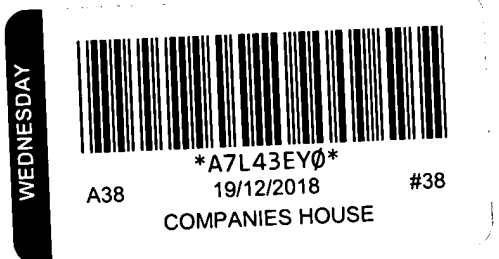


Partnership No. OC407432 (England and Wales)

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

PARTNERSHIP INFORMATION

Designated Members Stichting Depositary APG Strategic Real Estate Pool
DOOR S.L.P.
QD UK Holdings Limited Partnership

Members Kintyre Corp.
Qatari Diar Real Estate Investment Company Q.P.S.C.

Partnership number OC407432

Date of incorporation 23 March 2016

Registered office 6th Floor
Lansdowne House
Berkeley Square
London
W1J 6ER
United Kingdom

Auditors Ernst & Young LLP
1 More London Place
London
SE1 2AF

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

DESIGNATED MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Members present their report and financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Partnership is that of property investment and development.

Going concern

The financial statements have been prepared on a going concern basis. The Partnership has forecast its cash flows and consider there are sufficient funds to meet its liabilities as they fall due for a period of at least one year from the date of signing the financial statements.

The members have appointed a third party debt advisor to seek refinancing of the Murabaha loan facility on more beneficial terms than the existing arrangement. The members are confident that this will be in place before September 2019.

Principal risks and uncertainties and key performance indicators

In the opinion of the Members, the major risks faced by the business relate to fluctuations in the demand for residential lettings in London. The members believe that the quality of their property largely protects the Partnership from general movements in this market.

The Partnership's key performance indicators are:

	31 March 2018	31 March 2017
	£000	£000
Net assets	801,758	799,088
EPRA NAV	827,964	831,458

Designated members

The following Designated Members have held office since 1 April 2017:

DV4 Properties QDD Co. Limited (resigned 30 August 2018)
QD Triangle (East Village) Limited (resigned 30 August 2018)
Stichting Depositary APG Strategic Real Estate Pool
DOOR S.L.P. (appointed 30 August 2018)
QD UK Holdings Limited Partnership (appointed 30 August 2018)

Disclosure of information to auditors

The Designated Members who were members of the Partnership at the time of approving the Designated Members' report are shown above. Having made enquiries of the Partnership's auditors, the Designated Members confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of its report of which the auditors are not aware; and
- the Members have taken all the steps they may reasonably be expected to have taken to be aware of relevant audit information and to establish that the Partnership's auditors are aware of this information.

Auditors

Ernst & Young LLP were appointed auditors to the Partnership and a resolution proposing that they be reappointed will be put to the Annual General Meeting.

On behalf of the board



DOOR S.L.P.
James Gibbons
Designated Member

13 December 2018

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

STATEMENT OF DESIGNATED MEMBERS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2018

The Designated Members are responsible for preparing the Designated Members' report and financial statements in accordance with applicable United Kingdom law and regulations.

The Companies Act 2006 as applied by the Limited Liability Regulations 2008 requires the Designated Members to prepare financial statements for each financial year. Under the law the Designated Members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Designated Members 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 Partnership and of its profit and loss for that period.

In preparing these financial statements, the designated members are required to:

- select suitable and appropriate accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Designated Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships Regulations (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Principal activities

The principal activity of the Partnership in the year under review is the ownership and management of Build to Rent (BtR) properties in East Village London E20, and the ongoing management of BtR development opportunities, including acting as advisors on other development opportunities.

Review of business

The Group is now operating at a 'steady state' basis for its built units in East Village. At 31 March 2018, leases were agreed on 96% of the East Village portfolio, of which 78% were three year Assured Shorthold Tenancy (AST) Agreements.

Partnership revenue in the year ended 31 March 2018 was £40.3m (2017: £35.0m) of which £35.5m (2017: £35.0m) was rental income. Net assets of the Group are £801.8m (2017: £799.1m) on a GAAP basis and £828.0m (2017: £831.5m) on an EPRA basis.

The Members do not recommend a distribution of profit or repayment of shareholder loans.

As at 1 April 2017, QDD Athletes Village UK Limited (QDDAV) recognised control of the estate management company for East Village, East Village Management Limited (EVML). Due to QDDAV's increasing management influence over the operations of EVML, it has been determined that in addition to holding the majority shareholding, QDDAV also has control and power over the variable returns of EVML's operations, and therefore EVML has been consolidated into the Group.

Additionally, the maintenance service provided to private rental residents is now operated through the subsidiary Get Living London Limited from 1 April 2017, where previously this service was operated by EVML.

The subsidiary Get Living London Limited is also operating as agent for the Tribeca Square LLP entities in Elephant and Castle, with 278 student units and 374 BtR units.

Principal risks and financial risk management objectives and policies

The Partnership's activities expose it to a number of risks, both business and financial, principally the impact of changes in political policy regarding BtR homes, the potential impact of competition and interruptions due to development activities, and potential lack of customer satisfaction leading to levels of 'resident churn' at higher than anticipated rates. These risks are mitigated by management by ensuring regular communication to residents regarding developments, investment in marketing campaigns to ensure a clear and competitive market position, and by developing solid relationships with political policy groups to ensure the business maintains its strong position in the sector. Financial risks include interest risk, credit risk and liquidity risk. These risks are described further in note 19 to the financial statements.

Approved on behalf of the Board



For and on behalf of
DOOR S.L.P.
James Gibbons
Designated Member

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of East Village London LLP for the year ended 31 March 2018 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, LLP Income Statement and Statement of Comprehensive Income, Consolidated Statement of Financial Position, LLP Statement of Financial Position, Consolidated Statement of Changes in Equity, LLP Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland, and, as regards to the LLP financial statements, as applied in accordance with the requirements of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and LLP's affairs as at 31 March 2018 and of their loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime and take advantage of the small limited liability partnerships' exemption from the requirements to prepare a Strategic Report and take advantage of the small limited liability partnerships' exemption in preparing the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

FOR THE YEAR ENDED 31 MARCH 2018

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Designated Members' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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Daniel Saunders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 DECEMBER 2018

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £000	2017 £000
Rental income		35,494	35,001
Other income		4,831	-
Total income		40,325	35,001
Cost of Sales		(8,354)	(7,184)
Gross profit		31,971	27,817
Administrative expenses		(20,348)	(16,665)
Valuation loss on investment property	9	(7,010)	(8,777)
Operating profit	5	4,613	2,375
Finance income	6	-	22
Finance costs	7	(9,664)	(19,240)
Loss on ordinary activities before taxation		(5,051)	(16,843)
Taxation	8	(2,286)	12,714
Result for the financial period available for discretionary division among members		(7,337)	(4,129)
Attributable to:			
Members of the LLP		(7,352)	(4,129)
Non-controlling interests		15	-
Total comprehensive expense for the year		(7,337)	(4,129)

STATEMENT OF COMPREHENSIVE INCOME

The group has no comprehensive income other than the results for the period as set out above.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

		31 March 2018 £000	31 March 2017 £000
	Notes		
Non-current assets			
Investment property	9	1,276,500	1,191,800
Property, plant and equipment	11	3,849	6,320
Total non-current assets		1,280,349	1,198,120
Current assets			
Inventory	12	97	-
Trade and other receivables	13	5,142	2,666
Cash and cash equivalents - non-restricted	14	19,203	12,406
Cash and cash equivalents - restricted	14	7,677	3,941
Total current assets		32,119	19,013
Total assets		1,312,468	1,217,133
Current liabilities			
Trade and other payables	15	24,726	18,718
Non-current liabilities			
Long-term other payables	16	4,957	2,218
Loans and borrowings	17	454,821	364,739
Derivative financial instruments	18	5,108	13,558
Deferred tax liabilities	8	21,098	18,812
Total non-current liabilities		485,984	399,327
Total liabilities		510,710	418,045
Net assets		801,758	799,088
Represented by:			
Members' loan accounts - classified as equity	21	420,420	410,420
Attributable profit	21	381,316	388,668
Non-controlling interests	26	22	-
		801,758	799,088
Total Members' interests:			
Members' loan accounts - classified as equity	21	420,420	410,420
Attributable profit	21	381,316	388,668
Total Members' interests		801,736	799,088
Non-controlling interests	26	22	-
Total interests		801,758	799,088

The financial statements were approved by the Board on 13 December 2018



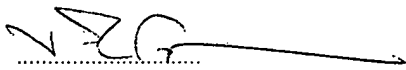
For and on behalf of
DOOR S.L.P.
James Gibbons
Designated Member

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

LLP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	31 March 2018 £000	31 March 2017 £000
Fixed assets			
Investment in subsidiary	10	790,920	780,920
Current assets			
Cash		-	-
Debtors:			
Amounts falling due within one year		-	-
Amounts falling due after one year		-	-
		-	-
Creditors: amounts falling due within one year		-	-
Net current assets		790,920	780,920
Creditors: amounts falling due after more than one year		-	-
Net assets attributable to Members		790,920	780,920
Represented by:			
Members' loan accounts - classified as equity	21	790,920	780,920
		790,920	780,920
Total Members' interests:			
Members' loan accounts - classified as equity	21	790,920	780,920
Amounts due to Members - distribution account	21	-	-
Attributable profit		-	-
		790,920	780,920

The financial statements were approved by the Board on 13 December 2018


For and on behalf of
DOOR S.L.P.
James Gibbons
Designated Member

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

GROUP AND LLP STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 2018

Group	Attributable to members of the parent		Total	Non-controlling interests	Total
	Members' loan accounts (classified as equity) £000	Attributable profit/(loss) £000			
At 1 April 2016	-	392,797	392,797	-	392,797
Loan notes from shareholders forgiven	370,420	-	370,420	-	370,420
Loss for the year	-	(4,129)	(4,129)	-	(4,129)
Capital introduced	40,000	-	40,000	-	40,000
As at 31 March 2017	410,420	388,668	799,088	-	799,088
Total comprehensive income/(expense) for the year	-	(7,352)	(7,352)	15	(7,337)
Capital introduced	10,000	-	10,000	-	10,000
Gain in control of subsidiary	-	-	-	7	7
As at 31 March 2018	420,420	381,316	801,736	22	801,758

LLP	Attributable to members of the parent		Total
	Members' Capital (classified as equity) £000	Attributable profit £000	
At 1 April 2016	-	-	-
Loan notes from shareholders forgiven	370,420	-	370,420
Contribution of shares of subsidiary	370,500	-	370,500
Capital introduced	40,000	-	40,000
As at 31 March 2017	780,920	-	780,920
Capital introduced	10,000	-	10,000
As at 31 March 2018	790,920	-	790,920

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

CONSOLIDATED CASH FLOW STATEMENT AT 31 MARCH 2018

	Notes	31 March 2018 £000	31 March 2017 £000
Operating activities			
Loss before taxation		(5,051)	(16,843)
<i>Adjustments to reconcile loss before taxation to net cash flows</i>			
Depreciation	11	3,767	3,551
Loss on disposal of fixed assets	5	-	4
Valuation loss on investment property	9	7,010	8,777
Finance income	6	-	(22)
Finance costs	7	9,664	19,240
Consolidation of EVML		(406)	-
<i>Working capital adjustments</i>			
- Inventory		(97)	-
- Trade and other receivables		(1,369)	1,357
- Trade and other payables		3,852	(6,929)
Net cash inflow from operating activities		17,370	9,135
Investing activities			
Purchase of property, plant and equipment	11	(875)	(1,520)
Development expenditure		(89,360)	(52,348)
Interest received		-	22
Increase in restricted cash		3,736	-
Net cash outflow from investing activities		(86,499)	(53,846)
Financing activities			
Partnership loan contribution from Members		10,000	40,000
Drawdown of Mezzanine Loan		47,420	17,560
Drawdown of Senior Loan		39,594	-
Loan and hedge fees		(186)	(3,691)
Profit paid on Murabaha loan		(16,589)	(16,544)
Interest rate swap losses		(398)	-
Other financing (costs)/income		(179)	149
Net cash inflow from financing activities		79,662	37,474
Net increase/(decrease) in cash and cash equivalents		10,533	(7,237)
Cash and cash equivalents at the start of the year		16,347	23,584
DOOR, S.L.P.	14	26,880	16,347

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

1 Accounting policies

1.1 Statement of compliance

East Village London LLP is a limited liability partnership, incorporated and domiciled in England and Wales.

The principal activity of East Village London LLP is that of property investment and development in the United Kingdom. Its registered office is at 6th Floor, Lansdowne House, Berkeley Square, London, W1J 6ER.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in July 2014.

1.2 Basis of preparation

The financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated. The financial statements have been prepared on an historical cost basis except for investment property and derivatives which are measured at fair value.

Going concern

The financial statements have been prepared on a going concern basis. The Partnership has forecast its cash flows and consider there are sufficient funds to meet its liabilities as they fall due for a period of at least one year from the date of signing the financial statements.

The members have appointed a third party debt advisor to seek refinancing of the Murabaha loan facility on more beneficial terms than the existing arrangement. The members are confident that this will be in place before September 2019.

Estimates

The preparation of financial statements in conformity with FRS 102 requires the use of critical judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates may not equal the related actual results.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes forming part of these financial statements as discussed below.

Fair value of investment property - estimate

The fair value of the Group's investment property is a key source of estimation uncertainty, however, in accordance with the accounting policy of the Group, investment property is revalued at each reporting date by the Directors after consideration of a third party assessment of the market value.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between willing buyer and seller in an arm's length transaction without compulsion. The Group considers the use of professional external valuers, in accordance with the RICS' Valuation Standards, Sixth Edition in the United Kingdom sufficient to reduce but not eliminate the uncertainty.

Refer to note 9 for more information.

Derivatives

The Group has entered financing facilities where the interest expense is based on LIBOR rates. This provides a key source of estimation uncertainty. However, the Group has entered derivatives to minimise the volatility of its exposure to these interest rate movements. The derivatives are valued at the reporting date by an external consultant using a discounted cash flow model and market information (see note 18).

Trade receivables

The Group must make judgements on the recoverability of its trade receivables at the reporting date. It continually assesses the aging profile and history of its receivables and has a policy of providing for impairment in trade receivables based on the age of the receivable.

Leases

The Group has entered into residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the residential property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the residential property, that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

1.3 Summary of significant accounting policies

a) Consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared to the same reporting period-end as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to manage the financial and operating policies of an entity so as to obtain benefit from its activities. Control is presumed to exist when the parent owns more than half of the voting power of the entity, through its direct or indirect subsidiaries.

Merger accounting

The comparative figures reflect the group reorganisation on 5 May 2016 of the group entities QDD Ltd, QDD Holdco One Ltd and East Village London LLP is accounted for using the merger accounting methodology.

The results and cash flows of all the combining entities have been brought into the financial statements of the combined entity from the beginning of the financial year. The comparative information consists of the total comprehensive income for all the combining entities for the previous reporting period and the statement of financial position for the previous reporting date. The capital changes as a result of the reorganisation have been reflected in reserves.

b) Investment property

Investment property is initially recognised at cost and subsequently measured at fair value. Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. No depreciation or amortisation is provided in respect of investment property.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

Accounting policies (continued)

c) Investment in subsidiary

Investment in subsidiaries are shown at cost less provision for impairment.

d) Revenue recognition

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

Other income represents fees receivable for provision of property management services to the ultimate controlling parties. They are recognised in the period in which the services are provided.

Interest income is recognised using the effective interest rate approach.

e) Taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that they can be utilised against taxable profits. However, deferred tax assets are not recognised where they relate to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

f) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Depreciation of residential fixture and fittings, retail assets, and office fixtures and fittings is charged at 25% per annum on a straight line basis. Plant and machinery is depreciated between 10%-25% on cost per annum, dependent on the asset's useful life. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may be greater than its value in use.

g) Inventory

Inventory held represents spare parts required for the maintenance service provided to private rental residents. Inventories are measured at the lower of cost and net realisable value.

h) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

Restricted cash comprises cash held by the Group in designated accounts, which are held on behalf of tenants for the purpose of security deposit, and restricted funds for future major repairs for the properties managed by EVML within East Village.

i) Interest-bearing and profit-bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing and profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the loan and charged to the statement of comprehensive income.

j) Receivables

Receivables are initially recognised on the balance sheet at fair value when the Group has become party to the contractual provisions of the instruments.

They are subsequently carried at amortised cost using the effective interest method if the time value of money may have a significant impact on their value.

A provision for impairment in trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. A 50% provision is made for receivables over one month old (but less than two months) and 100% provision for receivables over two months old. At that point, the Group will commence legal proceedings.

The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The movement in the provision is recognised in the statement of comprehensive income.

j) Derivative financial instruments

The Group uses interest rate derivative financial instruments to hedge its exposure to movements in interest rates. All classes of derivatives are initially recognised at fair value and subsequently re-measured to their prevailing fair value at each balance sheet date. Changes in the fair value of derivative financial instruments are recognised as income or expense in the consolidated statement of comprehensive income as they arise.

The Group does not apply hedge accounting.

l) Borrowing costs

The Group recognises borrowing costs that are directly attributable to the acquisition, construction or development of an investment property as part of the cost of that asset. Other borrowing costs are recognised as an expense.

1.4 Fair value hierarchy

IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

Accounting policies (continued)

Derivatives

The fair value of the swaps and caps entered into in relation to the Mezzanine Loan and Senior Debt, are derived from the present value of future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments. As all significant inputs required to value the swaps and caps are observable, they all fall within Level 2. Information in respect of the fair value of financial instruments is included in note 18.

Gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within level 2 of the fair value hierarchy amount to £2.4m gain.

Investment Property

Investment property falls within Level 3. The investment valuation is prepared by the Directors after consideration of a third party valuation, which is based on discounted cash flow model in accordance with RICS valuation Standards, Sixth Edition in the United Kingdom, includes a number of unobservable inputs and other valuation assumptions. Further details of these assumptions and significant unobservable inputs is included in note 9.

Gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to £7.0m loss.

1.5 Members' participations

Members' participation give rise to a number of rights, obligation and entitlements which result in the recognition by the firm of various assets, liabilities and residual interests in its net assets (i.e. equity) as set out below.

Members' loan account

Members' loan account is repayable only by approval by the Board or when it ceases to be a member.

Attributable profits and losses

Profits and losses are allocated on a pro-rata basis by the number of units held by each member. Distributions to members are discretionary.

Members' interests

In the event of winding up of the LLP then any surplus of assets of the LLP over its liabilities remaining at the conclusion of the winding up after payment of all monies due to the creditors of the LLP and all expenses of the winding up shall be payable by the liquidator to the members after unsecured creditors, first against members' loan accounts and then capital contributions.

Total Members' interests represents the Partnership's equity and Members' capital and loan accounts, less amounts due from Members.

2 Business combinations

Group reorganisation

On 5 May 2016, a Share and Loan Note Exchange Agreement completed whereby DV4 Properties QDD Co. Limited and QD Triangle (East Village) Limited transferred 25,000 shares each in QDD Ltd and £370.4m Loan Notes to QDD Holdco Limited in exchange for 25,000 shares each in QDD Holdco Limited. Subsequently, a further Share and Loan Note Exchange Agreement completed, whereby DV4 Properties QDD Co. Limited and QD Triangle (East Village) Limited transferred 25,000 shares each in QDD Holdco Limited and £370.4m Loan Notes in exchange for 30,000 units each in East Village London LLP.

The results and cash flows of all the combining entities have been brought into the financial statements of the combined entity from the beginning of the financial year. The comparative information consists of the total comprehensive income for all the combining entities for the previous reporting period and the statement of financial position for the previous reporting date. The capital changes as a result of the reorganisation have been reflected through movement in other reserves.

On 11 May 2016, following the group reorganisation detailed above and receipt of EU merger clearance, DV4 Properties QDD Co. Limited and QD Triangle (East Village) Limited each sold 10,000 units in East Village London LLP and one third of each of their respective Loan Notes from East Village London LLP to Stichting Depositary APG Strategic Real Estate Pool. This reorganisation has been accounted for by using the merger accounting method.

3 Accounting standards

a) Amendments effective in current financial period

The following amendments are effective for the first time for the current financial period:

IAS 7 Statement of Cash Flows amendment is effective for annual periods beginning on or after 1 January 2017. The amendment requires entities to disclose changes in liabilities arising from financing activities, including changes arising from both cash and non-cash flow changes. The amendment is intended to help users of the financial statements gain a better understanding of changes in an entity's debt. Comparative information for preceding periods is not required on initial application of the amendment.

b) Standards issued but not yet effective

The future standards and interpretations listed below are those that the Group reasonably expect will have an impact on disclosures, financial position or performance when applied at a future date.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 applies to classification and measurement of financial assets and financial liabilities with a mandatory effective date beginning on or after 1 January 2018. The Directors are currently assessing the impact of IFRS 9, prior to implementation from 1 April 2018.

IFRS 15 Revenue from Contracts with Customers

The standard establishes a single principles-based five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, which will be effective for accounting periods commencing on or after 1 January 2018, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard does not apply to gross rental income. The Directors do not expect adoption of IFRS 15 to have a material impact on the measurement of the revenue recognition, but additional disclosures may be required with regards to other sources of income.

IFRS 16 Leases

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their balance sheet as 'right-of-use assets' with a corresponding lease liability. The requirements for lessors are substantially unchanged. The standard is effective for periods beginning on or after 1st January 2019. On application of the standard the disclosures are likely to increase for both lessors and lessees. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

The Group has performed an initial evaluation of the impact that the standard will have on its financial statements, and concluded that the standard will have minimal impact on the consolidated financial statements.

Other changes to IFRS (including IFRS 1, IFRS 2, IAS 28 and IAS 40) have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact to the financial statements or they are not currently relevant for the Group.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

4. Revenue

Rental income primarily arises from private tenant leases under Assured Shorthold Tenancy (AST) agreements. These lease agreements range from 1 to 3 years in tenure with a 6 month break clause on the tenant side. The terms of these tenancies are regularly reviewed by management. The Group has also issued leases for retail units, having terms of between 5 and 25 years with agreed break clauses, which are located within the investment properties and undeveloped plots.

Minimum lease receivable:

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Within one year	11,274	10,761	-	-
Between two and five years	1,719	2,576	-	-
After more than 5 years	1,516	2,183	-	-
	<u>14,509</u>	<u>15,520</u>	<u>-</u>	<u>-</u>

5. Staff and other administrative expenses

Operating profit is stated after charging:

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Salaries and wages	5,150	3,739	-	-
Social security costs	463	481	-	-
Employer's pension contribution	98	43	-	-
Auditor's remuneration	202	198	-	-
Depreciation	3,767	3,551	-	-
Loss on disposal of fixed assets	-	4	-	-

The Group passed its auto-enrolment staging date in July 2017 and established an auto-enrolment pension scheme for qualifying employees with a minimum 3% matched contribution from the business. As a retention mechanism, the Group offers matched contributions of 3%, 5%, 7% or higher depending on seniority and tenure.

The average number of employees in the Group during the year was 83 (2017: 63).

Key Management Personnel

The Members have reviewed the scope of responsibilities and authority levels in the business and have concluded that all strategic and directional decisions for the business as a whole are conducted by the Members through the Board meetings of the business.

6. Finance income

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Bank interest	-	22	-	-

7. Finance costs

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Interest payable on shareholder loans	-	1,697	-	-
Profit payable on Murabaha loan	16,589	16,589	-	-
Change in fair value of derivatives	(8,450)	(2,401)	-	-
Derivative transaction fee	-	2,360	-	-
Amortised arrangement fees	1,301	1,144	-	-
Other finance costs	224	(149)	-	-
	<u>9,664</u>	<u>19,240</u>	<u>-</u>	<u>-</u>

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

8 Taxation

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Current tax charge	-	-	-	-
Deferred tax credit	2,286	(12,714)	-	-
Tax credit	2,286	(12,714)	-	-
Factors affecting the tax credit for the year				
Loss before tax	(5,051)	(16,843)	-	-
 (Loss)/profit before taxation multiplied by the basic rate of UK income tax of 19% (2017: 20%)	 (960)	 (3,369)	 -	 -
Effects of:				
Non-deductible expenses	9,295	664	-	-
Non-taxable income	(7,934)	(7,614)	-	-
Utilisation of losses brought forward	(485)	(511)	-	-
Excess of capital allowances recognised over depreciation	(854)	710	-	-
Other tax adjustments	(33)	(113)	-	-
Movement in recognised losses	6,251	2,351	-	-
Effects of different rates of tax	98	(1,459)	-	-
Movement in difference between accounting and adjusted tax base cost of investment properties	(3,092)	(3,373)	-	-
Total tax charge	2,286	(12,714)	-	-

The carrying value of the investment properties owned by the group is £529.2m higher than the tax base cost. This represents a temporary difference for deferred tax purposes and a deferred tax liability is recognised. However, this liability may be reduced by losses arising in the Group and members of the Group have undertaken to make these losses available as necessary to cover the reversal of the temporary differences. The Group has unrecognised deferred tax assets at 31 March 2018 in respect of tax losses carried forward and other temporary differences of £8.4m (2017: £3.1m). These deferred tax assets were not recognised at 31 March 2018 on the basis that it was not sufficiently certain that suitable taxable profits would arise against which they could be utilised.

Deferred tax is recognised at a rate of 17% (2017: 17%). The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020.

No provision for taxation has been made in respect of the LLP as each Member will be responsible for their own tax liability.

Deferred tax liabilities

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
At 1 April 2017	18,812	31,526	-	-
Charged/(credited) to the statement of comprehensive income	2,286	(12,714)	-	-
At 31 March 2018	21,098	18,812	-	-

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Deferred tax liability comprises				
Revaluation of investment property	75,120	76,459	-	-
Capital allowances	(1,443)	(29,501)	-	-
Unutilised tax losses	(52,579)	(28,146)	-	-
	21,098	18,812	-	-

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

9 Investment property	2018 Group £000	2017 Group £000
At 1 April	1,191,800	1,141,600
Provision for additional acquisition cost (ODA overage)	-	(982)
Capital expenditure	89,360	58,896
Capitalised borrowing costs	2,350	1,063
Fair Value adjustments	(7,010)	(8,777)
At 31 March 2018	1,276,500	1,191,800

The fair values of the investment property held by the Group are Directors' valuations, after consideration of a third party valuation of the freehold site at 31 March 2018 in accordance with RICS Valuation Standards, Sixth Edition in the United Kingdom. This valuation comprises residential units of £917.7m (2017: £917.0m), development land of £346.0m (2017: £262.0m) and retail units of £10.0m (2017: £10.0m).

The properties in the portfolio were valued on a Discounted Cash Flow (DCF) basis using a 10 year quarterly cash flow model and a residual value appraisal approach.

The key unobservable inputs into the valuation are as follows:

	2018	2017
Estimated rental values (ERV) on vacant space	£30 - £31/sq.ft	£29 - £31/sq.ft
Capital expenditure	£252 - £341/sq.ft	£189 - £346/sq.ft
Discount rate	5.23%	5.85%

In addition, sundry retail property was valued at £2.8m (2017: £2.8m) using the Group's weighted average cost of capital.

Sensitivity to key unobservable inputs

An increase in the discount rate or decrease in ERV would result in a reduction in the valuation of the Group's investment properties. Similarly, a decrease in the discount rate or increase in ERV would result in an increase in valuation of the investment properties.

10 Investment in subsidiary	2018 LLP £000
Investment in QDD Holdco Limited	
At 1 April 2017	780,920
Capital introduced	10,000
At 31 March 2018	790,920

11 Property, plant and equipment	Residential fixtures and fittings £000	Retail assets £000	Office fixtures and equipment £000	Plant and machinery £000	Total £000
Cost					
At 1 April 2016	7,778	2,063	4,030	-	13,871
Additions	382	672	466	-	1,520
Disposal	(5)	-	(388)	-	(393)
At 31 March 2017	8,155	2,735	4,108	-	14,998
Additions	267	220	388	-	875
Consolidation of EVML	-	-	-	671	671
At 31 March 2018	8,422	2,955	4,496	671	16,544
Depreciation					
At 1 April 2016	(3,150)	(256)	(2,110)	-	(5,516)
Depreciation charge for the year	(1,984)	(630)	(937)	-	(3,551)
Eliminated on disposal	1	-	388	-	389
At 31 March 2017	(5,133)	(886)	(2,659)	-	(8,678)
Depreciation charge for the year	(2,038)	(706)	(1,023)	-	(3,767)
Consolidation of EVML	-	-	-	(250)	(250)
At 31 March 2018	(7,171)	(1,592)	(3,682)	(250)	(12,695)
Net Book Value					
Balance at 31 March 2018	1,251	1,363	814	421	3,849
Balance at 31 March 2017	3,022	1,849	1,449	-	6,320

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

12 Inventory	2018	2017	2018	2017
	Group	Group	LLP	LLP
	£000	£000	£000	£000
	97	-	-	-
	97	-	-	-

Since 1 April 2017, the maintenance service provided to private rental residents is operated by the subsidiary Get Living London Limited. This service was previously provided by EVML. Inventories are measured at the lower of cost and net realisable value.

13 Trade and other receivables	2018	2017	2018	2017
	Group	Group	LLP	LLP
	£000	£000	£000	£000
	Trade receivables	1,229	435	-
	Allowance for doubtful debts	(62)	(93)	-
	1,167	342	-	-
	Other taxes	196	418	-
	Other receivables	423	135	-
	Amounts due from related parties	1,437	-	-
	Accrued income	484	616	-
	Prepayments	1,435	1,155	-
	5,142	2,666	-	-

Trade receivables are non-interest bearing.

Trade receivables are provided for as follows:

- 50% of debt over one month old (but less than two months)
- 100% provision for debts over 2 months old. At this point, legal proceedings will commence.

Management seeks to collect all trade receivables.

The receivables past due but not impaired amounted to £27k (2017: £101k)

14 Cash and cash equivalents	2018	2017	2018	2017
	Group	Group	LLP	LLP
	£000	£000	£000	£000
	Cash at bank - unrestricted	19,203	12,406	-
	Restricted cash (tenant deposits)	2,073	3,941	-
	Restricted cash (EVML sinking fund)	5,604	-	-
	26,880	16,347	-	-

Included in cash and cash equivalents are monies held for tenant deposits and the sinking fund. These cash and cash equivalent have restricted use, and are considered to be cash and cash equivalents as they are available for immediate use.

Restricted cash (tenant deposits) consists of: amounts paid over by tenants of the properties where security deposits are required by tenancy agreements. The monies held in respect of tenant deposits are immediately available to repay deposits to tenants as and when required. Since June 2017, the Group has introduced a 'no deposits' scheme for its residential tenants, whereby if they successfully pass referencing or have a guarantor, they are no longer required to pay a deposit. Deposits are in the process of being returned to existing tenants that meet the qualifying criteria.

Restricted cash (sinking fund) consists of: amounts paid over by tenants of Get Living London and Triathlon Homes LLP for future major repair works that will be required on the properties in East Village. The monies held in respect of the sinking fund are immediately available for use for major repairs, replacement and scheduled works should they arise.

15 Trade and other payables: due within one year	2018	2017	2018	2017
	Group	Group	LLP	LLP
	£000	£000	£000	£000
	Trade payables	447	405	-
	Deferred income	3,736	2,890	-
	Amounts owed to related parties	2,293	-	-
	Other payables	15,863	15,423	-
	Other payables - retention	2,387	-	-
	24,726	18,718	-	-

The retention liabilities are due to the contractor of the development property currently under construction, and are liable to be settled as 50% upon practical completion (expected in December 2018) and 50% a year following (expected in December 2019, see note 16).

Trade payables are non-interest bearing and are normally settled in accordance with the Group's terms of business.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

16 Trade and other payables: due after more than one year

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Other payables - retention	2,387	2,218	-	-
Sinking fund	2,570	-	-	-
	<u>4,957</u>	<u>2,218</u>	<u>-</u>	<u>-</u>

The sinking fund is held by the subsidiary, East Village Management Limited, to provide funds to meet the costs of future major repairs, replacement and scheduled works. Significant capital expenditure is not expected to occur until 2021. The balance represents the contribution made to sinking fund by Triathlon Homes LLP, who hold a non-controlling interest in East Village Management Limited. The funds are held in a separate restricted bank account as disclosed in note 14.

17 Loans and borrowings

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
Murabaha loan	350,000	350,000	-	-
Deferred Murabaha loan arrangement fees	(855)	(1,395)	-	-
Mezzanine loan	67,769	18,623	-	-
Deferred Mezzanine loan arrangement fees	(1,289)	(2,489)	-	-
Senior loan facility	39,820	-	-	-
Deferred Senior loan arrangement fees	(624)	-	-	-
	<u>454,821</u>	<u>364,739</u>	<u>-</u>	<u>-</u>

The Group entered into a Murabaha loan to finance the purchase of the investment property, secured by fixed and floating charges. The quarterly profit element payable on this transaction is treated as interest payable within these financial statements, in accordance with recommended accounting practice. The Group is compliant with loan covenants.

The Murabaha loans are non-amortising and due for repayment in September 2019. Profit payable on the Murabaha loan is calculated based on LIBOR+ 2.60%, the floating rate being hedged by derivatives.

A Mezzanine loan facility has been entered into by the Group to finance the development of certain investment property. Non-utilisation fees are calculated at 0.60% of the unutilised loan balance. Interest payable on the Mezzanine loan is calculated based on LIBOR+ 1.95%, the floating rate being hedged by derivatives. The non-utilisation fees and interest payable are capitalised and added to the principal. The Mezzanine loan is non-amortising and due for repayment in September 2020.

A Senior loan facility has been entered into by the Group to finance the development of certain investment property. Interest payable on the Senior loan is calculated as the EC Reference rate + 2.2%, the floating rate being hedged by derivatives. The interest payable is capitalised and added to the principal. The Senior loan is non-amortising and due for repayment in September 2020.

18 Derivative financial instruments

The movement in the fair value of the derivative financial instruments is as follows:

	2018 Group £000	2017 Group £000	2018 LLP £000	2017 LLP £000
At 1 April	13,558	15,959	-	-
Change in fair value of derivatives	(8,450)	(2,401)	-	-
At 31 March 2018	<u>5,108</u>	<u>13,558</u>	<u>-</u>	<u>-</u>

In the year ended 31 March 2015 the Group entered into a swap arrangement to swap floating rate profit payable on its Murabaha loan to a fixed rate. The swap has a non-amortising notional principal of £350m from inception in August 2014 through to maturity in September 2019 and fixes the profit at an effective rate of 4.67%.

In the year ended 31 March 2017 the Group entered into a swap arrangement for 80% of the accreting loan balance payable on its Mezzanine loan to a maximum notional principal of £58.9m. This is to swap the floating rate interest payable to a fixed rate. The swap has an effective rate of 3.41% and matures in September 2020.

The Group has also entered into the following interest rate caps:

Maximum Notional amount	Effective Date	Termination Date	Cap Rate	Facility
£14,736,000	31 December 2016	30 September 2020	1.50%	Mezzanine Loan
£73,680,000	30 September 2020	31 March 2021	2.00%	Mezzanine Loan Guarantee period
£104,576,000	31 July 2017	31 March 2020	2.00%	Senior Debt
£100,000,000	31 March 2020	30 September 2022	2.50%	Senior Debt Guarantee period

All of the financial derivatives included in the above table were valued by an external consultant using a discounted cash flow model and market information.

In the absence of hedge accounting, movements in fair value are taken directly to the consolidated statement of comprehensive income.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

19. Liabilities - reconciliation of cash and non-cash movements

	1 April 2017	Cash flows			Non-cash changes				31 March 2018
		Drawdown/ repayment	Loan fees	Interest costs	Fair value changes	Amortisation	Capitalised borrowing costs	Interest accrued	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Long-term liabilities									
Murabaha loan	350,000	-	-	(16,589)	-	-	-	16,589	350,000
Murabaha loan arrangement fees	(1,395)	-	-	-	-	540	-	-	(855)
Mezzanine loan	18,623	47,420	-	-	-	-	1,726	-	67,769
Mezzanine loan arrangement fees	(2,489)	-	(146)	-	831	515	-	-	(1,289)
Senior loan	-	39,594	-	-	-	-	226	-	39,820
Senior loan arrangement fees	-	-	(40)	-	(831)	247	-	-	(624)
Shareholder loan	-	405,152	-	-	(175,890)	-	-	28,974	258,236
	364,739	492,166	(186)	(16,589)	(175,890)	1,302	1,952	45,563	713,057
Short-term liabilities									
Deep discount bonds	496,176	(396,176)	-	-	-	-	-	12,743	112,743
Assets used to hedge long-term borrowings									
Derivative financial instruments	13,558	-	-	-	(8,450)	-	-	-	5,108
Total liabilities from financing activities	874,473	95,990	(186)	(16,589)	(184,340)	1,302	1,952	58,306	830,908

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

20 Risk and financial instruments

The Group's key financial risks arising from its operating activities and its financial instruments are:

- Credit risk;
- Liquidity risk;
- Market risk (including interest rate risk and currency risk).

The Members have overall responsibility for the establishment and oversight of the risk management framework.

Categories of financial instruments:

	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	£000	£000	£000	£000
Financial liabilities				
<i>At amortised cost:</i>				
Loans and borrowings	825,800	825,800	860,915	860,915
<i>At fair value through profit or loss:</i>				
Derivative financial instruments	5,108	5,108	13,558	13,558

The Members assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial instruments that are measured subsequent to initial recognition at fair value, are disclosed as levels 1 to 3 based on the degree to which the fair value is observable (see note 1.4).

Credit risk

The Group services the private rental property sector as it rents its investment properties to third party private residents. The private rental property industry is highly competitive and relies on payment of financial obligations by private individuals, whose economic circumstances can alter from time to time. If a tenant experiences financial difficulties this may result in arrears which, ultimately, are pursued through a legal process which can end in repossession of the property. The Group mitigates this risk by conducting comprehensive credit checks. The Group is currently assessing options for implementing a reporting regime for credit agencies in the financial year to 31 March 2018. Currently, for those tenants that do not pass credit checks, the Group requires receipt of a deposit prior to tenancy commencement and will insist on guarantors as required.

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims to mitigate liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table represents the maturity of financial liabilities:

	Carrying amount	Contractual cash flow	Less than one year	One to two years	Two to five years	Over five years
	£000	£000	£000	£000	£000	£000
31 March 2018						
Trade and other payables	28,790	28,790	20,939	2,387	-	5,464
Murabaha loan	349,145	365,683	10,924	354,759	-	-
Mezzanine loan	66,480	140,000	-	-	140,000	-
Senior loan facility	39,196	181,000	-	-	181,000	-
Derivative financial instruments	5,108	12,194	7,952	3,894	348	-
Total	488,719	727,667	39,815	361,040	321,348	5,464
31 March 2017						
Trade and other payables	15,828	15,828	13,610	1,109	1,109	-
Murabaha loan	348,605	375,290	10,383	10,383	354,524	-
Mezzanine loan	16,134	140,000	-	-	140,000	-
Derivative financial instruments	13,558	20,086	7,859	7,974	4,253	-
Total	394,125	551,204	31,852	19,466	499,886	-

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

20 Risk and financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has no significant assets or liabilities denominated in currencies other than Pounds Sterling and was therefore not exposed to currency risk at the balance sheet date.

Interest rate risk

The Group's interest-bearing financial assets and liabilities expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the Group's financial assets and liabilities (excluding short-term payables) as at 31 March 2018 and 31 March 2017 was:

	Fixed rate items	Floating rate items	Items on which no interest is paid	Total carrying value
	£000	£000	£000	£000
31 March 2018				
Financial assets				
Cash and cash equivalents	-	26,880	-	26,880
Financial liabilities				
Murabaha loan (before the effect of the derivative)	-	350,000	-	350,000
Mezzanine loan (before the effect of the derivative)	-	67,769	-	67,769
Senior loan (before the effect of the derivative)	-	39,820	-	39,820
Total	-	457,589	-	457,589
31 March 2017				
Financial assets				
Cash and cash equivalents	-	16,347	-	16,347
Financial liabilities				
Murabaha loan (before the effect of the derivative)	-	350,000	-	350,000
Mezzanine loan (before the effect of the derivative)	-	18,623	-	18,623
Total	-	368,623	-	368,623

The Group makes use of derivative financial instruments where possible to minimise the Group's overall exposure to interest rates.

Cash flow sensitivity analysis for variable rate instruments

The Group pays fixed rate interest on its deep discount bonds. There is a swap arrangement in place to fix the profit rate on its Murabaha loans and the interest on the Mezzanine and Senior loans. Therefore the Group's loans and borrowings as at 31 March 2018, are not subject to changes in interest rate movements. However, the profit interest rate swaps are subject to movements in floating interest rates based on LIBOR. The impact on the fair value of the derivative financial instruments if interest rates increase/decrease by 50 basis points would be a decrease/increase in financial liability and a corresponding increase/decrease in the gain on derivative financial instruments of £2.5 million (2017: £5.2m).

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

20 Risk and financial instruments (continued)

Fair value measurements

The following table presents the Group's assets and liabilities that are measured at fair value.

	Assets	Liabilities	Total gains/ (losses)
	£000	£000	£000
31 March 2018			
Recurring fair value measurements			
Level 3			
Investment property	1,276,500	-	(7,010)
Level 2			
Derivative financial instruments	-	5,108	8,450
Total	1,276,500	5,108	1,440

	Assets	Liabilities	Total gains/ (losses)
	£000	£000	£000
31 March 2017			
Recurring fair value measurements			
Level 3			
Investment property	1,191,800	-	(8,777)
Level 2			
Derivative financial instruments	-	13,558	2,401
Total	1,191,800	13,558	(6,376)

The total non-recurring fair value measurements categorised within Level 3 in the statement of financial position amounts to £175.9m (2017: £nil).

21 Members' interests Group - classified as equity

Group

	Members' capital (classified as equity) £000	Attributable profit £000	Total equity/ Members' interest £000
At 31 March 2017	410,420	388,668	799,088
Loss for the year	-	(7,352)	(7,352)
Capital introduced	10,000	-	10,000
As at 31 March 2018	420,420	381,316	801,736

Units

	1 April 2017	Units issued	31 March 2017
DV4 Properties QDD Co. Limited	30,000	-	30,000
QD Triangle (East Village) Limited	30,000	-	30,000
Stichting Depositary APG Strategic Real Estate Pool	30,000	-	30,000
	90,000	-	90,000

LLP

	Members' capital (classified as equity) £000	Attributable loss £000	Total equity/ members' interests £000
At 31 March 2017	780,920	-	780,920
Capital introduced	10,000	-	10,000
As at 31 March 2018	790,920	-	790,920

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

22 Related party disclosures

At 31 March 2018, East Village London LLP was ultimately jointly controlled as follows:

- (i) By DV4 Limited, a company registered and incorporated in the British Virgin Islands; and
- (ii) By Qatari Diar Real Estate Investment Company QSC, a company registered and incorporated in the State of Qatar and being a direct subsidiary of Qatar Investment Authority, a governmental authority established by the Emir of the State of Qatar; and
- (iii) By Stichting Depositary APG Strategic Real Estate Pool, a pension fund asset manager based in the Netherlands.

On 23 March 2016 East Village London LLP was formed with DV4 Limited and Qatari Diar Real Estate Investment Company QSC having an equal holding. Stichting Depositary APG Strategic Real Estate Pool acquired an equal one third shareholding of East Village London LLP on 11 May 2016.

East Village London LLP is the largest group to consolidate these financial statements.

Transactions between the Group and other entities controlled by its ultimate controlling parties that are recognised in the statement of comprehensive income and statement of financial position are summarised below:

	2018 £000	2017 £000
Consolidated statement of comprehensive income		
Advisory fees payable to Qatari Diar UK Limited	722	610
Management fee income:		
DV4 Eadon Co Limited		
Tribeca Square (Raglan & Tantallon House) 175 Co Ltd	(534)	(403)
Tribeca Square (Portchester House) 175 Co Ltd	(32)	-
Get Living Group (Glasgow) LLP	(183)	-
Get Living Group (Leeds) LLP	(330)	-
	(150)	-
Consolidated statement of financial position		
Net amounts due to related parties:		
- Tribeca Square (Portchester House) 175 Co Ltd	1,827	539
Amount due from related parties:		
- DV4 Eadon Co. Limited	(262)	(188)
- Tribeca Square (Raglan & Tantallon House) 175 Co Ltd	(1)	-
- Tribeca Square (Portchester House) 175 Co Ltd	(149)	-
- Get Living Group (Glasgow) LLP	(340)	-
- Get Living Group (Leeds) LLP	(169)	-

The transactions with related parties are undertaken and settled at normal trading terms. No guarantees are given or received by either party.

The receivables from related parties arise due to operating expenses paid on their behalf.

The payable to related parties are funds collected on their behalf in acting as letting agent for certain properties in the Tribeca Square LLP group.

The payables do not bear interest.

No provision has been made relating to balances with related parties.

23 Capital commitments

The Group has current commitments under one of its development projects totalling £46.2m as at 31 March 2018 (2017: £132.2m).

24 Contingent liabilities

There were no contingent liabilities as at 31 March 2018 (2017: £nil).

25 Reconciliation to EPRA Net Asset Value (NAV)

The EPRA Best Practice Recommendations (EPRA BPR) was last issued by EPRA's Reporting and Accounting Committee in November 2016. The EPRA Net Asset Value measure highlights the fair value of equity on a long-term basis and so excludes items which the Members consider to have no impact on the Group in the long term, such as derivative financial instruments and deferred tax.

	2018 £000	2017 £000
Net asset value	801,758	799,088
Deferred tax	21,098	18,812
Derivative financial instruments	5,108	13,558
EPRA Net Asset Value (EPRA NAV)	827,964	831,458

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

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

26 Non-controlling interests

As at 1 April 2017, QDD Athletes Village UK Limited (QDD AV) recognised control of the estate management company for East Village, East Village Management Limited (EVML). QDDAV continues to hold 51% of the voting rights of the company, which is represented by one vote per unit in the village, comprising of 2,818 units in total. However, due to QDDAV's increasing management influence over the operations of EVML, it has been determined that in addition to holding the majority shareholding, QDDAV also has control and power over the variable returns of EVML's operations. In line with IFRS 10 Consolidated Financial Statements, QDDAV has consolidated EVML into the group with effect from 1 April 2017.

The 49% non-controlling interest represents the units operated by Triathlon Homes LLP – shared ownership and social housing.

	QDD AV £000	NCI £000	Total £000
Equity: EVML retained earnings			
Opening balance as at 1 April 2017	8	7	15
EVML profit for the period	15	15	30
As at 31 March 2018	23	22	45

The non-controlling interest reserve represents cumulative profits from EVML's company operations.

27 Ultimate parent company

There is no ultimate parent company because the Partnership is jointly owned and controlled by DV4 Properties QDD Co. Ltd Limited, Qatari Diar Real Estate Investment Company QSC and Stichting Depositary APG Strategic Real Estate Pool. For the same reason, there are no smallest and largest group into which they are consolidated.

EAST VILLAGE LONDON LIMITED LIABILITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018.

28 Subsidiaries

List of Subsidiaries of East Village London Limited	Country of Incorporation	Class of shares held	Ownership %	Status
Get Living London EV Holdco Limited	UK	Ordinary	100	
Get Living London EV N01 Limited	UK	Ordinary	100	
Get Living London EV N02 Limited	UK	Ordinary	100	
Get Living London EV N03 Limited	UK	Ordinary	100	
Get Living London EV N04 Limited	UK	Ordinary	100	
Get Living London EV N07 Limited	UK	Ordinary	100	
Get Living London EV N09 Limited	UK	Ordinary	100	
Get Living London EV N10 Limited	UK	Ordinary	100	
Get Living London EV N13 Limited	UK	Ordinary	100	
Get Living London EV N14 Limited	UK	Ordinary	100	
Get Living London EV N15 Limited	UK	Ordinary	100	
Get Living London EV N26 Limited	UK	Ordinary	100	
Get Living London EV1 Holdco Limited	UK	Ordinary	100	Dormant
Get Living London EV2 Holdco Limited	UK	Ordinary	100	
Get Living London Limited	UK	Ordinary	100	
Newinco 1234 Limited	UK	Ordinary	100	
QDD Limited	UK	Ordinary	100	
QDD Athletes Village UK Limited	UK	Ordinary	100	
QDD East Village UK Limited	UK	Ordinary	100	Dormant
QDD EV Holdco Limited	UK	Ordinary	100	Dormant
QDD EV N01 Limited	UK	Ordinary	100	
QDD EV N02 Limited	UK	Ordinary	100	
QDD EV N03 Limited	UK	Ordinary	100	
QDD EV N04 Limited	UK	Ordinary	100	
QDD EV N07 Limited	UK	Ordinary	100	
QDD EV N09 Limited	UK	Ordinary	100	
QDD EV N10 Limited	UK	Ordinary	100	
QDD EV N13 Limited	UK	Ordinary	100	
QDD EV N14 Limited	UK	Ordinary	100	
QDD EV N15 Limited	UK	Ordinary	100	
QDD EV N26 Limited	UK	Ordinary	100	
QDD EV N05 Holdco 1 Limited	UK	Ordinary	100	Dormant
QDD EV N05 Holdco 2 Limited	UK	Ordinary	100	Dormant
QDD EV N05 Limited	UK	Ordinary	100	Dormant
QDD EV N06 Limited	UK	Ordinary	100	
QDD EV N06/N08 Holdco 1 Limited	UK	Ordinary	100	
QDD EV N06/N08 Holdco 2 Limited	UK	Ordinary	100	
QDD EV N06/N08 Holdco 3 Limited	UK	Ordinary	100	
QDD EV N06/N08 Holdco 4 Limited	UK	Ordinary	100	
QDD EV N08 Limited	UK	Ordinary	100	
QDD EV1 Investment UK Limited	UK	Ordinary	100	Dormant
QDD EV2 Investment UK Limited	UK	Ordinary	100	Dormant
QDD Holdco One Limited*	UK	Ordinary	100	
Stratford Village Development (GP) Limited	UK	Ordinary	100	
Stratford Village Development LP1 Limited	UK	Ordinary	100	
Stratford Village Development LP2 Limited	UK	Ordinary	100	
Stratford Village Development Partnership	UK	Ordinary	100	
Stratford Village Property Holdings 1 Limited	UK	Ordinary	100	Dormant
Stratford Village Property Holdings 2 Limited	UK	Ordinary	100	Dormant
SVDP Limited	UK	Ordinary	100	
East Village Management Limited	UK	Limited by guarantee	51	

* Directly owned by the Company.

All subsidiary undertakings registered office is 6th Floor Lansdowne House, Berkeley Square, London, W1J 6ER.

29 Subsequent events

On 11 July 2018, DV4 Limited exchanged contracts with Oxford Properties, a Canadian global real estate investor, to form a co-investment vehicle called Delancey Oxford Residential ("DOOR"). DOOR has taken a shareholding of East Village London LLP, with the existing shareholder Stichting Depository APG Strategic Real Estate Pool increasing its shareholding, and QD Triangle (East Village) Limited reducing its shareholding in the group.

On 7 November 2018 Get Living PLC acquired the shares in QDD EV Holdco Ltd from East Village London Limited Liability Partnership and listed as a Real Estate Investment Trust (REIT) on The International Stock Exchange (TISE), Guernsey on 20 November 2018.