional charitable donation of £3.220 million in July 2018. Statutory profit, taking into account the fair value movement on investment properties for the year was £150.255 million (1.10.17 - 31.3.18 £134.789 million).

External debt as at 31st March 2018 stood at £1.907 billion. This has been negatively impacted by the demerger of Lazari Finance Holdings Limited. As part of this process, twelve subordinated loans were made to the property owning subsidiaries of Lazari Properties 1 – 7 Limited as borrower. These loans were entered into in December 2016 aggregating to £675.000 million from Lazari Finance Limited as lender, and were transferred out of the consolidated Group. They now stand as separate third party external loans. External debt to other banking institutions increased from £1.165 billion to £1.232 billion reflecting the refinancing of three loans aggregating to £151.400 million resulting in a net release after repayment of two previous loans, which were expiring, of £90.000 million.

Cash reserves at the year end were £85.694 million which will facilitate ongoing committed capital expenditure projects. Gearing calculated as the ratio of total gross assets to total third party borrowings was 62.89% as at 31st March 2018. Excluding the borrowings from Lazari Finance Limited, Group gearing would have been 40.63%.

The average unexpired loan profile from banking institutional lenders excluding Lazari Finance Limited is six years with average borrowing costs at 3.26%.The aggregated average subordinated borrowing cost from the debt owed to Lazari Finance Limited is 3.01%. At the year-end, 82.60% of our borrowings (excluding derivatives) from banking institutions were held on fixed interest rates. Also, the borrowings from Lazari Finance Limited are fully fixed.

Capital repayments made throughout the year were £28.765 million including a part redemption of £3.950 million to release a property charged to RBS (1.10.17 - 31.03.18 £12.408 million). Interest cover remains at a comfortable level of 287.72% increasing to 300.34% on expiry of rent free periods (2017 – 275.17% rising to

280.52%) excluding the debt owed to Lazari Finance Limited. Including this, interest cover reduces to 189.38%, rising to 197.69% on expiry of rent free periods. Total loan cover, including capital amortization of £24.547 million, is 176.84% rising to 184.60% on expiry of rent free periods (excluding the debt to Lazari Finance Limited) (2017: 168.52% rising to 171.80%) or 134.06% rising to 139.94% including the debt owed to Lazari Finance Limited.

Overview and Management:

The Group's results illustrate that considerable headway has been made in facilitating a suitable platform and infrastructure for it to continue to grow in the future. This provides evidence of the underlying strength of our business, the quality of our people and the resilience of our portfolio. We have maintained the robustness of our investment portfolio and enjoy a strong financial position to move forward.

Despite potential headwinds, the fundamentals of healthy diversified demand and a lack of supply remain in place with regards to the West End office market which continues to be resilient with strong occupier and investor demand. Both London and UK economic growth has slowed since the EU referendum but overall the outcome has been better than initially expected. An Oxford Economics March 2018 publication forecasts that London will continue to grow over the next five years at 0.7% p.a. above the overall UK GDP average, with a projected 2.3% annual growth.

Employment in the London Borough of Westminster, which is significant for demand for our office portfolio, is also forecast to increase by another 37,000 employees by 2022 from the current rate of just under 1 million. In the West End leasing market, quarter one 2018 volumes have been positive, demand levels have remained strong with nearly 50% of space under construction, pre-let or under offer. Supply has moderated in recent quarters and should stabilize in the short term, though the immediate outlook is for continued occupier caution.

The management team benefits from a talented and experienced pool of people across the group, led by the three Executive Directors with well established relationships with occupiers, financiers, third party professionals and local communities, reinforcing the quality of the brand and product on offer. The entire portfolio is managed internally to ensure a high quality provision of service as well as a strong financial discipline.

At the year end, we had seventy directly employed members of staff, nineteen are employed at Head Office with the remaining fifty-one being employed as estate supervisors, building managers and receptionists in our multi-tenanted buildings. Staff are very loyal by industry standards with low staff turnover and an average tenure in the head office in excess of eleven years. These have been supplemented over the last three years with the addition of five new senior members to the Head Office team, consisting of two senior Asset Managers, a Head of development projects, a Property Manager and a Certified Accountant to help bolster the team.

The Board of Directors would like to thank all of their staff for their invaluable contribution, hard work and unwavering loyalty shown over the year.

Property Review:

Contracted net rent, after the expiry of rent free periods as at 31st March 2018, was £117,656,860 p.a. achieving an occupancy level of 96.89% based on rental value within the investment portfolio available to let. The vacant space comprised 53,197 sq feet of office accommodation, 4 retail units totalling 11,581 sq ft, basement storage of 1,233 sq ft, 94 car spaces and 3 flats, immediately available to be let with an estimated rental value of £3,695,230 p.a.

Net rental income at the year end for properties held throughout the full year increased by £306,942 p.a. or 0.29% whilst contracted rent increased by £3,151,738 p.a. or 2.88%. The temporary loss of rent at 25 Berkeley Square, London, W1 which became vacant on 24th June 2017, formerly generating a net rent of £3,803,750 p.a. and currently not income producing (as it is being developed to increase the NIA floor area from 48,867 to 54,466 sq ft with practical completion due in July 2019), had a negative impact on these figures.

Rental income in the investment portfolio is split between offices 70.12%, medical 1.40%, retail 23.27%, leisure 2.70%, residential 1.88% and car parking plus telecommunication sites 0.63%. Our current contracted rent in the investment portfolio is highly reversionary being £38.621 million (32.83%) below market rent as assessed by JLL.

Three development projects were being undertaken by the Lazari Developments former subsidiary when it was demerged out of the Group in September 2017. These properties were originally transferred into Lazari Developments Limited at either their book value as at February 2016 or their acquisition cost if purchased following this, plus subsequent capital expenditure up to the transfer date. This aggregated to a total of £59.299 million at the time of transfer.

A further property at 29-33 High Road Wood Green, London, N22 was gifted to the Christos Lazari Foundation on 21st September 2017, a newly incorporated charity registered on 27th July 2017. This property was valued at £3.220 million as at 31st March 2017 and produced a rent of £180,770 p.a at the time of its transfer.

A strategic freehold acquisition was made in one of the investment subsidiaries of Lazari Investments Limited, completing in February 2018. This property incorporates an island site at 20-36 Baker Street, London, W1 with return frontages to George Street and Blandford Street. It comprises 73,488 sq ft of net accommodation with the principal use being a single let office, let entirely to Fujitsu Services Limited as their London Headquarters, together with 7 retail and restaurant units and 4 residential apartments. The purchase price was £123 million (total acquisition cost of £129.529 million) reflecting a net initial yield of 3.82%. This purchase increased our Baker Street holdings to over 385,000 sq ft in total.

We exchanged contracts or completed on 26 lettings during the year, totalling 153,544 sq ft and producing a rental income of £7,671,759 p.a. after the expiry of rent free periods.

Expenditure incurred on projects totalled £24.800 million plus VAT by 17 separate schemes (1.10.17 - 31.03.18 £12.352 million). This marks a busy period of capital expenditure where it is anticipated that circa £111.500 million is committed to being invested over the next three financial years to 31st March 2021. The current aggregated floor area of the existing buildings extends to 323,220 sq ft with the estimated post completion area total rising to 450,460 sq ft achieving a net internal floor area gain of 127,240 sq ft equating to a 39.97% uplift.

Proactive asset management has long been pivotal to the Group's continued success and growth. This year, notable transactions included the agreement to extend our long leasehold interest in 25 Berkeley Square by a further 30 years to 128 years from completion of the development due third quarter 2019. Also, the imminent completion of a new infill office scheme within the courtyard of Greater London House, pre-let to ASOS.com which will ensure their continued occupation in the building where they will occupy 243,741 sq ft until at least June 2033. We also completed a 90 bedroom, 37,567 sq ft GIA hotel to land at the rear of The Grange, 100 High Street, Southgate, London, N14 in January 2018 which was pre-let to Premier Inn Hotels Limited (guaranteed by Whitbread Group Plc) on a new 25 year lease.

Throughout the course of the financial year, 29 commercial rent reviews were settled and 30 leases were renewed, resulting in a combined rent increase of £1,886,866 p.a. achieving an average increase of 26.12%.

Twelve separate dilapidations settlements, seven surrender payments, fourteen residential flat enfranchisements and a premium paid to secure a new office lease generated further income of £3,956,166. Payments were made by us of £167,500 in three separate transactions to facilitate lettings.

Outlook:

According to research by Knight Frank, overall office supply in the West End fell to 3.8 million sq ft by 31st March 2018 from 4.1 million sq ft at the end of quarter four 2017, resulting in an overall vacancy rate of 4%, below the 10 year average of 4.4%. Also, the new build vacancy rate fell and stands at 0.4%, well below the long term average of 0.9%.

DIRECTORS' STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018

Despite a continuing uncertain economic and political environment, the West End property market benefits from an enduring appeal with widespread global and national investor and occupational demand, benefiting from a balanced sectoral mix.

One cannot buck the market but we have worked hard this year, and have the benefit of an exceptional and resilient portfolio, to outperform in weaker market conditions. We have facilitated a long term base to take forward the next chapter in our company's history. We have an exceptional pipeline of existing opportunities, good interest in our product and the business is well placed, looking to further grow our portfolio, managed by an experienced and skilled team, within a strong financial framework.

There will inevitably be challenges and bumps along the road, but we remain focused, committed and dedicated to ensuring the wellbeing, longevity and continued growth of the Group.

We look forward to the future with confidence.

This statement was approved by the board on 25 May 2018 and signed on its behalf by:

L Lazari	**N Lazari**	**A Lazari**
Director	Director	Director

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2018

The directors present the Strategic Report for Lazari Investments Limited group (the "group") for the 7 month period from incorporation on 6 September 2017 to 31 March 2018. The company changed its name from Lazari Property Holdings Limited to Lazari Investments Limited on 13 September 2017. The businesses of the subsidiaries listed in Note 18 were acquired on 30 September 2017.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The group had a successful period and the directors are of the opinion that the group will continue to be profitable in the future. A review of the results and future developments is included in the Directors' statement on pages 1 to 5.

OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

One off items during the period relate to premium and fees paid of £774,824 for lease extension and to facilitate three lettings. Separately a profit of £146,695 was made on the granting of easements and a profit of £20,000 on a motor vehicle disposal. Additionally there was a write off balances of £191,386 with related companies.

PRINCIPAL RISKS AND UNCERTAINTIES

a) Financial Risk

One of the main risks faced by the group is upwards movements in interest rates. With continuously high levels of occupancy in the portfolio underpinning rent cover and low borrowing costs, interest covenants are well covered. Some 88.80% of total borrowings are fixed.

Another risk is any increase in loan to value ratios. At the period end the group had gearing of only 62.89%. Excluding the borrowing from Lazari Finance Limited group gearing would have been 40.63%. The group has ample margin for the loan to value ratios to increase in the event of a future reduction in property values without breaching its debt covenants. At the period end, the group had £85.694 million of cash reserves to cover such an occurrence as well as one unencumbered property valued at £3.56 million by JLL as at 31st March 2018. While the group's current financial position is sound, the directors will continue monitoring the future debt requirements, portfolio values and debt covenants.

b) Tenant Default

All prospective tenants are closely scrutinised to assess their ability to meet their proposed rental commitments. Our usual yardstick is that the tenant company should provide audited accounts for the last three years demonstrating that net profits after tax exceed a multiple of three times the proposed annual rent and net assets should equate to a minimum of five times the rent. As appropriate, additional security is obtained by way of a rent deposit and/or parent company or bank guarantee. At the period end, the group held £11.090 million in rent deposits.

Individual lettings are also assessed on an overall portfolio basis to ensure that we have a diverse tenant base derived from both the public and private sectors across a wide range of users.

We maintain regular contact with our tenants to ensure that we work closely with any that are facing financial difficulties. In those cases where tenant default appears to be inevitable, we either adopt a flexible approach to assist the tenant to assign or sub-let or we take prompt action to forfeit the lease and re-let the premises, using our specialist market knowledge.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

c) Letting and Refurbishment Risk

The principal risk is a deterioration in market conditions.

Sentiment and job creation expectations in the Central London office market have weakened in the short term since the EU referendum, although overall demand has held up relatively well with availability hovering just under the 10 year average.

The group is experienced and cautious in committing capital expenditure and often this is de-risked by way of pre-letting. In addition the group has vast experience in refurbishments and lettings and delivers high quality schemes in strong locations which we are confident will continue to prove readily lettable.

The threat of increasing refurbishment costs is mitigated by an experienced internal development management team who work closely with the contractor and our professional team, attend all project meetings and take an active role in the competitive tendering process, appointment of contractors and account negotiations.

The group also ensures that its capital exposure is limited compared to the overall size of its balance sheet and investment portfolio.

d) Market Risk

In addition to focusing on the covenant strength of our tenants, the group has a policy of maximising the length of each tenancy in preference to securing as high an initial rent as possible. The group also adopts a proactive approach to dealing with tenants' break clauses by initiating lease restructuring negotiations, as appropriate.

The group also mitigates market risk by concentrating its activities in the West End which benefits from a diversified tenant base, global investment demand and a supply constrained market. These factors combine to limit the downside during adverse market conditions.

e) Shortage of Key Staff

Staff loyalty is encouraged by maintaining a very close relationship between the group and its staff by treating them as extended members of the family. The ownership of the business via a family structure with a succession plan now completed allows staff to take comfort in the knowledge that the group has a long-term future without the distraction of external shareholders.

CHARITABLE DONATIONS

During the period the group made charitable donations of £46,955. No donations were made by the company.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The average number of days taken by the company and group for payment of suppliers is 25. The group's policy is to pay its creditors within the suppliers payment terms.

EMPLOYEE INVOLVEMENT AND COMMUNICATION

We strive to involve our people with the matters which impact on them. We value two way communication to ensure that we have ongoing dialogue with colleagues.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2018

UNAUDITED INFORMATION

The table below presents the proforma unaudited consolidated results of the property investment group for the 6 months before and after Lazari Investments Limited was incorporated and the results *that would have been reported if the property investment group had been consolidated for a whole year*

		2017/2018 1/4/2017 TO 30/9/2017		2017/2018 1/10/2017 TO 31/03/2018		2017/2018 1/4/2017 TO 31/3/2018
		£		£		£
Gross rental income		52,121,264		56,974,239		109,095,503
Property outgoings net of recovery		46,385		(2,019,125)		(1,972,740)
Net rental from properties		52,167,649		54,955,114		107,122,763
Administrative expenses		(5,894,769)		(2,635,757)		(8,530,526)
Operating profit		46,272,880		52,319,357		98,592,237
Exceptional Loss (profit)		75,581		(416,743)		(341,162)
Income from fixed asset investments		75,788		8,664		84,452
Interest receivable and similar income		179,686		209,326		389,012
Interest payable and similar charges		(31,137,704)		(31,352,914)		(62,490,618)
Profit on ordinary activities before revaluations		15,466,231		20,767,690		36,233,921
Revaluation Gain for the year		0		114,020,891		114,020,891
Profit on ordinary activities before taxation		15,466,231		134,788,581		150,254,812
Taxation on profit from ordinary activities	2,271,355		3,433,266		5,704,621	
Underprovision/(Overprovision) in previous year	453,348		48,918		502,266	
Deferred tax (credit)/charge			622,173		622,173	
Capital Gains tax credit	(2,174,957)		8,686,581		6,511,624	
Swaps deferred tax credit	0		1,202,011		1,202,011	
		549,746		13,992,949		14,542,695
Profit on ordinary activities after taxation		14,916,485		120,795,632		135,712,117
Retained profit for the period		14,916,485		120,795,632		135,712,117
Retained historical cost profit for the financial year		14,916,485		120,795,632		135,712,117
Retained profit brought forward						
Pre acquisition profits						(14,916,485)
Retained profit carried forward		14,916,485		120,795,632		120,795,632

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2018**

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors to monitor the performance:

- Group Gearing: This is currently only 62.89% or 40.63% excluding debt from Lazari Finance Limited.
- Interest and debt service cover: Interest cover is 287.72% increasing to 300.34% on expiry of rent free periods excluding the debt owed to Lazari Finance Limited. Including this, interest cover reduces to 189.38% rising to 197.69% on expiry of rent free periods.
- Occupancy Levels: At the period end this was 96.89% by way of rental value within the investment portfolio available to let.
- Rental Income Growth: Contracted rent increased by 2.88% for properties held over the full year.
- Income Profile: Our asset management initiative procures longer term income streams and strong covenants.
- Valuation Increases: Valuations are independently valued and compared against market indices. The underlying valuation increase for the period was 5.09%.

This report was approved by the board on 25 May 2018 and signed on its behalf by:

L Lazari	N Lazari	A Lazari
Director	**Director**	**Director**

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2018

The directors present their annual report and the audited financial statements for Lazari Investments Limited (the "company") and Lazari Investments Limited group (the "group") for the 7 month period from incorporation on 6 September 2017 to 31 March 2018. The company changed its name from Lazari Property Holdings Limited to Lazari Investments Limited on 13 September 2017. The subsidiaries listed in Note 18 were acquired on 30 September 2017.

Employee information, charitable donations, future developments and financial risk information has been addressed within the strategic report on pages 6 to 9.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 7 month period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

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

PRINCIPAL ACTIVITY

The group's principal activity is that of an investment company. The group owns an outstanding portfolio of property assets which it rents to commercial tenants. It also has a number of ancillary residential units.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £120,795,632. No final or interim dividend was paid or proposed on ordinary shares.

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements, unless otherwise stated, and their interests in the group's issued share capital were:

	Ordinary shares of 1p each	
	31/3/18	*6/9/17*
L Lazari	**220,219**	*219,999*
N Lazari	**220,219**	*219,999*
A Lazari	**220,219**	*219,999*

The Lazari Childrens' Trust owns 340,344 Ordinary shares on behalf of A Lazari, L Lazari and N Lazari.

GOING CONCERN

Due to the net current liabilities position of the entity group undertaking, Lazari Investments Management Limited, has confirmed that it will continue to provide financial support to the company to assist it in meeting its normal trading liabilities as and when they fall due, but only to the extent that funding is not otherwise available for a period of at least one year from the date of signature of the financial statements of the company for the year ended 31 March 2018.

FUTURE DEVELOPMENTS

Details of future developments are provided in the Directors' Statement.

POST BALANCE SHEET EVENTS

Following the period end, the merger reserve was capitalised by way of a bonus issue of shares. As bonus shares expressly fall outside the ambit of the meaning "distribution" within section 829 of the Act, the restrictions imposed by section 849 of the Act do not apply and therefore capitalisation of unrealised profit is permissible. Secondly, the bonus shares were subsequently reduced and treated as realised profit. This transaction was supported by a solvency statement and as such is permissible under Act.

INDEPENDENT AUDITORS

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

This report was approved by the board on 25 May 2018 and signed on its behalf by:

L Lazari **Director**	N Lazari **Director**	A Lazari **Director**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED)

Report on the audit of the financial statements

Opinion

In our opinion, Lazari Investments Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2018 and of the group's profit and cash flows for the 7 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2018; the consolidated statement of comprehensive income for the period ended 31 March 2018, the consolidated statement of cash flows for the period ended 31 March 2018, and the consolidated and company statements of changes in equity for the period ended 31 March 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and the company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED) (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAZARI INVESTMENTS LIMITED (FORMERLY LAZARI PROPERTY HOLDINGS LIMITED) (CONTINUED)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
Date: 25 May 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018

	Note	Period ended 31 March 2018 £
Turnover	4	56,974,239
Cost of sales		(2,019,125)
GROSS PROFIT		54,955,114
Administrative expenses		(2,635,757)
Other operating income	6	358,081
Fair value movements - investment properties and listed investments	7	106,950,241
Other operating expenses	8	(774,824)
OPERATING PROFIT	9	158,852,855
Income from investments	12	8,664
Interest receivable and similar income	13	209,326
Interest payable and expenses	14	(31,352,914)
Fair value movement - SWAPS		7,070,650
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		134,788,581
Tax on profit on ordinary activities	15	(13,992,949)
PROFIT FOR THE FINANCIAL PERIOD		120,795,632

There was no other comprehensive income for 2018.

All amounts relate to continuing operations.

The notes on pages 25 to 51 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £
FIXED ASSETS			
Tangible fixed assets	17		**960,889**
Investments	18		**946,920**
Investment property	19		**2,912,828,401**
			2,914,736,210
CURRENT ASSETS			
Debtors: amounts falling due within one year	20	**31,915,746**	
Cash at bank and in hand	21	**85,694,155**	
		117,609,901	
Creditors: amounts falling due within one year	22	**(69,970,034)**	
NET CURRENT ASSETS			**47,639,867**
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,962,376,077**
Creditors: amounts falling due after more than one year	23		**(1,888,741,275)**
NET ASSETS BEFORE PROVISIONS FOR LIABILITIES			**1,073,634,802**
PROVISIONS FOR LIABILITIES			
Deferred tax on capital allowances and swaps	26	**(686,541)**	
Deferred tax on capital gains on properties	26	**(8,686,581)**	
			(9,373,122)
NET ASSETS			**1,064,261,680**

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

	Note	2018 £
CAPITAL AND RESERVES		
Called up share capital	27	**10,010**
Merger reserve	28	**943,456,038**
Retained earnings	28	**120,795,632**
TOTAL EQUITY		**1,064,261,680**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2018 by:

L Lazari
Director

N Lazari
Director

A Lazari
Director

The notes on pages 25 to 51 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £
FIXED ASSETS			
Investments	18		**943,456,038**
			943,456,038
CURRENT ASSETS			
Cash at bank and in hand	21	**10,000**	
		10,000	
Creditors: amounts falling due within one year	22	**(14,292)**	
NET CURRENT (LIABILITIES)			**(4,292)**
TOTAL ASSETS LESS CURRENT LIABILITIES			**943,451,746**
NET ASSETS BEFORE PROVISIONS FOR LIABILITIES			**943,451,746**
NET ASSETS			**943,451,746**

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

	Note	31 March 2018 £
CAPITAL AND RESERVES		
Called up share capital	27	**10,010**
Merger reserve	28	**943,456,038**
Retained deficit	28	**(14,302)**
TOTAL EQUITY		**943,451,746**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2018 by:

L Lazari	N Lazari	A Lazari
Director	**Director**	**Director**

The notes on pages 25 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Called up share capital	Merger reserve	Retained earnings	Total equity
	£	£	£	£
At 6 September 2017	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD				
Profit for the financial period	-	-	120,795,632	120,795,632
Arising from acquisition of subsidiaries	-	943,456,038	-	943,456,038
Shares issued during the period	10,010	-	-	10,010
AT 31 MARCH 2018	10,010	943,456,038	120,795,632	1,064,261,680

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Called up share capital	Merger reserve	Retained deficit	Total equity
	£	£	£	£
At 6 September 2017	-	-	-	-
COMPREHENSIVE EXPENSE FOR THE PERIOD				
Loss for the financial period	-	-	(14,302)	(14,302)
Arising from acquisition of subsidiary companies	-	943,456,038	-	943,456,038
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS				
Shares issued during the period	10,010	-	-	10,010
AT 31 MARCH 2018	10,010	943,456,038	(14,302)	943,451,746

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the period	120,795,632
ADJUSTMENTS FOR:	
Depreciation of tangible assets	126,638
Interest payable	31,352,914
Interest receivable and income from investments	(217,990)
Taxation charge	13,992,949
Decrease in debtors	1,375,846
Increase in creditors	13,112,266
Fair value (gains) recognised in Statement of Comprehensive Income	(114,020,893)
Corporation tax paid	(3,348,644)
NET CASH GENERATED FROM OPERATING ACTIVITIES	63,168,718
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of tangible fixed assets	(624,874)
Purchase of investment properties	(139,613,211)
Sale of listed investments	153,670
Cash of subsidiaries acquired in group reconstruction	117,710,984
Interest received	209,326
Income from investments	8,664
NET CASH USED IN INVESTING ACTIVITIES	(22,155,441)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2018

	2018 £
CASH FLOWS FROM FINANCING ACTIVITIES	
Issue of ordinary shares	10,010
New loans	90,000,000
Repayment of loans	(12,157,702)
Interest paid	(31,984,453)
Arrangement fees paid	(1,186,977)
NET CASH GENERATED IN FINANCING ACTIVITIES	44,680,878
INCREASE IN CASH AND CASH EQUIVALENTS	85,694,155
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	85,694,155
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:	
Cash at bank and in hand	85,694,155
	85,694,155

The notes on pages 25 to 51 form part of these financial statements.

1. GENERAL INFORMATION

Lazari Investments Limited ('the "company") and its subsidiary undertakings (collectively "the group") is engaged in property investment, development and trading.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Accurist House, 44 Baker Street, London, W1U 7BR.

The group and company's functional and presentational currency is pound sterling.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of investment properties, listed shares and derivative financial instruments, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

Due to the net current liabilities position of the entity group undertaking, Lazari Investments Management Limited, has confirmed that it will continue to provide financial support to the company to assist it in meeting its normal trading liabilities as and when they fall due, but only to the extent that funding is not otherwise available for a period of at least one year from the date of signature of the financial statements of the company for the year ended 31 March 2018.

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

The following principle accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group as a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Parties Disclosures from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

This information for the company is included in the group disclosures in these consolidated financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Gross rental income comprises all income arising from letting commercial and residential property, and recoverable expenses, excluding value added tax, and is recognised on an accruals basis.

Rental income is recognised over the term of the lease and on a straight line basis.

Surrender fees are recognised at the point the tenant exits the lease.

Service charge income and management fees are recognised on an accruals basis as the service is provided to the tenants.

2.5 Recognition of income relating to rent free periods

Rental income relating to rent free periods given on new leases is allocated evenly over the period from the date of the lease commencement to the lease expiry date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Short-term leasehold improvements	-	10	years straight line
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	15%	reducing balance
Computer equipment	-	25%	reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers 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. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.11 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out- right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

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

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Consolidated Statement of Comprehensive Income over the term of the loan so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2.15 Interest receivable and similar income

Interest receivable and similar income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are capitalised and amortised in the Consolidated Statement of Comprehensive Income over the life of the loan.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Financial risk management

The objective of the group's financial risk management is to manage and control the risk exposures of its operations and borrowings. The Board of Directors has overall responsibility for overseeing the management of financial risks, with a significant volume of the review work performed by a dedicated treasury function, which has documented procedures designed to identify, monitor and manage the financial risks to which the group is exposed. This note presents information about the group's exposure to financial risks, its objectives, policies and processes for managing risk and the group's management of its financial resources.

Capital structure
The capital structure of the group consists of shareholders' equity and net borrowings, including cash held on deposit. Capital is managed so as to optimise the long-term success of the company and group and returns to shareholders. In order to maintain or adjust the capital structure, the company may issue new shares or raise medium/long term third party debt. Any changes will be considered in the light of the impact they have on shareholder's return on their equity. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The company's strategy is to maintain an appropriate net debt to total equity ratio and loan-to-value ratio to ensure that asset level performance is translated into enhanced returns for shareholders whilst maintaining an appropriate risk-reward balance.

Interest rate risk
The group operates an interest rate policy designed to optimise interest rate cost and reduce volatility in reported earnings. Where the group holds floating rate debt the primary risk is that the group's cash flows will be subject to variation depending upon changes to base interest rates. The group's policy is to require interest rates to be fixed for 100% of long term debt. This is achieved through the use of interest rate swap. The revaluation of interest rate swaps is recognised in the Consolidated Statement of Comprehensive Income and Balance Sheet. Long term borrowings are recognised in the Balance Sheet at amortised cost. Had the group adopted hedge accounting policies, the impact of the revaluation of swaps would have been offset by an equivalent reduction in the carrying value of the hedged liabilities.

The group does not use hedge accounting.

Inflation risk
The group's contracts are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation, where possible, to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The group's overall cash flows are estimated to vary partially with inflation. The effects of these inflation changes do not always flow immediately through to the group's cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Financial risk management (continued)

Credit risk
Credit risk is the risk that a counterparty of the group will be unable or unwilling to meet a commitment that it has entered into with the group. Debtors are presented in the balance sheet net of allowances for doubtful debts. The group seeks to only trade with creditworthy third parties and monitors the levels of debt on a regular basis. The credit risk of debtors is considered to be low.

The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group prepares and monitors cash flow forecasts on a weekly basis to ensure sufficient cash is available.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing differences arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.20 Share capital

Ordinary shares and deferred shares are classified as equity.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Investment valuations

Properties are valued externally by a qualified chartered surveyor. Valuations are made as at the reporting date and conform to RICS Standards. Valuations are made using various assumptions and estimations which include, but are not limited to market yields, transaction prices of similar properties, tenure and tenancy details. These assumptions are approved by an independent chartered surveyor.

Trade debtors

The group reviews trade debtors and makes judgements on the recoverability of these debtors with reference to the age of outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

Derivative financial instruments

The group holds derivative financial instruments to hedge its interest rate risk exposures. All derivatives are recognised initially at fair value. Thereafter, derivatives are measured at fair value with changes recognised in the Consolidated Statement of Comprehensive Income as part of "fair value movements". Fair value is based on price quotations from financial institutions active in the relevant market

4. TURNOVER

An analysis of turnover by class of business is as follows:

	Period ended 31 March 2018 £
Rental income and surrender fees received	56,418,855
Service charges and management fees received	555,384
	56,974,239

All turnover arose within the United Kingdom.

5. AUDITORS' REMUNERATION

	Period ended 31 March 2018 £
Fees payable to the company's auditor and its associates for the audit of the parent company and the group's consolidated financial statements	53,000
	-
Fees payable to the company's auditor and its associates for other services:	-
- Audit of the company's subsidiaries	14,000
- Services for group reconstruction	303,500
- Other non-audit services	40,600
	411,100

6. OTHER OPERATING INCOME

	Period ended 31 March 2018 £
Profit on motor vehicle disposal	20,000
Profit on granting of easements	146,695
Credit from balances with related companies being written off	191,386
	358,081

7. FAIR VALUE MOVEMENTS

	Period ended 31 March 2018 £
Investment properties	106,977,749
Listed investments	(27,508)
	106,950,241

8. OTHER OPERATING EXPENSES

	Period ended 31 March 2018 £
Surrender fees paid	774,824
	774,824

9. OPERATING PROFIT

The operating profit is stated after charging:

	Period ended 31 March 2018 £
Depreciation of tangible fixed assets	126,638
Impairment of trade receivables	16,048
Operating lease rentals	33,141

10. EMPLOYEES

	Period ended 31 March 2018 £
Wages and salaries	2,435,186
Social security costs	306,377
Cost of defined benefit contribution scheme	6,880
	2,748,443

During the period, costs of £818,396 relating to caretakers and cleaners were recovered in accordance with the tenancy agreements.

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 March 2018 No.
Administration	19
Caretakers and cleaners	51
	70

11. DIRECTORS' REMUNERATION

	Period ended 31 March 2018 £
Directors emoluments	939,391
Contributions to defined contribution pension scheme	-
	939,391

During the period retirement benefits were accruing to nil directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £292,126.

The value of the contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to nil.

12. INCOME FROM INVESTMENTS

	Period ended 31 March 2018 £
Income from fixed asset investments	8,664

13. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 March 2018 £
Bank interest receivable	209,326

14. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 31 March 2018 £
Bank interest payable	8,900,313
Other financial institution interest payable	11,449,542
Finance company interest	9,978,262
Finance costs amortised	858,789
Other interest payable on tenancy deposits	166,008
	31,352,914

15. TAXATION

	Period ended 31 March 2018 £
CORPORATION TAX	
Current tax on profits for the period	3,482,184
TOTAL CURRENT TAX	3,482,184
DEFERRED TAX	
Origination and reversal of timing differences	622,173
SWAPs tax provision	1,202,011
Capital gains tax provision	8,686,581
TOTAL DEFERRED TAX	10,510,765
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	13,992,949

15. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period ended 31 March 2018 £
Profit on ordinary activities before tax	**134,788,581**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	**25,609,830**
EFFECTS OF:	
Expenses not deductible for tax purposes	**58,970**
Non-taxable income	**(49,725)**
Fixed asset differences	**(20,602)**
Indexation allowance	**(11,649,710)**
Additional deduction for land remediation expenditure	**(6,770)**
Adjustments relating to acquisition of subsidiaries	**(220,595)**
Transfer pricing adjustments	**5,232**
Deferred tax not recognised	**266,319**
TOTAL TAX CHARGE FOR THE PERIOD	**13,992,949**

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

16. PARENT COMPANY LOSS FOR THE PERIOD

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the company for the period was £14,302.

17. TANGIBLE FIXED ASSETS

Group

	Short-term leasehold improve ments £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 6 September 2017	-	-	-	-	-
Additions	620,960	1,000	2,914	-	624,874
Acquisition of subsidiary	-	415,245	36,225	11,183	462,653
At 31 March 2018	620,960	416,245	39,139	11,183	1,087,527
ACCUMULATED DEPRECIATION					
At 6 September 2017	-	-	-	-	-
Charge for the period	62,096	59,569	3,375	1,598	126,638
At 31 March 2018	62,096	59,569	3,375	1,598	126,638
NET BOOK VALUE					
At 31 March 2018	558,864	356,676	35,764	9,585	960,889

No tangible fixed assets were owned by the parent company.

18. INVESTMENTS

Group

	Listed investments £
VALUATION	
At 6 September 2017	-
On acquisition of subsidiaries	1,128,096
Disposals	(153,670)
Revaluations	(27,506)
At 31 March 2018	946,920
NET BOOK VALUE	
At 31 March 2018	946,920

Company

	Investments in subsidiary companies £
COST	
At 6 September 2017	-
Acquisition of subsidiary companies	943,456,038
At 31 March 2018	943,456,038
NET BOOK VALUE	
At 31 March 2018	943,456,038

During the period a detailed restructuring of the Lazari group of companies was undertaken. As part of this restructuring, the company acquired the property investment businesses detailed below on 30 September 2017.

18. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following companies, which all had the same registered office as the company (See Note 1), were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Merbrook Bond Property Unit Trust	Ordinary	100 %	Property investment
Lazari Properties 1 Limited	Ordinary	100 %	Property investment
Lazari Properties 2 Limited	Ordinary	100 %	Property investment
Lazari Properties 2A Limited	Ordinary	100 %	Property investment
Lazari Properties 3 Limited	Ordinary	100 %	Property investment
Lazari Properties 4 Limited	Ordinary	100 %	Property investment
Lazari Properties 5 Limited	Ordinary	100 %	Property investment
Lazari Properties 6 Limited	Ordinary	100 %	Property investment
Lazari Properties 7 Limited	Ordinary	100 %	Property investment
Lazari Oxford Street Limited	Ordinary	100 %	Voluntary strike-off
Lazari GP Limited	Ordinary	100 %	Voluntary strike-off
Lazari Real Estates Limited	Ordinary	100 %	Voluntary strike-off
Lazari Investment Finance Limited	Ordinary	100 %	Voluntary strike-off
Lazari Investments Management Limited (formerly Lazari Investments Limited)	Ordinary	100 %	Management services

The directors believe that the book value of investments in subsidiaries is supported by their underlying net assets.

The companies listed above in the process of a voluntary strike-off have filed an application to strike-off with Companies House which is dated 26 March 2018. They are held at nil value in the financial statements.

Details about the group restructuring are provided in the Directors' Statement.

19. INVESTMENT PROPERTY

Group

	Freehold investment property £	Long term leasehold investment property £	Short term leasehold investment property £	Total £
VALUATION				
At 6 September 2017	-	-	-	-
On acquisition of subsidiaries	2,427,358,354	189,579,087	49,300,000	2,666,237,441
Additions at cost	136,933,787	2,679,424	-	139,613,211
Surplus on revaluation	104,793,960	1,533,789	650,000	106,977,749
AT 31 MARCH 2018	**2,669,086,101**	**193,792,300**	**49,950,000**	**2,912,828,401**

The 2018 valuations were made on 31 March 2018 by Jones Lang LaSalle Chartered Surveyor, on an open market value for existing use basis.

The fair value of the properties is assessed on the basis of Market Value as defined in the RICS Valuation - Professional Standards, January 2014 (revised April 2015).

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £
Historic cost	2,805,850,652
Accumulated depreciation and impairments	-
	2,805,850,652

No investment properties were held by the parent company.

20. DEBTORS

	Group 2018 £	Company 2018 £
Trade debtors	13,879,755	-
Other debtors (See Note 32)	709,524	-
Rent free accrued income	17,263,469	-
Prepayments and accrued income	62,998	-
	31,915,746	-

Rent free accrued income includes a balance of £14,376,982 which is receivable in greater than one year.

Trade debtors are stated after provision for impairment of £16,048.

21. CASH AT BANK AND ON HAND

	Group 2018 £	Company 2018 £
Cash at bank and in hand	85,694,155	10,000

22. CREDITORS: Amounts falling due within one year

	Group 2018 £	Company 2018 £
Bank loans and overdrafts	24,547,013	-
Trade creditors	14,600	-
Rents received in advance	30,349,578	-
Corporation tax	1,346,885	-
Other taxation and social security	3,444,332	-
Other creditors	277,920	-
Accruals and deferred income	9,989,706	14,292
	69,970,034	14,292

23. CREDITORS: Amounts falling due after more than one year

	Group 2018 £	Company 2018 £
Bank and other financial institution secured loans (See Note 24)	1,203,240,953	-
Other loans (See Note 24 and 32)	672,610,083	-
Other creditors	11,728,593	-
Financial instruments (after 1 yr) (See Note 24)	1,161,646	-
	1,888,741,275	-

Bank and other financial institution secured loans of £1,203,240,528 are secured on the group's investment properties and deeds of assignment of rental income.

Bank and other loans are shown after allowance of borrowing costs of £6,756,479.

Included in other creditors are tenants deposits of £11.090 million and a sinking fund of £0.639 million.

24. LOANS

Bank and other financial institution secured loans

The group's secured loans are made up of 19 separate loan agreements, split into 25 tranches. The terms of these loans include capital amounts repayable by quarterly instalments and capital amounts repayable at the end of the loan term. The loan terms vary between 1 and 12 years. Interest is charged on 18 tranches at fixed rates between 2.38% and 6.09% and on 7 tranches at variable rates between 1.55% and 1.95% above LIBOR.

The total amount of borrowings repayable that become due after 5 years is £596,803,182.

£610,804,333 is repayable between 1 to 5 years.

The numbers above exclude arrangement fees of £4,366,562.

As at the balance sheet date, the group had entered into the following interest rate swap agreements:

- A 5 year interest rate swap agreement fixing LIBOR at 1.23% on a notional principal amount of £218.250 million, reducing with capital amortisation. The SWAP became effective from 29 December 2016. As at 31 March 2018 the outstanding amount of interest rate swap was £213.750 million.
- A 5 year interest rate swap agreement fixing LIBOR at 1.47% on a notional principal amount of £112.975 million, reducing with capital amortisation. The SWAP became effective from 20 November 2014. As at 31 March 2018 the outstanding amount of interest rate swap was £106.950 million.

As at 31 March 2018 the total outstanding amount of interest rate swaps was £320.700 million.

Other loans

Unsecured loans bearing interest of between 2.60% and 3.15% of £675,000,000 less arrangement fees of £2,389,917 comprise other loans and are guaranteed across the group by Lazari Investments Limited.

All are repayable within 5 years.

At 31 March 2018 there was an undrawn loan facility of £9.9 million to help fund the capital commitments (See Note 30).

25. FINANCIAL INSTRUMENTS

	Group 2018 £
FINANCIAL ASSETS	
Financial assets that are debt instruments measured at amortised cost	14,589,279
	14,589,279
FINANCIAL LIABILITIES	
Derivative financial instruments - interest rate swaps	(1,161,646)
Financial liabilities measured at amortised cost	(1,912,419,162)
	(1,913,580,808)

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors and other creditors.

Derivative financial instruments, which are measured at fair value through profit or loss, consist of interest rate swaps which are discussed in note 24.

26. DEFERRED TAX

	Swaps £	Capital Allowances £	Capital gains on properties £	Total £
At 6 September 2017	-	-	-	-
(Credited) / charged to Statement of Comprehensive Income	(197,479)	884,020	8,686,581	9,373,122
At 31 March 2018	(197,479)	884,020	8,686,581	9,373,122

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2019 is £637,691. This primarily relates to the reversal of timing differences on acquired investment properties through revaluation.

27. SHARE CAPITAL

	2018
	£
Shares classified as equity	
Allotted, called up and fully paid	
1,001,000 Ordinary shares of £0.01 each	**10,010**

On incorporation on 6 September, 1,000,001 Ordinary shares of nominal value £0.01 each were issued at par value. An additional 1,000 Ordinary shares of nominal value £0.01 each were issued at par value on 12 September 2017.

28. RESERVES

Merger Reserve

The merger reserve resulted from the restructuring of the Lazari group of companies.

Following the period end, the merger reserve was converted into distributable reserves and transferred to retained earnings as detailed in the post balance sheet event note 33.

Retained earnings

The retained earnings represents the accumulated profits, losses and distributions of the company / group.

29. GROUP RECONSTRUCTION

Acquisition of subsidiaries listed in Note 18 on 30 September 2017.

	Book value £	Fair value £
FIXED ASSETS		
Tangible fixed assets	**462,653**	*462,653*
Investments	**1,128,096**	*1,128,096*
Investment property	**2,666,237,441**	*2,666,237,441*
	2,667,828,190	*2,667,828,190*
CURRENT ASSETS		
Debtors	**33,291,592**	*33,291,592*
Tax asset	**1,128,469**	*1,128,469*
Cash at bank and in hand	**117,710,984**	*117,710,984*
TOTAL ASSETS	**2,819,959,235**	*2,819,959,235*
CREDITORS		
Due within one year	**(70,164,801)**	*(70,164,801)*
Due in greater than 1 year	**(1,806,338,396)**	*(1,806,338,396)*
FAIR VALUE OF NET ASSETS	**943,456,038**	*943,456,038*
TOTAL PURCHASE CONSIDERATION	**943,456,038**	*943,456,038*
CASH OUTFLOW ON ACQUISITION	**-**	-

The results of the subsidiaries listed in Note 18 since its acquisition are as follows:

	Current period since acquisition £
Turnover	**56,974,239**
	56,974,239
Profit for the period	**120,809,924**
	120,809,924

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

30. CAPITAL COMMITMENTS

At 31 March 2018 the group had the following capital commitments as follows:

	Group 2018 £
Contracted for but not provided in these financial statements	77,718,045
	77,718,045

The company had nil capital commitments.

At 31 March 2018 there was an undrawn loan facility of £9.9 million to fund the capital commitments.

31. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the group had future minimum lease payments under non-cancellable operating leases as follows (the company had none):

	Group 2018 £
Lessee	
Not later than 1 year	66,283
Later than 1 year and not later than 5 years	265,132
Later than 5 years	4,327,731
	4,659,146

At 31 March 2018 the group had minimum rent receivables under non-cancellable operating leases as follows (the company had none):

	Group 2018 £
Lessor	
Not later than 1 year	114,789,593
Later than 1 year and not later than 5 years	336,018,138
Later than 5 years	402,034,652
	852,842,383

32. RELATED PARTY TRANSACTIONS

Group

During the period Lazari Finance Limited, a related company by virtue of family member ties between the respective shareholders, charged £9,978,262 in loan interest during the period and at the period end was owed £672,610,083, a balance included in other loans in creditors greater than one year.

Included in other debtors are balances of £22,673 and £552,937 owed by Lazari Finance Limited and Lazari Developments Limited, respectively, related companies via virtue of family member ties between the respective shareholders.

Transactions with key management personnel - See note 11 for disclosure of the directors' remuneration and key management compensation.

Other than the transactions disclosed above and in note 11, the company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

33. POST BALANCE SHEET EVENTS

Following the period end, the merger reserve was capitalised by way of a bonus issue of shares. As bonus shares expressly fall outside the ambit of the meaning "distribution" within section 829 of the Act, the restrictions imposed by section 849 of the Act do not apply and therefore capitalisation of unrealised profit is permissible. Secondly, the bonus shares were subsequently reduced and treated as realised profit. This transaction was supported by a solvency statement and as such is permissible under Act.

34. CONTROLLING PARTY

The directors are of the opinion that there is not an ultimate controlling party.