

In accordance with
Regulation 32 of the
Overseas Companies
Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

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You cannot use this form
an alteration of manner or
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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ①	Bailey Acquisitions Limited
UK establishment number	B R 0 1 8 9 0 3

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1	Legislation
	Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.
Legislation ②	Companies (Jersey) Law 1991

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.


A2	Accounting principles
Accounts	Have the accounts been prepared in accordance with a set of generally accepted accounting principles? Please tick the appropriate box. <input type="checkbox"/> No. Go to Section A3. <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3.
Name of organisation or body ③	Financial Reporting Council - IFRS

③ Please insert the name of the
appropriate accounting organisation
or body.

A3	Accounts
Accounts	Have the accounts been audited? Please tick the appropriate box. <input type="checkbox"/> No. Go to Section A5. <input checked="" type="checkbox"/> Yes. Go to Section A4.

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A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	● Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ●	International Standards Board - International Standards of Auditing.	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
Signature	I am signing this form on behalf of the overseas company.	
	Signature  X	X
	This form may be signed by: Director, Secretary, Permanent representative.	

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name The Company Secretary

Company name Quintain Services Limited

Address 180 Great Portland Street

Post town London

County/Region

Postcode W 1 W 5 Q Z

Country The United Kingdom

DX

Telephone 020 3219 2200



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



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Bailey Acquisitions Limited
Report and financial statements for the year ended 31 December 2018
Company number: 119100
UK Establishment number: BR018903

Certified True Copy



DIRECTOR

Bailey Acquisitions Limited
180 Great Portland Street
London W1W 5QZ

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Strategic review

Bailey Acquisitions Limited ('Bailey' or 'the Company') is the sole shareholder of Quintain Limited ('Quintain'), the developer behind the transformation of Wembley Park in north west London and is an asset management and Build to Rent (BtR) specialist. Quintain acquired its interest in Wembley Park in 2002, and at the year end the site comprised The SSE Arena, Wembley, London Designer Outlet, Hilton Hotel, Premier Inn, Brent Civic Centre and 1,720 homes. 2018 saw the 50,000 sq ft retail and leisure scheme, Boxpark Wembley open to the public, the third and largest in the Capital and it welcomed over 108,000 visitors in the first month alone. Bringing a mix of street food vendors, it doubles as an events space with capacity for 2,500 people. Black Sheep also opened on Olympic Way, an independent coffee shop with a strong focus on ethical trading, offering speciality-grade coffee, craft beers, high-quality food by day and cocktails by night.

Planning permission is in place for over 5,000 more homes, a substantial proportion of which will be retained as BtR and managed by Tipi, Quintain's wholly-owned rental management company.

Quintain is the Company's sole directly-held subsidiary, and all the Company's activities are channelled through Quintain and its subsidiaries and joint ventures. Bailey, Quintain and its subsidiaries are collectively referred to as 'the Group'.

Strategic priorities

During 2018 the Group's ultimate shareholder, Lone Star Real Estate Fund IV (Lone Star), explored the potential disposal of the Group in order to realise its investment. After considering the various options available, Lone Star opted to retain its ownership and has re-committed itself to the Group for the foreseeable future.

The Group's main ambition is still to transform 85 acres of former event lands at Wembley Park into a thriving new mixed-use London neighbourhood with a landmark BtR scheme of 7,000 homes. The scheme is highly innovative in terms of design, ambition, scale, size, pace of delivery and financing.

The strategic priorities, and the approach the Group is taking to achieve them, are drawn together through four key business drivers:

- To deliver Wembley Park buildings on time and on budget.
- To maximise net rent and other income across the Wembley Park estate.
- To create a place that is relevant, distinctive and attractive for everyone who lives, works and visits Wembley Park.
- To finance the business efficiently, using optimum debt/equity and maximising receipts from the sale of non-core assets.
- To employ state of the art real estate technology to be at the forefront of developments in the BtR industry.

Business review

The Group has a clear business plan, objectives and an agreed strategy. There have been a number of major events and milestones achieved in the period to December 2018, which have contributed significantly towards achieving those objectives.

- During the reporting period the Group increased the number of homes under Tipi's management by 295 with the opening of plot NW 07/08 or 'Landsby', with the first tranche of 72 homes, completing four weeks early and opening in September achieving an impressive pre-let quantum of over 60% at the time of practical completion.
- NW07/08 also saw the completion of Casa, a building forward sold to Network Homes offering 66 apartments for discount market sale and affordable rent.
- During the reporting period the renovations to the former Fountain Television Studios were underway, opening in early 2019 as a location for a major Hollywood motion picture and after that as a theatre operated by Troubadour Theatres. It was announced that the National Theatre's production of War Horse would be running for six weeks at the Troubadour Wembley Park Theatre from October 2019.
- At the end of the reporting period, there were a further 3,461 homes under construction, a number that makes Wembley Park one of the most significant developments in the UK. Five detailed planning consents were achieved during the year, representing a 458 unit uplift in density.
- The Retail strategy for the next 250,000 sq ft of ground floor retail was launched to the market in March and the W06 office block has achieved a 50% pre-let.
- During the year the Group was awarded Property Company of the Year at the Evening Standard Business Awards – significant external recognition for the work that it is doing transforming Wembley Park.
- Quintain and Envac marked 10 years at Wembley Park since the installation of the waste recycling system and at the end of the reporting period noted that Wembley Park residents are recycling up to five times more than the national average.

Wembley Park Masterplan

The total number of homes at Wembley Park will reach 7,500, more than a third of which will be classed as Affordable, and many available for rent. This represents nearly 50% of the London Borough of Brent's (Brent) ten year target for new homes delivery, and with 633,000 sq ft of new Grade A offices as well as start-up workspaces, it will also create the opportunity for more than 8,500 new jobs.

New outdoor spaces will transform the way people enjoy Wembley Park, both on event days and every day, with an upgrade to the famous Olympic Way and a new seven-acre park, equivalent in size to four Wembley football pitches. With new multi-use games areas and a lake, the aim is to create a new urban green space for relaxation and play at the heart of this vibrant new north London district.

The redevelopment is providing £140 million of investment into new community infrastructure across Wembley and Brent including a new three form entry primary school and nursery, a new GP surgery and community meeting spaces.

The development will also see the creation of new car and coach parking facilities for use by Wembley Stadium and The SSE Arena, Wembley visitors on event days.

In summary – headlines for the period

- *Topping Out:* The Group topped out three plots during the reporting period, South West Lands, to be known as Ferrum, offering 741 homes, due for phased completion in September 2019 and June 2021. W06, made up of two buildings, one residential containing 150 homes of mixed tenure and one offices with retail on the ground floor of both and due for phased completion starting in September 2019. E03 plot G, the largest plot within Canada Gardens, which with over seven buildings will offer 743 homes due for phased completion also starting in September 2019.

- *A strong financial performance:* London Designer Outlet (LDO), London's leading fashion & lifestyle outlet centre, enjoyed its 21st consecutive quarter of growth and in December experienced its best trading week ever with total revenue increasing by 2% and footfall by 8% year on year over the Christmas period.

Overseas tourists are seeing LDO as an important part of their trips to London and form the fastest-growing part of LDO's business. Some 18% of LDO guests are from outside the UK with a 50% split between EU and other international visitors. Tax-free sales rose by 7.0%, year on year (2018 v 2017). Of the visitors from outside the EU in 2018, 22% were Chinese (including from Hong Kong and Taiwan). A further 12% visited from India. Reflecting the diversity of guests, LDO has embraced several cultural initiatives, from fluent foreign language speakers in Guest Relations, to Halal and vegetarian dining options in LDO's many restaurants and coffee shops.

- *Placemaking:* Placemaking at Wembley Park is a key priority for the Group. During the reporting period the Group completed a 10-year joint venture deal with Boxpark, which opened its third and largest site at Wembley Park. "Summer of Play" and a Winter programme called Xmas Box collated events across the site and both programmes attracted record attendance.
- *Community engagement:*

The last 12 months saw the Group enhance its community engagement, in part through relocating and re-launching The Yellow to a permanent new facility; a community-led building offering more than 30 classes a week including craft, sports, exercise and education for both children and adults. Additional investment from Quintain saw the centre go from strength to strength.

During the reporting period the Company partnered with key contractors to provide support to Brent residents, exceeding Section 106 obligations. The scheme provides a range of services including the Wembley Park Community Fund which awards grants to Brent based organisations; a fund which amounted to £116,000 in 2018.

The Company encourages all employees to dedicate two days a year volunteering with Brent based organisations and charities.

Quintain is an established partner of the Considerate Constructors Scheme (CCS) and has been registering its projects since 2006, forging an even closer relationship in November 2016 when we became the Scheme's 51st Client Partner. As the Group moves into the next phase of the Wembley Park redevelopment, there is a determination to manage a positive culture at Wembley Park and minimise the impact of construction work. By the time Wembley Park is nearing completion it is expected that over 8,500 permanent new jobs will have been created across a range of sectors, in addition to the jobs created during construction. A healthy percentage of construction jobs (up to 30%) are going to local people and to date 132 apprenticeships have been created on-site.

Finance Review

The year was one of continued re-focussing and transition for Bailey as it achieved a number of significant milestones in its ambitious plans to re-develop Wembley Park and build its Tipi business. The Group continued to push ahead with its construction programme at Wembley Park, investing £460.2m in the year (2017: £229.9m). It also made further progress with its non-core disposal program and completed financing arrangements with Cheyne Real Estate and TH Real Estate.

1. Capital expenditure

Major progress was made at Wembley Park during the year with numerous developmental milestones reached and £460.2m of capital expenditure invested. This was funded by receipts from the Group's non-core disposal program which raised £40.2m (2017: £169.2m) of capital during the year, and the Group's debt facilities.

2. Capital structure

During the year the Group entered into a new £106.6m loan facility with the Cheyne Real Estate in order to help fund the development of the W06 plot at Wembley Park. It also entered into a £38.4m investment facility with TH Real Estate to refinance its Alto BtR building. The facilities represent further advances towards the Group's aim of establishing an optimised and well balanced capital structure to continue funding its redevelopment of Wembley Park.

3. Results for the year

Summary income statement	2018 £m	2017 £m
Turnover	59.1	113.5
Gross profit	16.7	19.9
Surplus/(deficit) on revaluation	273.6	(51.0)
Profit on disposals	0.6	7.6
Share of profit from joint ventures and associates	-	0.2
Net operating profit/(loss) before administrative expenses	290.9	(23.3)
Administrative expenses	(25.9)	(19.9)
Operating profit/(loss)	265.0	(43.2)
Net finance costs	(49.7)	(60.3)
Tax charge for the year	(30.0)	1.3
Profit/(loss) after tax	185.3	(102.2)

The Group reported a statutory post-tax profit for the year of £185.3m (2017: loss of £102.2m). The profit before tax was £215.3m (2017: loss £103.5m).

Gross profit was £16.7m (2017: £19.9m) as the business continued to focus on its development at Wembley Park. London Designer Outlet contributed £4.6m (2017: £4.8m), the Group's growing Tipi PRS business contributed £2.3m (2017: £1.8m) and Wembley Arena £2.5m (2017: £2.2m).

Administrative expenses were £25.9m (2017: £19.9m), the contemplated disposal of Bailey by Lone Star having a significant impact.

During the year, £40.2m (2017: £169.2m) of capital was raised through disposals to enable the further development of the Group's interests at Wembley Park. The disposals formed part of the Group's non-core property disposal program, following the maximisation of individual asset value. A profit on disposal of £0.6m (2017: £7.6m) was realised as a result of these transactions.

The Group recorded a profit from joint ventures and associates of £nil (2017: £0.2m), a gain of £0.3m on its investment in associates offset by a loss on joint ventures, caused by the initial set up costs at Boxpark.

The Group incurred net finance expenses of £49.7m (2017: £60.3m) during the period, net of capitalised interest of £43.8m (2017: £26.3m).

A tax charge for the year of £30.0m (2017: credit of £1.3m) was incurred by virtue of deferred tax on the revaluation gain on investment properties.

4. Analysis of rental income

Rental income dropped during the year as the Group neared the completion of its non-core disposal program. With the number of units under management by Tipi more than doubling in the final quarter of 2018, this is a trend that is set to reverse in 2019.

Rental income	2018	2017
	£m	£m
Group net rental income	8.4	10.9
Share of joint venture and associates net rental income	(0.3)	-
Combined net rental income	8.1	10.9
Gross rental income		
Direct owned	17.2	19.0
Joint venture and associates properties	0.2	-
	17.4	19.0

5. Valuation

As at 31 December 2018, the valuation of the Group's properties, including its share of gross assets in joint ventures and associates was £1,725.5m, an increase of £712.4m on the prior year. The increase has been driven by capital expenditure and significant revaluation uplifts, reflecting evidence of rents and investment yields gathered during the year.

		2018	2017	%
		£m	£m	Movement⁽¹⁾
Wembley	Investment and BtR assets	543.1	354.7	48.6
	Development land	1,167.6	632.6	50.0
Non-core	Investment assets, development land	13.1	25.8	-
Total		1,723.8⁽²⁾	1,013.1	45.0

(1) Like for like movement excluding capitalised interest

(2) Includes trading property valued at £16.6m

6. Investment assets

	2017	Additions	Disposals	Valuation/ impairment	Other	2018
	£m	£m	£m	£m	£m	£m
Investment properties	950.5	504.0	(31.6)	273.6	-	1,696.5
Joint ventures and associates	5.3	0.5	-	0.3	(0.3)	5.8
Other non-current assets	11.0	1.5	(2.0)	(2.2)	(0.7)	7.6
	966.8	506.0	(33.6)	271.7	(1.0)	1,709.9

The increase in investment properties is due to levels of capital expenditure. The joint ventures figure increased due to the investment in Boxpark. Other non-current assets fell following the disposal of the Group's investment in the Ludgate fund and the closure of its residential marketing suite.

7. Cash flow

Summary cash flow statement

	2018 £m	2017 £m
Net cash flow from operating activities	(22.4)	28.7
Net cash flow from investing activities	(398.6)	(35.9)
Net cash flow from financing activities	380.2	6.5
Net decrease in cash	(40.8)	(0.7)
Increase in loans	(439.3)	(158.5)
Fair value adjustment to loans	34.9	299.6
(Increase)/decrease in net debt	(445.2)	140.4

Debt summary

	2018 £m	2017 £m
Net (overdraft)/cash	(5.5)	35.3
Bank and other loans < 1 year	-	(20.8)
Bank and other loans > 1 year	(1,378.6)	(953.4)
Net debt	(1,384.1)	(938.9)

Key Performance Indicators

Bailey takes a long term view of performance and following the acquisition of Quintain has adopted the following key performance indicators to reflect the priorities of the business:

Key Performance Indicators	December 2018	December 2017
BtR occupancy rate ⁽¹⁾	53%	73%
Net external debt	£802.1m	£479.7m
Like For Like valuation movement	45.0%	(2.9)%
RIDDOR reportable accidents ⁽²⁾	6	3

(1) Letting started on the Landsby building during the final quarter of the year and, as it is still in its initial lease up phase, a drop in occupancy rate is to be expected. Occupancy in stabilised buildings stood at 93% in Emerald Gardens and 87% in Alto.

(2) None of the reportable accidents involved Quintain employees, the total consists of accidents reported by other employers on the Wembley Park estate.

Risk Management

In addition to economic, security and regulatory risks that are part of the general commercial environment and faced by a wide range of companies, we consider there to be a number of financial and non-financial risks specific to our Company. In managing the business, the identification and monitoring of risk is crucial to enable the Group to deliver its strategic objectives.

How we manage risk

The Board has overall responsibility for managing risk and regularly reviews principal risks and uncertainties. Our approach has applied a consistent and robust methodology across the business to identify, assess, manage, mitigate and report risk from the bottom up, establishing clear ownership of risk management.

A risk register is maintained for each business area: Wembley Development, Finance and Transactions, Operations, Tipi and Non-core businesses. The most significant risks are reported to the Board. This approach ensures that all risks are fully considered in determining the risk appetite and strategy of the business.

All risks are recorded in a risk register and assessed for impact (using financial and non-financial measures) and likelihood of occurrence on a gross (before controls), net (after controls) and target basis. Set out below is management's view of the current specific principal business risks and actions taken in mitigation.

Description and implication of risk	Mitigation
Development <p>The Group is exposed to risks associated with development projects. For example:</p> <ul style="list-style-type: none"> - Delays in obtaining planning consents. - Delays could occur for regulatory or funding reasons. - Counterparty risk: contractors may become bankrupt or insolvent, or development partners may fail to meet their obligations. - Control of construction phasing and costs are vital to prevent overspend or delay once contractors are on site. 	<p>Quintain's planning and project management teams have been strengthened and are key to managing development risk by:</p> <ul style="list-style-type: none"> - Active engagement with the Greater London Authority, local authorities and other stakeholders to ensure development proposals are in accordance with local policies and statutes. - Transferring construction risk to contractors where possible, and monitoring the financial health of contractors both before and during contract. - Ongoing monitoring of development progress against budget and schedule. - Using a range of main contractors in order to diversify its supplier base. - The Group operates a robust Procurement policy, overseen by an experienced team. The main tool, SupplierPortal, is an online portal and database through which our suppliers are asked to submit their key policies in respect of environment, health and safety, labour, anti-bribery and corruption and IT security. Upon a successful transition through SupplierPortal each supplier is awarded the status of 'preferred supplier', renewable on a three year basis. - Monitoring the level of committed future capital expenditure of the Group's development programme relative to the available capital.

Description and implication of risk	Mitigation
Market	
The Group's business is dependent on the macro-economic and property market conditions in London. Deterioration in residential property markets could lead to a decline in the value of the Group's property portfolio, tenant default and a reduction in income from these properties.	<p>Exposure to the residential property market has increased this year due to the accelerated delivery of Wembley Park. The focus is providing homes for rental (under the Tipi brand). If the rental market weakens the Group has the option to sell the units as private sales.</p> <p>The Group regularly reviews the product specification to ensure it is suitable for the market to obtain better yields.</p> <p>Quintain has a strong focus on placemaking at Wembley Park to improve the attractiveness of the location.</p>
Financial	
Changes in the availability of financing and/or costs of borrowing may adversely impact Quintain's ability to ensure sufficient liquidity is available to deliver the business plan.	<p>At 31 December 2018, the Group has an intercompany loan agreement with its parent company, LSREF IV Bailey Midco Limited, which expires in 2022. Additionally the Group entered into new facilities during the year with TH Real Estate and Cheyne Real Estate</p> <p>The Company prepares detailed cash flow forecasts to monitor whether its committed capital expenditure and other outflows can be met from its sources of liquidity.</p> <p>Quintain's financial modelling tool can forecast and test different business scenarios (including prospective transactions), analysing the impact on liquidity and headroom.</p>
Operational risks	
As the Home Office's international terrorism threat level remains at severe, the Group has heightened exposure to external events that threaten or disrupt London's status as a premier destination, in particular Wembley Park.	Such events are often beyond Quintain's control and are an inherent risk in being focused on London. However, the Group has various security measures in place at Wembley Park and works closely with local authorities to maximise the safety of visitors. For example the Group has been upgrading its hostile vehicle mitigation measures across Wembley Park during the year.
Inability to deliver budgeted margins for Tipi as a result of cost inflation and inefficiency.	Tipi maintains strict cost control, uses good supplier relationships and seeks to benefit from economies of scale provided by critical mass at Wembley to maintain a low cost base and to mitigate unexpected cost fluctuations.
Poor service levels at Tipi would cause reputational damage and increase voids and reduce gross revenue.	Tipi seeks to respond to customer feedback and create a culture to exceed customer expectation. It offers industry standard training for all staff dependent on their role and function to offer basic training and continue professional development.
Personnel	
The need to retain and develop staff and ensure that high calibre people are recruited is essential to the delivery of the business strategy.	<p>Succession and resource planning is regularly reviewed by the Board as appropriate.</p> <p>Remuneration and benefits are considered competitive, strongly linked to performance and are regularly benchmarked with Quintain's peers.</p>

Description and implication of risk	Mitigation
	<p>Regular formal staff meetings and informal events enable staff to talk to senior management, and weekly news updates on business developments and successes allow all employees to understand key activities around the Group.</p> <p>The Group established a Social Committee during the year to improve the coordination of Companywide social events.</p> <p>The HR department has been strengthened in order to meet the Group's forthcoming recruitment needs.</p>
<p>Brexit</p> <p>Following the UK's decision to leave the European Union and subsequent ongoing negotiations, a great deal of uncertainty exists regarding future economic implications. The Group could be impacted in a number of areas but the most significant are viewed to be the following:</p> <p>A fall in demand for occupation of its flats</p> <p>Increased construction costs due to rising commodity prices and potential import tariffs</p> <p>A reduction in the availability of labour for main contractors resulting in falling capacity.</p> <p>The availability of debt finance</p>	<p>Management continues to closely monitor developments in the Brexit negotiations and consider the potential implications for the Group.</p> <p>The regeneration of Wembley Park continues apace, paired with concerted placemaking efforts. Strong attention to detail with regard to the product and innovation together with the structural shortage of housing in London leaves the Group well positioned to respond to any fluctuation in demand.</p> <p>Wherever possible Quintain seeks to secure fixed price contracts with its contractors and engages in competitive tendering processes in order to achieve best value for money. Currently £1,252.1m of fixed price contracts are in place.</p> <p>Quintain has held detailed discussions with its main contractors to establish their plans regarding continuity of labour and has been assured that contingencies are being developed.</p> <p>The Group maintains regular contact with existing lenders and regularly assesses the attractiveness of future debt funding opportunities to prospective future lenders. After the year end a highly experienced Treasurer was recruited.</p>

Major investment properties at 31 December 2018

Area	Property description	Category	Principal tenants/occupier
Wembley Park, London, HA9	Landsby 295 unit private residential rental asset	BtR	Individual residential tenants
	Emerald Gardens 141 unit private residential rental asset	BtR	Individual residential tenants
	Alto 120 unit private residential asset	BtR	Individual residential tenants
	London Designer Outlet 280,000 sq ft of retail and leisure units	Retail	Cine UK Nike Retail BV Marks & Spencer plc C-Retail Ltd Jack Wills Ltd
	The SSE Arena, Wembley (formerly Wembley Arena) Iconic 1930s building fully renovated as a 21st Century music, sporting and family entertainment venue	Leisure	AEG Facilities (UK) Ltd
	Multi-storey car park 9 storey, 724-space car park located between Wembley Stadium and the London Designer Outlet	Leisure	Visitors to London Designer Outlet, Stadium and Arena
	Stadium Retail Park Retail warehouse park comprising 4 retail units and a restaurant	Retail	DSG Retail Ltd Lidl UK John David Sport

Governance

Directors' Report

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

Strategic Report

Bailey Acquisitions Limited is a Jersey registered holding company for subsidiaries involved in transforming Wembley Park into London's most exciting mixed-use destination and newest residential neighbourhood in the UK.

The operational management and governance of the Group has been delegated by Bailey to its direct subsidiary Quintain Limited, a London-focused regeneration specialist registered in the UK.

The Group's Strategic Report for the year ended 31 December 2018 on pages 3 to 12 contains the following information, which is not included in this Report:

- the Strategic Review, including the Group's principal activities and future developments; and
- the risks and uncertainties facing the business.

Ownership

Bailey is a wholly owned subsidiary of Quintain Bailey Holdings Limited, an investment vehicle indirectly controlled by Lone Star Real Estate Fund IV.

Board of Directors

The directors and officers who served during the financial year and up to the date of signing the financial statements are as follows:

Angus Dodd
Michael Jenkins
James Riddell
James Saunders

Other Officers

Intertrust Real Estate Services (Jersey) Limited, Company Secretary

The appointment and replacement of directors is governed by the Companies (Jersey) Law 1991 and the Company's Memorandum and Articles of Association.

Board of Quintain

The directors and officers who served on the Board of Quintain during the financial period and up to the date of signing the financial statements are as follows:

Non-Executive Directors

Olivier Brahin, Chairman	
Philippe Couturier	(resigned 2 October 2018)
Jérôme Foulon	(appointed 3 October 2018)
John Herbert	
George Kountouris	
Donald Quintin	(appointed 17 October 2018)
James Riddell	

Executive Directors

Angus Dodd, Chief Executive
James Saunders, Chief Operating Officer

Other Officers of Quintain

Frances Victoria Heazell, Company Secretary
Michael Jenkins, Finance Director

The appointment and replacement of directors of Quintain is governed by UK legislation, the Companies Act 2006, and the Company's Articles of Association.

Board Governance and Committees

The Group Audit, Nomination and Remuneration Committees operated in accordance with their revised terms of reference most recently updated and approved by the Board of Quintain in September 2017, as summarised on the Group's website. The Group Audit Committee continues to meet and review the Company's and the Group's consolidated financial statements, the external auditor's work and risk management actions and controls. The Board of Quintain approved the current Committee members in December 2018:

Audit	Remuneration	Nomination
John Herbert (Chairman) Jérôme Foulon James Riddell	John Herbert (Chairman) Jérôme Foulon George Kountouris	John Herbert (Chairman) Jérôme Foulon George Kountouris James Riddell

In addition, the Board of Quintain approved Terms of Reference which set out matters requiring shareholder, Board or Executive Committee approval on behalf of the Group. The Board's Terms of Reference enables the effective day to day management of the Group's business whilst maintaining effective financial control and accountability to its shareholder.

Directors' Indemnity

The Company's Articles of Association provide that, to the extent permitted by law, directors may be indemnified out of the Company's assets against any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company. The directors have purchased and maintain insurance, at the expense of the Company and the Group, for the benefit of any relevant director in respect of any relevant loss.

Dividend

No dividend was proposed during the course of the period under review (2017: £nil).

Key contractual arrangements

The Group has a number of joint venture arrangements, as detailed in note 3.3 on page 38 of the financial statements.

Going concern

The Group financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due. Based on the analysis set out in note 1.2 of the financial statements, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Auditor

KPMG LLP was appointed as auditor for the year.

Statement of disclosure to auditor

Each director at the date of this report confirms that:

- so far as he or she is aware, there is no information, which would be needed by the Company's auditor in connection with preparing their audit report, of which the auditor is not aware; and
- each director has taken all steps necessary to make him or herself aware of any such information and to establish that the auditor is aware of it.

Directors' Responsibility Statement

The directors' responsibilities for the financial statements contained within this Report are set out on page 16.

By order of the Board



Angus Dodd

Director

16 April 2019

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards including FRS 101 *Reduced Disclosure Framework* 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 Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group and Parent Company financial statements, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

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 Companies (Jersey) Law, 1991. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Bailey Acquisitions Limited

Opinion

We have audited the consolidated financial statements of Bailey Acquisitions Limited ("the Parent Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2018 which comprise the consolidated and parent balance sheet and company income statement, the consolidated and parent statement of other comprehensive income, the consolidated and parent statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes, including the accounting policies in note 1 and note 7.6.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2018 and of the Group's and the Parent Company's profit for the year then ended;
- the Group financial statements are prepared in accordance with International Financial Reporting Standards as adopted by EU;
- the Parent Company financial statements are prepared in accordance with the United Kingdom accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of investment properties and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group and the Parent Company or to cease their operations, and as they have concluded that the Group's and Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Parent Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 16, the directors are responsible for: the preparation of financial statements which give a true and fair view; 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; assessing the Group's and Parent 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 they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.



Richard Long
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
E14 5GL

17 April 2019

Introduction

The notes to the financial statements have been grouped together under the following headings:

- Preparation of financial statements
- Performance for the year
- Property assets, joint ventures and associates
- Acquisitions and disposals
- *Other assets and liabilities*
- Funding
- Staff costs, key management and employee benefits
- Company financial statements

Accounting policies are set out in the relevant sections of the notes to the financial statements for relevance and ease of reference, as are the key judgements and estimates used.

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Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Revenue	2.1	59.1	113.5
Cost of sales	2.1	(42.4)	(93.6)
Gross profit		16.7	19.9
Administrative expenses	2.2	(25.9)	(19.9)
Operating loss before recognition of results from joint ventures and associates, non-current asset sales and revaluation		(9.2)	-
Share of loss from joint ventures	3.3	(0.3)	(0.2)
Share of profit from associates	3.3	0.3	0.4
Operating (loss)/profit before non-current asset sales and revaluation		(9.2)	0.2
Profit from sale of non-current assets		0.6	7.6
Surplus/(deficit) on revaluation of investment properties	2.3	273.6	(51.0)
Operating profit/(loss)		265.0	(43.2)
Finance income	2.4	1.3	2.9
Finance expenses	2.4	(51.0)	(63.2)
Profit/(loss) before tax		215.3	(103.5)
Tax (charge)/credit for the year	2.5	(30.0)	1.3
Profit/(loss) for the financial year		185.3	(102.2)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		185.3	(102.2)

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

All the results shown are for continuing operations.

Consolidated Balance Sheet
As at 31 December 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Investment properties	3.1	1,696.5	950.5
Owner-occupied properties, plant and equipment		5.1	7.0
Investment in joint ventures	3.3	0.6	0.4
Investment in associates	3.3	5.2	4.9
Non-current receivables	4.1	2.5	4.0
Total non-current assets		1,709.9	966.8
Current assets			
Trading properties	4.5	16.6	39.9
Trade and other receivables	4.2	30.5	30.1
Cash and cash equivalents		4.7	35.3
Assets held for sale		-	9.2
Total current assets		51.8	114.5
Total assets		1,761.7	1,081.3
Current liabilities			
Trade and other payables	4.4	(66.3)	(51.9)
Bank loans and other borrowings	5.1	(10.2)	(20.8)
Current tax liability		(0.5)	(1.4)
Total current liabilities		(77.0)	(74.1)
Non-current liabilities			
Bank loans and other borrowings	5.1	(1,378.6)	(953.4)
Obligations under finance leases		(3.3)	(1.7)
Other payables		-	(0.5)
Deferred tax liability	2.5	(31.0)	-
Total non-current liabilities		(1,412.9)	(955.6)
Total liabilities		(1,489.9)	(1,029.7)
Net assets		271.8	51.6
Equity			
Share capital	5.5	-	-
Share premium		1.0	1.0
Revaluation reserve		-	-
Fair value reserve		334.5	299.6
Retained earnings		(63.7)	(249.0)
Equity shareholder's funds		271.8	51.6

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 16 April 2019 and signed on its behalf by:



ANGUS DODD
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital £m	Share premium £m	Fair value reserve £m	Retained earnings £m	Equity shareholders' deficit £m
Balance 1 January 2018	-	1.0	299.6	(249.0)	51.6
Profit for the year	-	-	-	185.3	185.3
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	185.3	185.3
Fair value adjustment of parent company loan note (note 5.1)	-	-	34.9	-	34.9
Balance as at 31 December 2018	-	1.0	334.5	(63.7)	271.8

	Share capital £m	Share premium £m	Revaluation reserve £m	Fair value reserve £m	Retained earnings £m	Equity shareholders' funds £m
Balance 1 January 2017	-	1.0	(0.5)	-	(146.3)	(145.8)
Loss for the year	-	-	-	-	(102.2)	(102.2)
Other comprehensive income for the year, net of tax	-	-	0.5	-	(0.5)	-
Total comprehensive loss for the year	-	-	0.5	-	(102.7)	(102.2)
Fair value adjustment of parent company loan note (note 5.1)	-	-	-	299.6	-	299.6
Balance as at 31 December 2017	-	1.0	-	299.6	(249.0)	51.6

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

Consolidated Cashflow Statement
For the year ended 31 December 2018

	2018 £m	2017 £m
Operating activities		
Profit/(loss) for the financial year	185.3	(102.2)
Adjustments for:		
Depreciation of plant and equipment	3.1	1.0
Impairment of investments	-	0.5
Net finance expenses	49.7	60.3
Gain on sale of non-current assets	(0.6)	(7.6)
(Surplus)/deficit on revaluation of investment properties	(273.6)	51.0
Share of loss from joint ventures	0.3	0.2
Share of profit from associates	(0.3)	(0.4)
Tax charge/(credit)	30.0	(1.3)
	(6.1)	1.5
Decrease/(increase) in trade and other receivables	13.4	(4.3)
(Decrease)/increase in trade and other payables	(17.3)	17.6
Decrease in trading properties	23.4	51.0
Cash received from operations	13.4	65.8
Interest paid	(36.1)	(37.8)
Interest received	0.3	0.7
Net cashflow used in operating activities	(22.4)	28.7
Investing activities		
Proceeds from sale of investment properties	40.2	169.2
Purchases in business combinations, net of cash	-	(3.7)
Purchase and development of investment properties	(438.8)	(217.4)
Purchase of owner-occupied properties, plant and equipment	(0.2)	(0.3)
Proceeds from sale of other non-current investments	-	11.7
Capital and loan payments advanced to joint ventures	(3.6)	(0.1)
Capital and loan repayments received from joint ventures	3.6	0.7
Capital and loan repayments from other investments	0.7	-
Distributions received from joint ventures	-	4.0
Investment in joint ventures	(0.5)	-
Net cashflow used in investing activities	(398.6)	(35.9)
Financing activities		
Parent company loan received	106.9	19.0
Proceeds from new borrowings	297.6	54.7
Repayment of other borrowings	(20.9)	(65.1)
Payment of loan issue costs	(3.3)	(2.0)
Payment of finance lease liabilities	(0.1)	(0.1)
Net cashflow from financing activities	380.2	6.5
Net decrease in cash and cash equivalents	(40.8)	(0.7)
Cash and cash equivalents at start of year	35.3	36.0
Cash and cash equivalents at end of year	(5.5)	35.3
Comprising:		
Cash at bank	4.7	35.3
Overdrafts	(10.2)	-
	(5.5)	35.3

The notes on pages 26 to 61 are an integral part of these consolidated financial statements.

Notes to the accounts
For the year ended 31 December 2018

Section 1: Preparation of financial statements

1.1 Basis of preparation

The financial statements are presented for the year ended 31 December 2018. The Board approved the Group financial statements on 1 April 2019. They have been prepared in accordance with International Financial Reporting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union ('IFRS') and those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The financial statements are presented in Sterling and have been prepared on a historical cost basis except that investment properties, other non-current investments and certain financial instruments have been stated at fair value.

The principal accounting policies applied in the consolidated financial statements are set out in each note to the financial statements.

1.2 Going concern

The Group financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due. Cash flow forecasts show there are sufficient undrawn external facilities, parent loans and parent equity commitments to fund the Group's operational activities and development pipeline. A parent company has provided the Company with an intention that for at least 12 months from the date of approval of these financial statements, it will continue to make the equity commitments available as required by the Company. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. As a result the Directors have concluded that the Group will continue in operational existence for the foreseeable future.

1.3 Significant judgements, estimates and assumptions

The preparation of financial statements under IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The key area where management has made significant estimates is the valuation of properties on the balance sheet. Estimates are discussed in more detail in the relevant notes to these financial statements.

All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Notes to the accounts
continued

Section 1: Preparation of financial statements continued

1.4 Basis of consolidation

The Group's financial statements consolidate those of the Company and its subsidiaries, together referred to as the Group, and equity account for the Group's interest in joint ventures and associates.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The assessment of control is performed on a continuous basis. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date it ceases.

The acquisition or disposal of shares in subsidiaries and interests in joint ventures, where investment properties constitute the only or main asset, are accounted for as property transactions unless the fair values attributed to other assets and liabilities within the entity differ from their carrying values.

1.5 Newly effective accounting standards

New standards adopted during the period

The following standards, amendments and interpretations endorsed by the EU are effective for the first time for the Group's 31 December 2018 year end:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)
- Annual improvements to IFRSs 2014-2016 cycle (Amendments to IFRS 12)
- Clarifications to IFRS 15 (Revenue from Contracts with Customers)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IFRS 40)
- Annual improvements to IFRSs 2014-2016 cycle (Amendments to IFRS 1 and IAS 28)

None of the standards above has had a material impact on the Group.

Standards and interpretations in issue but not yet effective

The following standards, amendments and interpretations relevant to the Group have been issued but are not yet effective. None of these standards or interpretations has been early adopted by the Group.

- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Prepayments Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

The Group has assessed the impact of the new standards on its financial reporting and does not believe they will have a material impact on the Group's existing operations. However the adoption of IFRS 16 will lead to a number of new value in use assets and corresponding lease liabilities being recognised. The Group's assessment of the contracts concerned indicates the value of these assets and liabilities to be £4.1m.

Notes to the accounts
continued**Section 2: Performance for the year****2.1 Revenue, cost of sales and gross profit****Accounting policy – Revenue, cost of sales and trading property sales**

Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, fees, commissions and other income.

Rental income from investment properties leased out under operating leases is recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease. Contingent rents, which comprise turnover rents, are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants. Surrender premiums received are considered a component of rental income and are recognised over the remainder of the revised lease term.

Lease incentives are recognised as an integral part of the net consideration for use of the property and amortised on a straight-line basis over the term of lease, or the period to the first tenant break, if shorter, unless there is reasonable certainty that the break will not be exercised.

Property operating costs are recognised on an accruals basis including any element of service charge expenditure not recovered from tenants.

Sales of trading properties are recognised in the financial statements on the date of unconditional exchange or, where an exchange is conditional, on the date that conditions have been satisfied and where there is a confirmed date for completion.

Fees from asset and development management relate to base and performance fees receivable in respect of asset and development management together with property procurement fees. Performance fees are recognised when it is probable that performance criteria have been met. All other fees are recognised on a receivable basis.

Other income comprises commercialisation income, insurance commission, car parking receipts, property management fees and miscellaneous income and is recognised on an accruals basis in accordance with the substance of the transaction.

	Revenue	Cost of sales	2018 Gross profit/ (loss)	Revenue	Cost of sales	2017 Gross profit/ (loss)
	£m	£m	£m	£m	£m	£m
Rental income	17.2	(8.8)	8.4	19.0	(8.1)	10.9
Income from sale of trading properties	26.5	(23.3)	3.2	85.0	(77.5)	7.5
Fees from asset and development management	7.0	-	7.0	2.1	(0.1)	2.0
Other income	8.4	(10.3)	(1.9)	7.4	(7.9)	(0.5)
	59.1	(42.4)	16.7	113.5	(93.6)	19.9

Notes to the accounts
continued

Section 2: Performance for the year continued

2.1 Revenue, cost of sales and gross profit continued

Net rental income

	2018 £m	2017 £m
Group net rental income	8.4	10.9
Share of joint venture and associates net rental loss	(0.3)	-
Combined net rental income	8.1	10.9

2.2 Administrative expenses

The analysis of the Group's administrative expenses was as follows:

	2018 £m	2017 £m
Directors' remuneration	2.4	2.0
Administrative staff costs	12.7	12.0
Total staff costs	15.1	14.0
Legal and other professional fees	4.5	1.6
Office and IT costs	2.2	1.0
Depreciation of property, plant and equipment	2.2	0.6
Operating lease expense	0.7	1.0
General expenses	1.2	1.7
	25.9	19.9

Future minimum lease payments payable by the Group under non-cancellable operating leases are £3.9m (2017: £4.8m) payable evenly over the next nine (2017: ten) years.

2.3 Property revaluation movements

The revaluation movements on the Group's investment properties whether held directly or through the associates were as follows:

	2018 £m	2017 £m
Surplus/(deficit) on revaluation of directly held investment properties	273.6	(51.0)
Surplus on revaluation of investment properties in associates	0.3	0.4
	273.9	(50.6)

Notes to the accounts
continued

Section 2: Performance for the year continued

2.4 Net finance expenses

Accounting policy – Capitalisation of borrowing costs

Net borrowing costs in respect of capital expenditure on properties under development are capitalised. Interest is capitalised using the Group's weighted average cost of borrowing from the commencement of development work until the date of practical completion. Only external loans are included in the determination of the weighted average borrowing cost. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Tax relief on interest capitalised on investment properties is reflected in the Consolidated Income Statement. All other borrowing costs are recognised in the Consolidated Income Statement in the period in which they are incurred.

	2018 £m	2017 £m
Recognised in Income Statement:		
Interest expense on bank debt and associated swaps	29.1	23.2
Interest expense on parent entity debt	65.2	64.9
Interest on obligations under finance leases	0.1	0.1
Change in fair value of ineffective caps	0.4	1.3
	94.8	89.5
Interest capitalised	(43.8)	(26.3)
Finance expenses	51.0	63.2
Finance income		
Interest income on loans and receivables	(0.3)	(0.5)
Change in fair value of financial assets	(0.2)	-
Change in fair value of ineffective swap	(0.8)	(2.4)
	(1.3)	(2.9)
Net finance expenses	49.7	60.3

The interest capitalised relates to investment properties and trading properties in the course of construction. The average rate of interest used for capitalisation was 6.2% (2017: 6.8%).

Notes to the accounts
continued**Section 2: Performance for the year continued****2.5 Taxation****Accounting Policy**

Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in Other Comprehensive Income, in which case the related tax is recognised under that heading. Current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the balance sheet date.

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities at the relevant tax rates which have been substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

i) Tax charge for the year

	2018 £m	2017 £m
UK current tax at 19.0%	(1.0)	(1.3)
Deferred tax:		
On investment properties	67.7	(8.3)
Capital allowances	(7.8)	(0.4)
Utilisation of tax losses	-	2.3
Revenue losses	(29.3)	-
Financial instruments	-	(0.7)
Other temporary differences	0.4	-
ACT	-	7.1
Total deferred tax charge	31.0	-
Tax charge/(credit)	30.0	(1.3)

ii) Tax credit reconciliation

	2018 £m	2017 £m
Profit/(loss) before tax	215.3	(103.5)
Tax applied at UK corporation tax rate of 19.0% (2017: 19.3%)	40.9	(20.0)
Non-deductible expenses and non-taxable items	9.1	17.3
Capital gains	(0.9)	3.3
Unrecognised losses utilised	(14.5)	(0.6)
Change in tax rate	(3.6)	-
Payment for consortium relief by joint venture	(1.0)	(1.3)
Tax charge/(credit)	30.0	(1.3)

Notes to the accounts
continued

Section 2: Performance for the year continued

2.5 Taxation continued

iii) Deferred tax movements

The Group has measured the deferred tax assets and liabilities as at 31 December 2018 using the enacted rate of 17% (2017: 17%).

	1 January 2018	Recognised in Income Statement	31 December 2018
	£m	£m	£m
Capital gains less capital losses	0.7	67.7	68.4
Capital allowances	5.0	(7.8)	(2.8)
Other temporary differences	(0.4)	0.4	-
Revenue tax losses	(5.3)	(29.3)	(34.6)
Deferred tax liability	-	31.0	31.0

	1 January 2017	Recognised in Income Statement	31 December 2017
	£m	£m	£m
Capital gains less capital losses	9.0	(8.3)	0.7
Capital allowances	5.4	(0.4)	5.0
Derivative financial instruments	0.7	(0.7)	-
Other temporary differences	(0.4)	-	(0.4)
ACT	(7.1)	7.1	-
Revenue tax losses	(7.6)	2.3	(5.3)
Deferred tax liability	-	-	-

iv) Total tax charge

The tax charge recognised in these financial statements was as follows:

	2018 £m	2017 £m
Tax credit on continuing operations	1.0	1.3
Tax charge on share of profit in joint ventures (note 3.3)	-	-
Tax charge on share of profit in associates (note 3.3)	-	-
	1.0	1.3

Notes to the accounts
continued

Section 2: Performance for the year continued

2.6 Fees paid to auditors and their affiliates

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual report	152	148
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	76	94

2.7 Operating lease agreements – as lessor

Accounting Policy

Properties leased out to tenants under operating leases are included in investment properties in the Consolidated Balance Sheet with rental income recognised on a straight-line basis over the lease terms.

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases. Standard commercial lease provisions include service charge recovery and upward only rent reviews every five years. On review, rents are increased either by a contractual formula, mainly linked to RPI, or to current market rent (estimated rental value or ERV). Typically, single let properties are leased on terms where the tenant is responsible for repair, insurance and running costs while multi-let properties are leased on terms which include recovery of a share of service charge expenditure and insurance. The Group also let tenancies on terms which include a turnover based element of £2.2m (2017: £1.5m) during the year.

Future minimum lease payments receivable by the Group under such leases were as follows:

	2018 £m	2017 £m
Within one year	15.0	10.2
From one to two years	9.8	7.7
From two to five years	30.8	21.9
After five years	34.1	67.8
	89.7	107.6

Notes to the accounts
continued

Section 3: Property assets, joint ventures and associates

3.1 Investment properties

Accounting policy

Investment properties

Investment properties are properties owned or leased by the Group which are held either for long term rental growth or for capital appreciation or both. Investment property is initially recognised at cost including related transaction costs and valued annually by the Directors. Any increases or decreases in value are taken directly to the Consolidated Income Statement in the period in which they arise.

For leasehold properties that are classified as investment properties, the associated leasehold obligations are accounted for as finance lease obligations. Properties held under operating leases are accounted for as investment properties as short leasehold properties where the other criteria for recognition are met. Such operating leases are accounted for as if they are finance leases.

Property additions

Additions to investment properties consist of costs of a capital nature and, in the case of investment properties under development, capitalised interest.

Property disposals

Disposals of investment properties are recognised in the financial statements on the date of unconditional exchange or, where an exchange is conditional, on the date that conditions have been satisfied.

Profits or losses arising on disposal are calculated by reference to the carrying value of the asset at the last revaluation, adjusted for subsequent capital expenditure, less selling costs.

Significant estimates and judgements

The fair value of the Group's investment properties is the main area within the financial statements where the Board has made significant estimates. The fair value of the Group's property portfolio is based upon Directors' valuations and is inherently subjective.

Notes to the accounts
continued

Section 3: Property assets, joint ventures and associates continued

3.1 Investment properties continued

	Freehold	Long leasehold	Total
	£m	£m	£m
Balance 1 January 2017	707.1	140.1	847.2
Additions – capital expenditure	176.5	27.7	204.2
Additions – new property	-	2.3	2.3
Additions – transferred from trading property	0.7	-	0.7
Additions – acquired in business combinations	25.7	-	25.7
Interest capitalised	23.6	-	23.6
Disposals	(46.9)	(46.1)	(93.0)
Transferred to assets held for sale	(9.2)	-	(9.2)
Revaluation (deficit)/surplus	(67.2)	16.2	(51.0)
Balance 1 January 2018	810.3	140.2	950.5
Additions – capital expenditure	458.3	1.9	460.2
Interest capitalised	43.8	-	43.8
Disposals	(18.9)	(12.7)	(31.6)
Revaluation surplus	266.7	6.9	273.6
Balance 31 December 2018	1,560.2	136.3	1,696.5

The historical cost of the Group's investment properties as at 31 December 2018 was £1,447.5m (2017: £975.1m), which included capitalised interest of £187.3m (2017: £143.5m).

The average rate used for interest capitalisation is shown in note 2.4.

Investment properties are required to be analysed by level depending on the valuation method adopted, in accordance with IFRS 13 Fair Value Measurement:

Level 1: valuation based on quoted market prices traded in active markets

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data.

All investment property held by the Group is classified as Level 3 and there have been no transfers between levels of the fair value hierarchy during the year.

The key assumptions made in the valuation of the Group's development land at Wembley are:

- future development costs including construction cost inflation;
- future residential rental values including residential rental growth rates and operating costs;
- for non-residential elements future rental values, operating income and costs;
- the implementation strategy for the relevant plots;
- the timing and conditions of planning consent; and
- the developer's profit.

Notes to the accounts
continued**Section 3: Property assets, joint ventures and associates continued****3.1 Investment properties continued**

The following table shows the valuation technique in measuring the fair value of development land at Wembley, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair value is derived from the estimated future rental income and residential capital values (in line with the external growth forecasts) from which are deducted future costs comprising base construction, infrastructure and future planning obligations to produce a residual value. This is then cross checked against relevant land sale transactions on a per acre basis, residential land sales rates per sq. ft and land value as a percentage of Gross Development Value ("GDV").	Value of Wembley development land £1,156.8m (2017: £599.1m)	The estimated fair value would increase if:
	Expected average private rental price inflation 3.75% (2017: 3.5%)	Average private residential rental inflation was higher
	Expected average private residential build cost inflation 2.0% (2017: 2.5%)	Average private residential build cost inflation was lower
	Private capital value; £772 to £858 (2017: £670 to £762) per sq. ft NIA.	Private capital value was higher
	Private residential direct build cost; £101 to £510 (2017: £129 to £441) per sq. ft NIA.	Private residential direct build costs were lower
	Future site-wide costs £127.4m (2017: £217.7m)	Future site-wide costs are reduced
	Developer's profit 8.8% (2017: 15.0%)	Developer's profit is reduced

The following table shows a sensitivity analysis of the impact on the valuation of development land at 31 December 2018 of changes in significant inputs, which in the opinion of the Directors, have the greatest estimation uncertainty and/or impact on valuations:

Significant unobservable inputs	Movement	£m
Expected average rental price inflation	Increase of 0.5%	22.2
	Decrease of 0.5%	(20.9)
Developer's profit	Increase of 2.5%	(21.2)
	Decrease of 2.5%	30.5
Yield	Increase of 0.25%	(118.3)
	Decrease of 0.25%	135.1

Notes to the accounts
continued**Section 3: Property assets, joint ventures and associates continued****3.1 Investment properties continued**

The key assumptions made in the valuation of the Group's investment properties are:

- the amount and timing of future income streams;
- anticipated maintenance costs and other landlord's liabilities; and
- an appropriate yield.

The following table shows the valuation technique in measuring the fair value of the Wembley investment assets, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The valuations reflect the tenancy data gathered by the Group along with associated revenue costs and capital expenditure. The fair value of the residential and commercial investment portfolio has been derived from capitalising the future estimated net income receipts at capitalisation rates reflected by recent arm's length sales transactions and indicative offers on assets in the market.	Value of Wembley PRS assets £303.8m (2017: £121.4m)	The estimated fair value would increase if there was:
	Gross ERV: £14.1m (2017: 6.2m)	An increase in the Gross ERV
	Net Initial Yield: 2.9% (2.1%-3.3%) (2017: 2.7% (2.1% - 3.2%)).	A decrease in the Net Initial Yield
	Exit yield: 3.25% (2017: 3.5%)	A decrease in life discount rate
	Value of Wembley retail and other assets £241.1m (2017: £245.1m)	
	Gross ERV: £13.0m (2017: £13.0m)	An increase in the Gross ERV
	Net Initial Yield: 3.5% (-4.3%-7.0%) (2017: 3.6% (-2.0% - 7.0%)).	A decrease in the Net Initial Yield
	Exit yield: 5.5% (2017: 5.5%)	A decrease in life discount rate

The relationship between the unobservable inputs and their impact on the fair value measurement is not certain. Changes to the tenancies and/or income profile of an investment asset may also impact the fair value outside one or more of the above inter-relationships according to individual circumstances.

The Group's properties were valued as at 31 December 2018 by the Directors. Such valuations are carried out each period end.

A reconciliation of the valuations carried out by the Directors to the carrying values shown in the Balance Sheet was as follows:

	2018 £m	2017 £m
Investment properties at market value	1,701.7	959.1
Adjustment in respect of rent-free periods and other tenant incentives	(8.5)	(10.3)
Adjustment in respect of minimum payment under head leases separately included as a liability in the Consolidated Balance Sheet	3.3	1.7
As shown in the Consolidated Balance Sheet	1,696.5	950.5

3.2 Capital commitments

As at 31 December 2018, the Group had capital commitments of £560.3m (2017: £603.9m) in relation to development properties. Of this £422.0m (2017: £407.2m) is due within one year.

Notes to the accounts
continued**Section 3: Property assets, joint ventures and associates continued****3.3 Investments in joint ventures and associates****Accounting policy**

A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. An associate is an entity in which the Group has significant influence but not control over financial and operating policies. The Group equity accounts for its share of net profit after tax of its joint ventures and associates through the Consolidated Income Statement. The Group's interest in the net assets of joint ventures and associates is included in the Consolidated Balance Sheet.

Where an asset is transferred to an existing joint venture or the Group disposes of an interest in a subsidiary to a joint venture, the Group recognises a share of the profit equivalent to the interest it has sold to an external party. All such transactions occur at fair value.

a) The Group's interest in its joint ventures as at 31 December 2018 was as follows:

	% of ownership	Country of incorporation	Joint venture partners
BPQW LLP ('Boxpark')	50.00	United Kingdom	Boxpark
Quantum Unit Trust ('Quantum')	50.00	Channel Islands	Aviva
Crest Nicholson BioRegional Quintain LLP ('OneBrighton')	50.00	United Kingdom	Crest Nicholson

The Group's interest in its associates at 31 December 2018 was as follows:

	% of ownership	Country of incorporation	Other members
Aqua Trust ('Aqua')	50.00	United Kingdom	Aviva

b) The movement in investment in joint ventures was as follows:

	2018 £m	2017 £m
Opening balance	0.4	20.4
Additions	0.5	0.1
Acquired by the Group	-	(19.0)
Loans advanced	3.6	-
Repayment of loans	(3.6)	-
Distributions	-	(0.7)
Provisions released	-	(0.2)
Share of loss, net of tax	(0.3)	(0.2)
Closing balance	0.6	0.4

Notes to the accounts
continued

Section 3: Property assets, joint ventures and associates continued

3.3 Investments in joint ventures and associates continued

The movements in investment in associates were as follows:

	2018 £m	2017 £m
Opening balance	4.9	4.5
Share of profit, net of tax	0.3	0.4
Closing balance	5.2	4.9

c) The summarised results of its joint venture operations was as follows:

Summarised income statements for the year ended 31 December 2018

	Boxpark 100% £m	Quantum 100% £m	Group share of joint ventures 50% £m
Revenue	0.4	-	0.2
Cost of sales	(0.8)	-	(0.4)
Gross loss	(0.4)	-	(0.2)
Administrative Expenses	(0.2)	-	(0.1)
Operating loss	(0.6)	-	(0.3)
Finance income	-	-	-
Loss before tax	(0.6)	-	(0.3)
Tax	-	-	-
Loss after tax and total comprehensive income	(0.6)	-	(0.3)

Summarised balance sheets as at 31 December 2018

	Boxpark 100% £m	Quantum 100% £m	Group share of joint ventures 50% £m
Tangible fixed assets	6.6	-	3.3
Current assets:			
Cash and cash equivalents	0.9	0.6	0.7
Other assets	1.2	-	0.6
Total assets	8.7	0.6	4.6
Current liabilities:			
Trade and other payables	(2.6)	-	(1.3)
Non-current liabilities			
Non-current financial liabilities	(5.5)	-	(2.7)
Net assets	0.6	0.6	0.6

The summarised balance sheet for the Group's associate is not presented as it is immaterial. The share of profit in associates consisted solely of an uplift in the value of the Aqua portfolio and associated deferred tax.

Notes to the accounts
continued

Section 3: Property assets, joint ventures and associates continued

3.3 Investments in joint ventures and associates continued

Summarised income statements for the period ended 31 December 2017

	Boxpark	Quantum	Group share of joint ventures
	100%	100%	50%
	£m	£m	£m
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit/(loss)	-	-	-
Administrative Expenses	(0.2)	(0.2)	(0.2)
Operating loss	(0.2)	(0.2)	(0.2)
Finance income	-	-	-
Loss before tax	(0.2)	(0.2)	(0.2)
Tax	-	-	-
Loss after tax and total comprehensive income	(0.2)	(0.2)	(0.2)

Summarised balance sheets as at 31 December 2017

	Boxpark	Quantum	Group share of joint ventures
	100%	100%	50%
	£m	£m	£m
Current assets:			
Cash and cash equivalents	-	0.4	0.2
Other assets	0.2	0.2	0.2
Total assets	0.2	0.6	0.4
Net assets	0.2	0.6	0.4

Notes to the accounts
continued**Section 4: Other assets and liabilities****4.1 Non-current receivables****Accounting policy**

Non-current receivables comprise loans and receivables due in more than one year and long term investments in property related structures where the Group does not have control or significant influence. Loans and receivables are held at amortised cost using the effective interest rate method. Property related investments are designated as Fair Value through the P &L, shown at fair value. Adjustments to fair value are recognised in other comprehensive income except for impairments which are reflected in the Consolidated Income Statement.

Impairment

The carrying values of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication becomes evident, the asset's recoverable amount is estimated and an impairment loss recognised in the Consolidated Income Statement whenever the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less sale costs and its value-in-use. The value-in-use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The movement in other non-current receivables was as follows:

	2018			2017		
	Loans and receivables	Investments at fair value	Total	Loans and receivables	Investments at fair value	Total
	£m	£m	£m	£m	£m	£m
Opening balance	2.3	1.7	4.0	2.6	14.7	17.3
Disposals	-	(0.8)	(0.8)	-	(12.9)	(12.9)
Revaluation deficit	-	-	-	-	(0.1)	(0.1)
Return of capital	(0.7)	-	(0.7)	(0.3)	-	(0.3)
Closing balance	1.6	0.9	2.5	2.3	1.7	4.0

4.2 Current trade and other receivables**Accounting policy**

Trade and other receivables are recognised at amortised cost. Trade and other receivables are stated at amortised cost less allowance for credit losses/impairment of bad debts. The loss allowance is measured at an amount equal to lifetime expected credit losses (ECLs), which are those losses that are expected to occur over the expected life of the receivables. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

	2018 £m	2017 £m
Trade receivables	4.1	7.7
Amounts due from related parties	1.0	1.0
Other receivables	16.9	8.6
Trade and other receivables	22.0	17.3
Prepayments and accrued income	7.9	11.8
Fair value of derivative caps	0.6	1.0
	30.5	30.1

Notes to the accounts
continued

Section 4: Other assets and liabilities continued

4.2 Current trade and other receivables continued

The ageing of trade and other receivables was as follows:

	2018			2017		
	Gross £m	Impairment £m	Net £m	Gross £m	Impairment £m	Net £m
Trade and other receivables:						
Not past due	21.1	-	21.1	13.5	-	13.5
Past due less than one month	0.1	-	0.1	2.0	-	2.0
Past due one to three months	0.1	-	0.1	0.8	-	0.8
Past due three to six months	0.2	-	0.2	0.2	-	0.2
Past due over six months	0.6	(0.1)	0.5	0.8	-	0.8
	22.1	(0.1)	22.0	17.3	-	17.3

The following amounts due from related parties, which are unsecured, are included in trade and other receivables:

	2018 £m	2017 £m
Quintain Bailey Holdings Limited	1.0	1.0
	1.0	1.0

4.3 Credit risk

The Group's exposure to credit risk arises from potential financial loss if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. The credit rating of counterparties to financial instruments is kept under review, particularly in the light of the current economic climate.

The Group's activities are focused exclusively in the United Kingdom and the Channel Islands. Within this geographical area, its exposure to credit risk arising from trade and other receivables is influenced by the individual characteristics of each tenant and debtor.

The Group operates a policy whereby the creditworthiness of each tenant is assessed prior to lease or pre-lease terms being agreed. The process includes seeking external ratings where available and reviewing financial information in the public domain. In certain cases, the Group will require collateral to support these lease obligations. This usually takes the form of a rent deposit, parent company guarantee or a bank guarantee.

Commercial rent collection is outsourced to managing agents who report regularly on payment performance and provide the Group with intelligence on the continuing financial viability of tenants. Arrears are monitored on a weekly basis by the internal property management teams and a strategy for dealing with significant potential defaults is presented on a timely basis by the property managers. Outstanding tenant balances are reviewed on a quarterly basis for impairment with no further charge being made in the current year.

The Group's maximum exposure to the credit risk arising from non-current and current receivables amounts to £22.6m (2017: £19.6m). The Board does not believe there is a significant credit risk in respect of those financial assets that are not yet due and not impaired.

Notes to the accounts
continued

Section 4: Other assets and liabilities continued

4.4 Current trade and other payables

Accounting policy

Non-derivative trade and other payables are non-interest bearing and are recognised at amortised cost.

	2018 £m	2017 £m
Trade payables	0.7	5.6
Other payables	1.5	1.9
Accruals	59.0	38.3
Deferred income	4.8	5.4
Interest rate swaps at fair value	0.3	0.7
	66.3	51.9

4.5 Trading properties

Accounting policy

Trading properties are properties acquired or developed and held for sale and are shown at the lower of cost or net realisable value. The cost of trading properties are those costs directly associated with the acquisition and development of a specific site. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

Sales of trading properties are recognised in the accounts on the date of unconditional exchange or where an exchange is conditional, on the date that conditions have been satisfied and where there is a confirmed date for completion.

	2018 £m	2017 £m
Opening balance	39.9	6.3
Acquired in business combinations	-	88.0
Additions	-	29.8
Interest capitalised	-	2.7
Disposals	(23.3)	(86.9)
Closing balance	16.6	39.9

Notes to the accounts
continued

Section 5: Funding

5.1 Bank loans and other borrowings

Accounting policy – interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest rate basis.

	2018 £m	2017 £m
Current liabilities:		
Bank overdrafts	10.2	-
Alto facility – acquired in business combinations	-	20.8
Non-current liabilities:		
Group Development Facility	460.0	316.3
Emerald Gardens BtR facility	38.4	38.4
Alto BtR facility	35.3	-
Homes England facility	15.1	(0.9)
W06 facility	47.1	-
Parent company loan	582.0	459.2
Mezzanine loan through parent company	200.7	140.4
	1,378.6	953.4
	1,388.8	974.2
Represented by:		
Bank and other loans	1,400.9	987.5
Unamortised borrowing costs	(12.1)	(13.3)
	1,388.8	974.2

Following the acquisition of Quintain, the Group repaid and cancelled all external loan facilities and the bond held by Quintain or its subsidiaries at the date of acquisition. On 28 October 2016 the Bridge Facility held with Wells Fargo was repaid and replaced by a new £740m Group Development Facility with the potential for a further £60m extension which was exercised on 14 March 2017. Senior debt of £500m was taken with Wells Fargo and AIG Asset Management (Europe) Limited. A mezzanine facility of £240m was also put in place by a parent entity, Quintain Finance Limited, with Canada Pension Plan Investment Board, with the debt available to the Group through intercompany borrowing. The parent company loan is a £900m facility, expiring in 2022. On 20 June 2017 the charging of interest at 10% on this loan was cancelled resulting in a fair value adjustment of £299.6m being recognised in the Consolidated Statement of Changes in Equity. This fair value adjustment is amortised through the Consolidated Income Statement over the length of the facility. Additional drawdowns on this facility during 2018 have resulted in equivalent fair value adjustments of £34.9m. On 21 February 2018 the Group signed a £38.4m BtR refinancing facility with TH Real Estate, expiring in April 2023.

As part of the purchase of the Alto joint venture in 2017, the entity's existing £58.6m loan was acquired. By the year end all of this loan had been repaid.

On 23 January 2018 the Group signed a £106.6m facility with Cheyne Real Estate for the development of the W06 plot, expiring in December 2020.

Notes to the accounts
Continued

Section 5: Funding continued

5.1 Bank loans and other borrowings continued

The maturity profile of the Group's debt was as follows:

	2018 Drawn debt £m	2018 Undrawn facilities £m	2017 Drawn debt £m	2017 Undrawn facilities £m
Within one year	10.2	9.8	20.9	20.0
From one to two years	-	-	-	-
From two to three years	714.0	192.5	-	-
From three to five years	896.5	106.9	1,191.5	664.8
After five years	39.4	-	39.4	-
	1,660.1⁽¹⁾	309.2	1,251.8	684.8

(1) Includes the parent company loan at a face value of £841.7m

The cash interest rate profile of the Group's debt before interest rate swap arrangements at the Balance Sheet date was as follows:

Percent	2018 £m	2017 £m
0.0	582.0	459.2
2.0 – 3.0	75.1	39.4
3.0 – 4.0	468.3	348.5
4.0 – 5.0	10.2	-
5.0 – 6.0	48.2	-
6.0 – 7.0	16.4	-
7.0 +	200.7	140.4
	1,400.9	987.5

After taking account of interest rate swap arrangements, the risk profile of the Group's borrowings was as follows:

	2018				2017			
	Fixed	Capped	Unhedged	Total	Fixed	Capped	Unhedged	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Sterling	682.0	198.0	520.9	1,400.9	584.2	40.0	363.3	987.5

The weighted average interest rate and the weighted average period of the Group's fixed rate debt were as follows:

	2018 %	2018 years	2017 %	2017 years
Sterling	7.3	1	6.8	2

Notes to the accounts
continued

Section 5: Funding continued

Changes in liabilities from financing activities

	Derivatives used for hedging the liabilities from financing activities			
	Loans and borrowings	Finance lease liabilities	Assets	Liabilities
	£000	£000	£000	£000
Balance as at 1 January 2017	1,155.3	0.5	2.4	3.6
Proceeds from loans and borrowings	73.7	-	-	-
Repayment of borrowings	(65.1)	-	-	-
Capitalised borrowing costs	(2.0)	-	-	-
Payment of finance lease liabilities	-	(0.1)	-	-
Total changes from financing cash flows	6.6	(0.1)	-	-
Changes in fair value	(299.6)	-	(1.4)	(2.5)
New finance leases	-	1.2	-	-
Acquired in business combinations	58.6	-	-	-
Interest capitalised into loan principal	26.3	-	-	-
Amortisation of capitalised borrowing costs	2.8	-	-	-
Unwinding fair value adjustment on parent company loan	24.2	-	-	-
Interest expense	-	0.1	-	-
Total other changes	111.9	1.3	-	-
Balance at 1 January 2018	974.2	1.7	1.0	1.1
Proceeds from loans and borrowings	404.5	-	-	-
Repayment of borrowings	(20.9)	-	-	-
Payment of finance lease liabilities	-	(0.1)	-	-
Capitalised borrowing costs	(3.3)	-	-	-
Total changes from financing cash flows	380.3	(0.1)	-	-
Changes in fair value	(34.9)	-	(0.4)	(0.8)
New finance leases	-	1.6	-	-
Amortisation of capitalised borrowing costs	4.4	-	-	-
Interest expense	49.9	0.1	-	-
Interest added to loans	4.7	-	-	-
Total other changes	59.0	1.7	-	-
Balance at 31 December 2018	1,378.6	3.3	0.6	0.3

Notes to the accounts
continued

Section 5: Funding continued

5.2 Maturity of contractual cash flows of financial liabilities

As at 31 December 2018	Bank loans including interest	Trade and other payables	Interest rate swaps	Obligations under finance leases	Non-current liabilities: Other creditors	Total
	£m	£m	£m	£m	£m	£m
Within one year	46.0	2.2	0.3	0.1	-	48.6
From one to two years	35.9	-	-	0.1	-	36.0
From two to five years	1,627.0	-	-	0.2	-	1,627.2
From five to 25 years	58.1	-	-	1.9	-	60.0
After 25 years	-	-	-	24.1	-	24.1
	1,767.0	2.2	0.3	26.4	-	1,795.9

As at 31 December 2017	Bank loans including interest	Trade and other payables	Interest rate swaps	Obligations under finance leases	Non-current liabilities: Other creditors	Total
	£m	£m	£m	£m	£m	£m
Within one year	42.8	7.5	0.7	-	-	51.0
From one to two years	22.0	-	0.4	-	-	22.4
From two to five years	1,244.0	-	-	0.2	0.1	1,244.3
From five to 25 years	42.1	-	-	1.1	-	43.2
After 25 years	-	-	-	12.8	-	12.8
	1,350.9	7.5	1.1	14.1	0.1	1,373.7

As at 31 December 2018 the fair values of the Group's financial assets and liabilities were materially equal to their book values.

The 2017 figures for bank loans have been restated to include future interest cash flows.

5.3 Financial instruments

Accounting policy
Derivative financial instruments
The Group uses derivative financial instruments to manage its interest rate risk. These financial instruments are recognised initially at fair value and subsequently re-measured at fair value.

i) Interest rate swaps

As at 31 December 2018, the maturity profile of the Group's interest rate swaps, which were not designated as hedging instruments with therefore all fair value movements taken to the Consolidated Income Statement, was as follows:

	2018 £m	2017 £m
Within one year	100.0	25.0
From one to two years	-	100.0
From two to five years	-	-
	100.0	125.0

The weighted average contract rate was 1.18% (2017: 1.18%).

Notes to the accounts
continued

Section 5: Funding continued

5.3 Financial instruments continued

ii) Interest rate caps

As at 31 December 2018, the maturity profile of the Group's interest rate caps, which were not designated as hedging instruments with all fair value movements therefore taken to the Consolidated Income Statement, was as follows:

	2018 £m	2017 £m
Within one year	-	-
From one to two years	-	40.0
From two to five years	198.0	-
	198.0	40.0

The weighted average contract rate was 1.6% (2017: 1.5%).

5.4 Financial risk factors

The Group is exposed to the following types of risk from its use of financial instruments:

Credit risk (see note 4.3)
Liquidity risk
Market risk

This note presents information about the nature of the Group's exposure, its objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework as described in the Risk Management section of the Annual Report.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as these fall due.

Cash levels are monitored to ensure sufficient resources are available to meet the Group's operational requirements. The Group has a £20m overdraft facility to manage day to day cash movements. Surplus cash is used to reduce the overdraft.

The Group's policy is to finance its activities using equity, debt financing from the parent and medium term external debt, the proportions depending on the profile of the operational and financial risks to the business.

Notes to the accounts
Continued

Section 5: Funding continued

5.4 Financial risk factors continued

Market risk

In relation to the Group, market risk arises mainly from the impact that changes in interest rates might have on the Group's cost of borrowing. Excluding amortisation of arrangement fees, the weighted average rate of interest relating to the Group's debt as at 31 December 2018 was 7.3% (2017: 6.8%).

The Group does not speculate in treasury products and only uses these to limit the impact of potential interest rate fluctuations. For borrowings at floating rates of interest, financial instruments are used to hedge the exposure to interest rate fluctuations. As at 31 December 2018 62.8% (2017: 63.2%) of the Group's net debt was fixed or covered by interest rate swaps and caps. Further information on the Group's financial instruments is given in note 5.3.

As at the year end, the fair values of the Group's outstanding derivative financial instruments, as shown in note 4.4 and caps in note 4.2, have been estimated by Wells Fargo Securities International Limited, by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13, 'Fair Value Measurements'. The investments held at fair value as presented in note 4.1 consist of investments where quoted prices are available but in markets that are not considered active; therefore these are considered Level 3 fair value measurements. All other financial liabilities and assets are deemed to be Level 3.

The corporate debt facility has a 57.14% LTV covenant which must be met. As at 31 December 2018 the LTV was 32.8% on the senior debt and 46.8% on the mezzanine (2017: 33.5% senior, 49.0% mezzanine). There is also a requirement to maintain income generating assets and before any drawdown the Group must satisfy an ongoing liquidity test to demonstrate that the Group can fund all projects where the main contract has been placed. The BtR debt facilities have LTV covenants and a debt service cover ratio which must be complied with. The Homes England debt has loan to infrastructure cost, loan to GDV and debt to value covenants. The W06 facility has an LTV covenant. All debt covenants have been complied with throughout the year.

Capital management

The Board's policy is to maintain a strong capital base to sustain the future development of the business. Capital consists of ordinary shares, parent company loans, other capital reserves and retained earnings.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements other than those referred to above in connection with the Group's financing arrangements.

5.5 Share capital

Allotted, called up and fully paid:

In issue as at 1 January 2017, 1 January 2018 and 31 December 2018

Number of Ordinary shares	Nominal value £
2	2

Notes to the accounts
continued

Section 6: Staff costs, key management and employee benefits

6.1 Staff costs and numbers

Staff costs are included in both cost of sales and administrative expenses. Gross staff costs were as follows:

	2018 £m	2017 £m
Wages and salaries	15.2	13.4
Social security costs	2.0	1.7
Pension costs	0.7	0.8
Employment termination costs	0.1	0.4
Other employment costs	0.8	0.8
	18.8	17.1
Cost of sales	3.7	3.1
Administrative expenses	15.1	14.0
	18.8	17.1

Contributions to employees' personal pension plans are charged to the Consolidated Income Statement as incurred.

The average number of persons employed by the Group during the year was as follows:

	2018	2017
Total	116	107

Staff are allocated between cost of sales and administrative expenses as follows:

	2018	2017
Cost of sales	50	34
Administrative expenses	66	73
	116	107

6.2 Directors' remuneration

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the applicable categories specified in IAS 24, 'Related Party Disclosures'.

	2018 £m	2017 £m
Short-term employee benefits	2.3	1.9
Post-employment benefits	0.1	0.1
Directors' remuneration included in administrative expenses (note 2.2)	2.4	2.0

The members of the Board are the only key management personnel as defined under IAS 24.

Notes to the accounts
continued

Section 7: Company financial statements

7.1 Company income statement

For the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Revenue		-	90.5
Cost of sales		-	-
Gross profit		-	90.5
Administrative expenses	7.7	-	(1.7)
Operating profit		-	88.8
Write back/(impairment) of investment	7.9	182.6	(132.7)
Finance income	7.8	57.0	33.9
Finance expenses	7.8	(94.1)	(92.2)
Profit/(loss) before tax		145.5	(102.2)
Tax charge for the period		-	-
Profit/(loss) from continuing operations		145.5	(102.2)
Profit/(loss) for the financial year		145.5	(102.2)

The notes on pages 54 to 61 are an integral part of these financial statements.

Notes to the accounts
continued

Section 7: Company financial statements continued

7.2 Company balance sheet

As at 31 December 2018	Notes	2018 £m	2017 £m
Non-current assets			
Fixed asset investments	7.9	745.1	562.5
		<u>745.1</u>	<u>562.5</u>
Current assets			
Debtors	7.10	739.5	384.0
Cash at bank and in hand		-	24.9
		<u>739.5</u>	<u>408.9</u>
Creditors: amounts falling due within one year	7.11	(9.9)	(3.9)
Net current assets		<u>729.6</u>	<u>405.0</u>
Total assets less current liabilities		<u>1,474.7</u>	<u>967.5</u>
Creditors: amounts falling due after more than one year	7.12	(1,242.7)	(915.9)
Net assets		<u>232.0</u>	<u>51.6</u>
Capital and reserves			
Called up share capital	7.15	-	-
Share premium account		1.0	1.0
Profit and loss account		(103.5)	(249.0)
Fair value reserve		334.5	299.6
Shareholder's funds		<u>232.0</u>	<u>51.6</u>

The notes on pages 54 to 61 are an integral part of these financial statements.

Approved by the Board of Directors on 16 April 2019 and signed on its behalf by:



ANGUS DODD
Director

UK Establishment number: BR018903
Company number: 119100

Notes to the accounts
continued

Section 7: Company financial statements continued

7.3 Company statement of changes in equity

For the year ended 31 December 2018

	Share capital £m	Share premium £m	Fair value reserve £m	Retained earnings £m	Equity shareholders' funds £m
Balance 1 January 2018	-	1.0	299.6	(249.0)	51.6
Profit for the year	-	-	-	145.5	145.5
Total comprehensive income for the period	-	-	-	145.5	145.5
Fair value adjustment of parent company loan note	-	-	34.9	-	34.9
Balance as at 31 December 2018	-	1.0	334.5	(103.5)	232.0

	Share capital £m	Share premium £m	Fair value reserve £m	Retained earnings £m	Equity shareholders' funds £m
Balance 1 January 2017	-	1.0	-	(146.8)	(145.8)
Loss for the year	-	-	-	(102.2)	(102.2)
Total comprehensive income for the period	-	-	-	(102.2)	(102.2)
Fair value adjustment of parent company loan note	-	-	299.6	-	299.6
Balance as at 31 December 2017	-	1.0	299.6	(249.0)	51.6

7.4 Company Statement of Other Comprehensive Income

For the year ended 31 December 2018

	2018 £m	2017 £m
Profit/(loss) for the financial year	145.5	(102.2)
Total comprehensive income/(loss) for the year	145.5	(102.2)

All other comprehensive income may be reclassified as profit and loss in the future.

The notes on pages 54 to 61 are an integral part of these financial statements.

Notes to the accounts
continued

Section 7: Company financial statements continued

7.5 Profit for the year

Amounts paid to the Company's auditor in respect of the services to the Company, other than as the auditor of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in note 2.6 of the Group financial statements.

The Company had no employees in the year (2017: none).

7.6 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

i) Basis of preparation

The company financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except that other fixed asset investments and derivative financial instruments have been stated at fair value. They have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements are presented in Sterling.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Comparative period reconciliation of Share Capital

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The adoption of IFRS 9 and 15 has had no material impact on the financial statements.

ii) Going concern

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will continue to meet its liabilities as these fall due. As the Company is party to the loan arrangements of the Group similar risks and uncertainties apply and therefore the going concern paragraphs in section 1.2 of the Group financial statements are equally relevant to the Company.

iii) Investments

Investments in subsidiaries, joint ventures and associates are held in the Company balance sheet at cost and reviewed for impairment.

Other investments are shown at fair value. Revaluation movements are recognised through other comprehensive income, unless the investment is impaired and revaluation movements are recognised in the income statement.

iv) Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Notes to the accounts
Continued

Section 7: Company financial statements continued

7.6 Accounting policies continued

v) Revenue

Revenue represents dividend income from investments. Dividend income is recognised when the right to receive payment is established.

vi) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, for all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable.

vii) Financial instruments

Debtors

Debtors are recognised at invoiced values less provisions for impairment. The Company measures impairments at an amount equal to lifetime expected credit losses (ECL). The only material debtors held by the Company are from other Group entities and are repayable on demand. Therefore the current financial position of the subsidiary is integral in determining the ECL.

Cash at bank and in hand

Cash at bank and in hand consists of cash in hand, deposits with banks and other short term, highly liquid investments with original maturities of three months or less.

Creditors: amounts falling due within one year

Creditors due within one year are non-interest bearing and are recognised at invoiced amounts.

Creditors: amounts falling due after more than one year

These creditors consist of interest bearing borrowings, which are recognised initially at fair value less attributable transaction costs. Borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

viii) Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of obligations of its subsidiaries, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the guarantor will be required to make payments under the guarantee.

Notes to the accounts
continued

Section 7: Company financial statements continued

7.7 Administrative expenses

	2018 £m	2017 £m
Impairment of intercompany balances	-	1.7
	-	1.7

7.8 Net finance expenses

	2018 £m	2017 £m
Interest on bank debt and associated swaps	36.5	31.4
Interest on parent entity debt	49.8	51.1
Interest paid on balances with group undertakings	7.8	9.7
	94.1	92.2
Interest received on balances with group undertakings	(57.0)	(33.9)
Net finance expenses	37.1	58.3

7.9 Fixed asset investments

	2018 £m	2017 £m
Cost		
Brought forward	562.5	695.2
Impairment write back/(charge)	182.6	(132.7)
Balance at 31 December 2018	745.1	562.5

All investments are held at cost less any impairments to date.

Notes to the accounts
continued

Section 7: Company financial statements continued

7.9 Fixed asset investments continued

i) Subsidiaries

	Principal activity	% of share capital held by: Company	Subsidiary
Incorporated in the United Kingdom:			
Basepraise Limited	Investment holding		100%
BQL Limited	Dormant		100%
BQL Brighton Limited	Dormant		100%
BQL (Gallions Limited)	Dormant		100%
BQL (Middlesbrough) Limited	Dormant		100%
Cherry Tree Investments Wembley Limited	Dormant		100%
Chesterfield Investments (No.5) Limited	Property investment		100%
Chesterfield (No.40) Limited	Dormant		100%
Chesterfield (No.41) Limited	Dormant		100%
Chesterfield Properties Limited	Property investment		100%
Chestergrove Limited	Dormant		100%
Croydon Land (Holdings) Limited	Investment holding		100%
Croydon Land No.2 Limited	Dormant		100%
Disknote Limited	Dormant		100%
English & Overseas Investments Limited	Investment holding		100%
English & Overseas Properties Limited	Investment holding		100%
Epic Commercial Properties Limited	Dormant		100%
Estates Property Investment Company (Holdings) Limited	Dormant		100%
Estates Property Investment Company Limited	Dormant		100%
Factory Holdings Group Limited	Dormant		100%
Flatplate Limited	Investment holding		100%
Fulton Road Limited	Property investment		100%
Gideon 1 Limited	Dormant		100%
Gideon 2 Limited	Dormant		100%
Gideon 3 Limited	Dormant		100%
Gideon 4 Limited	Dormant		100%
Giltvote Limited	Dormant		100%
GPRL GP Retail Limited	Dormant		100%
HHW Hotel 2 Limited	Dormant		100%
Letterbag Limited	Property investment		100%
Listed Offices Limited	Property investment		100%
London Designer Outlet Limited Partnership	Property investment		100%
One Russell Road Limited	Property investment		100%
Orderthread Limited	Dormant		100%
Permitobtain Limited	Property investment		100%
Portman Lime Tree Limited	Property investment		100%
QCC Holdings Limited	Investment holding		100%
QL Management Holdings Limited	Investment holding		100%
Qoin Limited	Property investment		100%
Quintain (Holdings) Limited	Investment holding		100%
Quintain (Juniper Close) Limited	Property investment		100%
Quintain (Kingston) Limited	Investment holding		100%
Quintain (Manchester) Limited	Property investment		100%
Quintain (No.18) Limited	Property investment		100%
Quintain (No.19) Limited	Dormant		100%
Quintain (Swansea) Limited	Investment holding		100%
Quintain (Wembley) Limited	Dormant		100%
Quintain (Wembley Retail Park) Limited	Property investment		100%
Quintain Limited	Investment holding	100%	
Quintain Alto Limited	Property investment		100%
Bailey Acquisitions Limited			

Notes to the accounts
continued

Section 7: Company financial statements continued

7.9 Fixed asset investments continued

i) Subsidiaries continued

	Principal activity	% of share capital held by: Company	Subsidiary
Quintain Alto Developments Limited	Property investment		100%
Quintain Alto Holdco Limited	Investment holding		100%
Quintain Alto Investor Limited	Investment holding		100%
Quintain Alto Investment Holdco Limited	Investment holding		100%
Quintain Alto Investment Company Limited	Investment holding		100%
Quintain Alto Residential Limited	Management		100%
Quintain Birmingham Limited	Investment holding		100%
Quintain City Park Gate Birmingham Limited	Property investment and trading		100%
Quintain Development Management Services Limited	Management		100%
Quintain DM Limited	Dormant		100%
Quintain Fund Management Limited	Dormant		100%
Quintain Investments (No. 2) Limited	Property investment		100%
Quintain Investments (04) Limited	Property investment		100%
Quintain Investments (Allen House) Limited	Asset Management		100%
Quintain LDO (No.1) Limited	Investment holding		100%
Quintain LDO (No.2) Limited	Investment holding		100%
Quintain LDO (General Partner) Limited	Investment holding		100%
Quintain LDO (Nominee) Limited	Investment holding		100%
Quintain London Limited	Property investment		100%
Quintain North West Lands Limited	Property investment		100%
Quintain NW01 Limited	Property investment		100%
Quintain NW01 Developments Limited	Property investment		100%
Quintain NW01 Holdco Limited	Investment holding		100%
Quintain NW01 Investment Holdco Limited	Investment holding		100%
Quintain NW01 Investment Company Limited	Investment holding		100%
Quintain NW01 Investor Limited	Investment holding		100%
Quintain Projects Limited	Development management		100%
Quintain Services Limited	Management		100%
Quintain W03 (Groundlease) Limited	Property investment		100%
Quintain W05 (Groundlease) Limited	Property investment		100%
Quintain W06 (Groundlease) Limited	Property investment		100%
Quintain W07 (Groundlease) Limited	Property investment		100%
Quintain W08 (Groundlease) Limited	Property investment		100%
Quintain W10 (Groundlease) Limited	Property investment		100%
Quintain Wembley (Holdings) Limited	Dormant		100%
Quintain Wembley Hotel Properties Limited	Dormant		100%
Quintain Wembley Hotel Trading Limited	Dormant		100%
Quintain Wembley Trading Estates Limited	Property investment		100%
Quintain Wembley W11 Limited	Property investment		100%
Quintessential Homes (Wembley) LLP	Property investment		100%
Quondam Estates Limited	Property investment		100%
Quondam Estates II Limited	Property investment		100%
Quondam Estates Investments Limited	Dormant		100%
Quondam Properties Limited	Investment holding		100%
Quo Vadis Estates Limited	Investment holding		100%
QW Asset Management Limited	Investment holding		100%
QWR Properties NW07 Limited	Property investment		100%
QWR Properties W03 Limited	Property investment		100%
South East Properties (Redhill) Limited	Dormant		100%
Timberlaine Limited	Property investment		100%

Notes to the accounts
continued

Section 7: Company financial statements continued

7.9 Fixed asset investments continued

i) Subsidiaries continued

	Principal activity	% of share capital held by: Company	Subsidiary
Tipi Homes Limited	Property management		100%
Tipi Properties Limited	Investment holding		100%
Tipi Properties Holdco Limited	Investment holding		100%
Tipi Properties NW01 Limited	Property investment		100%
Tipi Properties NW01 Finance Limited	Investment holding		100%
Tipi Properties NW01 Holdco Limited	Investment holding		100%
Tipi Properties NW01 Investments Limited	Investment holding		100%
Tipi Properties NW06 Limited	Property investment		100%
Tipi Properties NW06 Finance Limited	Investment holding		100%
Tipi Properties NW06 Holdco Limited	Investment holding		100%
Tipi Properties NW06 Investments Limited	Investment holding		100%
Two Gladstone Road Limited	Property investment		100%
Wembley (Red House) Limited	Property investment		100%
Wembley E03 Energy Investments Limited	Property investment		100%
Wembley E03 Investments Limited	Property investment		100%
Wembley E03 Parking Limited	Property investment		100%
Wembley E05 Investments Limited	Property investment		100%
Wembley E05 Parking Limited	Property investment		100%
Wembley Groundlease Limited	Property investment		100%
Wembley Infrastructure Finance Limited	Investment holding		100%
Wembley Infrastructure Holdings Limited	Investment holding		100%
Wembley NW07 Investments Limited	Property investment		100%
Wembley NW11 Investments Limited	Property investment		100%
Wembley Park Limited	Property investment		100%
Wembley Park Estate Management Company Limited	Management		100%
Wembley Park Parking Limited	Dormant		100%
Wembley Park Residential Limited	Management		100%
Wembley Retail Investments Limited	Property investment		100%
Wembley SE01 Investments Limited	Property investment		100%
Wembley W03 Investments Limited	Property investment		100%
Wembley W03 Retail Investments Limited	Property investment		100%
Wembley W06A Commercial Investments Limited	Property investment		100%
Wembley W06B Investments Limited	Property investment		100%
Wembley W06 Finance Holdings Limited	Property investment		100%
Wembley W06 Holdings Limited	Property investment		100%
Incorporated in Guernsey:			
Quintain (Guernsey) Limited	Property investment		100%

Notes to the accounts
continued

Section 7: Company financial statements continued

7.10 Debtors

	2018 £m	2017 £m
Amounts due from subsidiary undertakings	738.5	383.0
Amounts due from parent undertaking	1.0	1.0
	739.5	384.0

Amounts due from subsidiaries bear interest at variable rates and are repayable on demand.

7.11 Creditors: amounts falling due within one year

	2018 £m	2017 £m
Accruals and deferred income	-	3.9
Bank overdrafts	9.9	-
	9.9	3.9

7.12 Creditors: amounts falling after more than one year

	2018 £m	2017 £m
Group development facility	460.0	316.3
Parent company loan	582.0	459.2
Mezzanine loan through parent company	200.7	140.4
	1,242.7	915.9

7.13 Borrowings

	2018 £m	2017 £m
Due within one year	-	-
Between one and two years	-	-
Between two and five years	1,242.7	915.9
Greater than five years	-	-
	1,242.7	915.9

The Company's borrowings are secured by floating rate charges over the assets of its subsidiaries.

Notes to the accounts
continued

Section 7: Company financial statements continued

7.14 Financial assets and liabilities

All financial assets and liabilities have the same book value and fair value. Details of financial assets and liabilities are shown in section 4.

7.15 Share capital and reserves

Share capital

	Number of Ordinary shares	Nominal value £
Allotted, called up and fully paid:		
In issue as at 1 January 2017, 1 January 2018 and 31 December 2018	2	2

7.16 Related party disclosures

The Company has taken the exemption permitted in FRS 101 not to disclose transactions with its wholly owned subsidiaries.

7.17 Commitments

The Company had no material operating lease or other commitments at 31 December 2018.

7.18 Directors' benefits

Details of the directors' emoluments, pension contributions and entitlements to share options and rights are set out in Note 6.2.

7.19 Controlling party

The Company was incorporated as a subsidiary of LSREF IV Bailey Midco DAC, an investment vehicle indirectly controlled by Lone Star Real Estate Fund IV. On 20 October 2016, the Company was acquired by Bailey Acquisitions Holdings Limited, another investment vehicle indirectly controlled by Lone Star Real Estate Fund IV. The groups in which the results of the Company are consolidated are those headed by Bailey Acquisitions Limited and Quintain Finance Limited.