Waterfront GP Limited
Annual report and financial statements for the year ended 31 December 2017

Registered number: 04392460

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Contents

Directors' report

The directors present their annual report on the affairs and the financial statements of the Company, together with the financial statements and auditor's report for the year ended 31 December 2017.

Principal activities and business review

The principal activities of the Company during the year were to act as the general partner of The Waterfront Limited Partnership. The principal activity of The Waterfront Limited Partnership is to manage The Avenue at The O2 arena in London.

The Company has met the requirements in Companies Act 2006 to obtain exemption provided from the presentation of a strategic review.

The Company is owned by Rocket Estates Limited which, in turn, is owned 50:50 between The Anschutz Corporation (previous 100% owners) and Crosstree Real Estate Special Situations Fund Limited Partnership.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £59,000 (2016: £8,000). The directors have not recommended a dividend (2016: £nil).

Directors

The directors who served the company during the year and up to the date of the report were as follows:

T Miserendino
A Wood
S Arnold
N Lyle

Political Contributions

The Company has made no political contributions or incurred any political expenditure during the year *(2016: £Nil).*

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company weekly newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Creditor payment policy

The Company's policy, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not follow any code or standard on payment practice.

Directors' report *(continued)*

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A Wood
Director

The O2
Peninsula Square
London
UK
SE10 0DX

15 June 2018

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 the Companies Act 2006. 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 shareholders of Waterfront GP Limited

Opinion

We have audited the financial statements of Waterfront GP Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes set out on pages 10 to 15, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they 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 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 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer (Senior Statutory Auditor)
For and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

18 June 2018

Statement of comprehensive income
For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Administrative expenses		-	(16)
Operating profit/(loss)	2	-	(16)
Profit/(loss) before taxation		-	(16)
Tax on profit/(loss)	5	(59)	8
Loss for the financial year		(59)	(8)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the loss for the year as set out above.

The notes on pages 10 to 15 form part of these financial statements.

Balance Sheet
At 31 December 2017

	Note	2017	2016
		£000	£000
Current assets			
Debtors due within one year	7	**35**	35
		35	35
Creditors: Amounts falling due within one year	**8**	**(135)**	(76)
Net current liabilities		**(100)**	(41)
Total assets less current liabilities		**(100)**	(41)
Net liabilities		**(100)**	(41)
Capital and reserves			
Called-up equity share capital	**11**	**58**	58
Profit and loss account	**11**	**(158)**	(99)
Shareholder's deficit		**(100)**	(41)

These financial statements were approved by the directors and authorised for issue on 15 June 2018, and are signed on their behalf by:

A Wood
Director

Company Registration Number: 04392460

The notes on pages 10 to 15 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2017

	Called-up share capital £000	Profit and loss account £000	Total Equity £000
At 1 January 2016	**58**	**(91)**	**(33)**
Loss for the financial year	-	(8)	(8)
Total comprehensive expense	-	**(8)**	**(8)**
At 31 December 2016	**58**	**(99)**	**(41)**
Loss for the financial year	-	(59)	(59)
Total comprehensive expense	-	**(59)**	**(59)**
At 31 December 2017	**58**	**(158)**	**(100)**

The notes on pages 10 to 15 form part of these financial statements.

Cash flow statement
For the year ended 31 December 2017

Reconciliation of operating profit to operating cash flows	**Note**	**2017 £000**	2016 £000
Cash flows from operating activities			
Loss for the year		**(59)**	(8)
Adjustments for:			
Depreciation, amortisation and impairment charges		**-**	-
Interest receivable and similar income		**-**	-
Interest payable and similar charges		**-**	-
Taxation		**59**	(8)
Decrease in stock		**-**	-
Decrease in debtors		**15**	-
Assignment of intercompany receivables		**-**	-
(Decrease)/increase in creditors		**(15)**	16
		-	16
Net cash inflow from operating activities		**-**	-
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at 1 January 2017		**-**	-
Cash and cash equivalents at 31 December 2017		**-**	-

The notes on pages 10 to 15 form part of these financial statements.

Notes

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Waterfront GP Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the directors report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Waterfront GP Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Waterfront GP Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments and remuneration of key management personnel.

b. Going Concern

The majority of the Company's liabilities represent amounts due to fellow subsidiaries and deferred tax liabilities. The Company's intermediate parent, Rocket Estates Limited, has provided the Company with a guarantee that, for at least 12 months from the date of approval of these financial statements, it will continue to provide financial support to enable the Company to meet all its current and future obligations.

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. On the basis of these considerations the directors have prepared the financial statements on the going concern basis.

c. Taxation

Tax on the profit and the loss for the year comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Notes *(continued)*

1 Accounting policies *(continued)*

d. Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

e. Financial instruments

i) *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are subsequently measured at amortised cost using the effective interest method.

ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as part of cash and cash equivalents for the purposes of the cash flow statement.

f. Investments

Investments are held at cost, less any provision for impairment.

2 Profit/(loss) before taxation

The analysis of auditor's remuneration is as follows:

	2017	2016
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5	6
Non-audit fees:		
Taxation compliance services	-	4
	5	10

3 Staff numbers and costs

The Company did not employ any staff in the year (2016: nil).

4 Directors' remuneration and transactions

The Company did not pay any emoluments to the directors during the year (2016: £nil). Directors did not receive remuneration from the company in respect of their services in 2017 and since any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management responsibility within the Group, no amounts are disclosed.

5 Tax on profit/(loss) on ordinary activities

(a) Analysis of charge/(credit) in the year

	2017	2016
	£000	£000
Deferred tax:		
Origination and reversal of timing differences (note 9)		
Prior year adjustment	**11**	11
Unremitted profits of partnership	**48**	(19)
Tax on profit/(loss)	**59**	(8)

(b) Factors affecting current tax charge

The current tax charge for the year is higher *(2016: lower)* than the standard rate of corporation tax in the UK of 19.25% *(2016: 20.00%)*. The differences are explained below:

	2017	2016
	£000	£000
Total tax reconciliation		
Profit/(loss) before tax	**-**	(16)
Tax charge/(credit) at 19.25% *(2016: 20.00%)*	**-**	(3)
Tax losses surrendered to other group companies for nil consideration	**-**	3
Prior year adjustment	**11**	11
Unremitted profits of partnership	**48**	(19)
Tax charge on profit/(loss)	**59**	(8)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

6 Investments

The Company has an investment in The Waterfront Limited Partnership, a limited partnership registered in the UK. This contribution represents 0.3% of the total members' capital of The Waterfront Limited Partnership as at 31 December 2017 (2016: 0.3%).

7 Debtors

	2017	2016
	£000	£000
Amounts falling due within one year:		
Other debtors	**10**	10
Deferred taxation (note 9)	**25**	25
	35	35

8 Creditors - amounts falling due within one year

	2017	2016
	£000	£000
Amounts owed to group undertakings	**26**	27
Accruals and deferred income	**14**	13
Deferred tax liability (note 9)	**95**	36
	135	76

Amounts owed to group undertakings are payable on demand.

9 Deferred tax

The deferred tax included in the Balance sheet is as follows:

	2017	2016
	£000	£000
Included in debtors (note 7)	**25**	25
Included in creditors (note 8)	**(95)**	(36)
	(70)	(11)

The movement in the deferred taxation account during the year was:

	2017	2016
	£000	£000
Balance brought forward	**(11)**	(19)
Profit and loss account movement arising during the year	**(59)**	8
Balance carried forward	**(70)**	(11)

9 Deferred tax (continued)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2017	2016
	£000	£000
Timing difference on investment property	**(95)**	(36)
Fixed asset timing differences	**25**	25
	(70)	(11)

The timing difference on investment property (held in The Waterfront Limited Partnership) arises as a result of the fair value of the investment property compared to the indexed base cost.

10 Financial instruments

Financial assets	**2017**	2016
	£000	£000
Measured at amortised cost	**35**	35
	35	35

Financial liabilities	**2017**	2016
	£000	£000
Measured at amortised cost	**40**	76
	40	76

11 Called-up share capital and reserves

Allotted, called up and fully paid:

	2017		2016	
	No	**£000**	No	£000
1000 Ordinary shares of £0.10 each	**1,000**	**-**	1,000	-
5,806,600 Ordinary shares of £0.01 each	**5,806,600**	**58**	5,806,600	58

The company has three classes of ordinary shares which carry no right to fixed income:

- Class A - 500 shares of £0.10 each and 5,806,600 shares of £0.01 each
- Class B - 255 shares of £0.10 each
- Class C - 245 shares of £0.10 each

Each class of share has the right to one vote on a show of hands and one vote per share held on a poll. Rights in respect of distributions and returns of capital are pro rata to the number of ordinary shares held. None of the ordinary shares are redeemable.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

12 Related party disclosures

	Sales to		Administrative expenses incurred from	
	2017	2017	**2017**	2017
	£000	£000	**£000**	£000
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	-	-	-	-
	-	-	-	-

	Receivables outstanding		Creditors outstanding	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	-	-	**13**	-
	-	-	**13**	-

13 Ultimate parent undertaking

The Company is wholly owned by Rocket Estates Limited which is jointly owned by Crosstree Real Estate Special Situations Fund LP (50% ownership), incorporated in Jersey, and The Anschutz Corporation (50% ownership), incorporated in the United States of America. The registered address of the Crosstree Real Estate Special Situations Fund LP is Ground Floor, Liberation House, Castle Street, St Helier, Jersey JE2 3AT. The registered address of the The Anschutz Corporation is 555 17th Street, Suite 2400, Denver, CO 80202-3941. The consolidated accounts of these parent companies are not available to the public. The smallest group in which it is consolidated is that headed by Rocket Estates Limited, incorporated in Jersey. The consolidated accounts of this group are not available to the public.The registered address of Rocket Estates Limited is 22 Grenville Street, St Helier, Jersey JE4 8PX.

14 Post balance sheet event

There are no events subsequent to 31 December 2017 which would require adjustment or disclosure in these financial statements in order to give a true and fair view of the state of the Company's affairs.

The Waterfront Limited Partnership
Strategic report and Members' report and financial statements
for the year ended 31 December 2017

Registered number: LP8146

Contents

Strategic Report

This Strategic report describes the main trends and factors underlying the performance of The Waterfront Limited Partnership ("the Partnership") during the year ended 31 December 2017 , as well as those likely to affect its future development.

Principal Operations

The Partnership generates rental income from 29 rental units within The O_2 surrounding the arena ("The Avenue") as well as car park and sponsorship revenue. In 2016 The Partnership commenced development of the remaining land surrounding The O_2 into a designer outlet village. The development is expected to complete in Autumn 2018 and will house approximately 90 retail and food and beverage units.

History

2017 was the ninth full year of operation for The Avenue.

Partnership performance

The results for the Partnership show a profit after tax of £48,489,000 (*2016: £*13,710,000) for the year and turnover of £9,885,000 (*2016: £10,117,000)*. The Partnership has produced an operating profit of £8,915,000 *(2016: £9,534,000).*

Turnover marginally decreased between 2016 and 2017 due to tenant transitions. The Partnership is currently in a net current asset position of £6,673,000 (*2016: £*34,534,000), the change in this position as a result of repayment of related party loans.

Key Performance Indicators

The Partnership considers the key performance indicators for the business to be turnover, net operating income, and earnings before interest, tax, depreciation and amortisation (EBITDA). These metrics best reflect the financial performance of the Partnership and are consistent with how the finances of the business are assessed and managed on an operational basis.

Outlook

2018 is likely to see The Partnership to continue to trade strongly with an increase in The Avenue revenues. During 2018 the construction of the retail outlet will continue and is expected to be completed in Autumn 2018 .

Principal risks and uncertainties

The members recognise that the degree of exposure to risks and the Partnership's ability to manage those risks effectively will influence how successful the business is. The members therefore review the risks associated with the business and devises and implements strategies for the purpose of mitigating those risks. The key risks and mitigating factors are set out below.

Economic risk

The success of the business model under which the Partnership operates is intrinsically linked to the health of the economy as a whole. The business generates revenue from other businesses as well as the general public and so an economic decline could pose a risk to the business. In terms of revenue derived from other businesses this risk is somewhat mitigated because a significant number of the contracts the Partnership has with these customers are long term leases, the majority of which have more than 10 years to run, mitigating the potential impact of any economic downturn.

The risk of a decline in revenue from the general public is harder to mitigate. To defend against a downturn in public spending the business has continued to maintain a competitive advantage in order to attract customers. The Avenue does also benefit from the footfall brought by the success of The O_2.

Strategic Report *(continued)*

Business strategy risk

The strategy in The Avenue has been to fill units on long term leases primarily with established restaurant and bar chains offering a variety of cuisine. This has been successful in bringing more people to The O_2 campus when there are no events at The O_2 arena. Senior management continue to explore opportunities to enhance the experience and extend the offering in The Avenue.

The construction of the retail outlet is being closely managed and monitored by senior management to ensure it is completed to meet the overall strategic requirements. There is a high level of focus on the letting strategy for the new development.

Liquidity risk

By managing liquidity, the Partnership aims to ensure it can meet its financial obligations as and when they fall due.

As detailed in Note 1, the financial statements have been prepared on a going concern basis, in support of which the members have reviewed the Partnership's trading forecasts for the next twelve months taking into account the current macroeconomic environment. As a result, the members are confident that the assumptions underlying these forecasts are reasonable and that the Partnership will be able to operate on this basis.

Signed by:

Representative of the General Partner and the Limited Partners

A Wood
Director

The O2
Peninsula Square
London
UK
SE10 0DX

13 April 2018

General Partner's Report

The General Partner presents their report on the affairs of the Limited Partnership, together with the audited financial statements for the year to 31 December 2017.

Creditor payment policy

The Partnership's policy, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Partnership does not follow any code or standard on payment practice.

Members and their interests

The members of the Limited Partnership during the year were:

Name:	*Country of incorporation:*	*Interest:* 2017	2016
Waterfront GP Limited (the general partner)	UK	**0.30%**	0.30%
Rocket Estates Limited	Jersey	**99.70%**	99.70%

Waterfront GP Limited is the General Partner and, as such, has exclusive responsibility for the management of the business of the Partnership.

Policy with respect to members' drawings and repayment of members' capital

Members are entitled to share the profits of the Partnership in accordance with the proportions stated in the Partnership agreement. These percentages may be varied from time to time in accordance with the provisions of the Partnership agreement. Payment of profits can be repaid or paid (as the case may be) at such time as the designated members determine, in the proportions to which they are entitled.

Members introduce their capital at a proportion determined by the Partnership agreement. Repayments of capital are made at such time as the designated members determine, in the proportions to which they are entitled.

Capital contributions made by the Limited Partners shall be repayable upon the winding-up or dissolution of the Partnership. In the event that the assets of the Partnership, after payment of or provision for all the liabilities of the Partnership, are insufficient to repay such capital contributions in full, such capital contributions shall be repaid in part on a pro rata basis, and the General Partner is not liable for repayment of such capital contributions from its own resources.

Political contributions

The Partnership made no political donations during the year *(2016: £nil)*.

General Partner's Report *(continued)*

Disclosure of information to auditors

The members who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Signed by:

Representative of the General Partner and the Limited Partners

The O_2
Peninsula Square
London, SE10 0DX

A Wood

13 April 2018

Statement of general partner's responsibilities in respect of the Strategic Report, the General Partner's Report and the financial statements

The general partner is responsible for preparing the Strategic Report, the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the general partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the general partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the general partner 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 the profit or loss of the partnership for that period. In preparing these financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the qualifying partnership'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 qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The general partner is 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 partnership and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members' of the Waterfront Limited Partnership

Opinion

We have audited the financial statements of The Waterfront Limited Partnership ("the qualifying partnership") for the year ended 31 December 2017 which comprise the Profit and loss account, the Balance Sheet, the Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 qualifying partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and general partner's report

The general partner is responsible for the strategic report and the general partner's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the strategic report and the general partner's report 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 those reports;
- in our opinion the information given in the strategic report and the general partner's report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to qualifying partnerships we are required 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
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

General partner's responsibilities

As explained more fully in the their statement set out on page 5, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they 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 qualifying 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 they either intend to liquidate the qualifying partnership 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 qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer

JONATHAN DOWNER (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

13 April 2018

Profit and loss account
For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	3	**9,885**	10,117
Administrative expenses	2	**(970)**	(583)
Operating profit	2	**8,915**	9,534
Interest receivable and similar income	5	**-**	1
Interest payable and similar charges	6	**(8,601)**	(8,541)
Loss on cash flow hedge		**1,180**	(1,765)
Gain on revaluation of investment property	8	**46,995**	14,481
Profit for the financial year		**48,489**	13,710

The results for the year all derive from continuing operations.

The Limited Partnership has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 21 form part of these financial statements.

Balance Sheet
At 31 December 2017

	Note		2017		2016
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*7*		**1**		**3**
Investment property	*8*		**346,215**		**252,870**
Current assets					
Debtors	*9*	**10,885**		**43,307**	
Cash in hand	*10*	**10,931**		**1,637**	
Creditors: amounts falling due within one year	*11*	**(15,143)**		**(10,410)**	
Net current assets			**6,673**		**34,534**
Total assets less current liabilities			**352,889**		**287,407**
Creditors: amounts falling due after more than one year	*12*		**(171,290)**		**(154,297)**
Net assets attributable to members			**181,599**		**133,110**
Capital and reserves					
Members' capital	*15*		**30**		**30**
Members' loan	*16*		**43**		**43**
Revaluation reserve	*17*		**131,591**		**84,597**
Hedging reserve	*17*		**1,180**		**(1,765)**
Profit and loss account	*17*		**48,755**		**50,205**
Total members' funds	*17*		**181,599**		**133,110**

These financial statements were approved by the General Partner on 13 April 2018, and are signed on their behalf by:

A Wood
Representative of the General Partner and the Limited Partner

Registered Number: LP8146

The notes on pages 11 to 21 form part of these financial statements.

Cash flow statement
For the year ended 31 December 2017

	Note	**2017**	2016
		£000	£000
Cash flows from operating activities			
Profit for the year		**48,489**	13,710
Adjustments for:			
Depreciation, amortisation and impairment		**2**	3
Loss on cash flow hedge		**-**	1,765
Interest receivable and similar income		**-**	(1)
Interest payable and similar charges		**8,601**	8,541
Gain on revaluation of property		**(46,995)**	(15,314)
Amortisation of deferred loan cost		**1**	-
		10,098	8,704
(Increase) / decrease in trade and other debtors		**(3,371)**	545
Increase in trade and other creditors		**4,019**	864
Net cash from operating activities		**10,746**	10,113
Cash flows from investing activities			
Interest received	*5*	**-**	1
Related party loan		**35,793**	(35,793)
Acquisition of investment property	*8*	**(46,350)**	(13,556)
Net cash from investing activities		**(10,557)**	(49,348)
Cash flows from financing activities			
Borrowings		**15,793**	41,715
Interest paid	*6*	**(6,688)**	(4,052)
Net cash from financing activities		**9,105**	37,663
Net (decrease)/increase in cash and cash equivalents		**9,294**	(1,572)
Cash and cash equivalents at 1 January		**1,637**	3,209
Cash and cash equivalents at 31 December	*10*	**10,931**	1,637

The notes on pages 11 to 21 form part of these financial statements.

Notes to the financial statements
Year ended 31 December 2017

1 Accounting policies

Basis of Preparation
Under the Partnership (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Part 15 and Chapter 1 of Part 16 of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and affective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The members of the Limited Partnership during the year were Rocket Estates Limited with a 99.70% interest and Waterfront GP Limited (the general partner) with a 0.30% interest. Rocket Estates Limited is a joint venture owned 50:50 by London and Arena Waterfront Holdings LLC (an AEG Company incorporated in the USA) and Crosstree Real Estate Management Limited acting as general partner to the Crosstree Real Estate Special Situations Fund LP, a fund registered in Jersey.

Fixed Assets
Assets under construction are recorded within fixed assets and are not depreciated as these assets are not available for use in the business. Upon completion the assets are recorded within the appropriate fixed asset category and are depreciated over their estimated useful economic lives.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful economic lives as follows:

Plant and equipment - 3-7 years

Investment property
Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised through profit or loss in the period that they arise; and
- no depreciation is provided in respect of the investment properties applying the fair value model

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets until a reliable measure of fair value becomes available.

A property interest that held under an operating lease is classified and accounted for as investment property if, the property would otherwise meet the definition of an investment property and the fair value of the property interest can be measured without undue cost or effort on an on-going basis. Where a property interest is classified as investment property the lease is accounted for as if it is a finance lease and the leased asset is recognised at the lower of fair value and the present value of the minimum lease payments, with an equivalent liability.

Notes *(continued)*

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. The Partnership does not currently have assets under finance lease.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Classification of members' capital of the Partnership
Following the adoption of FRS 102, the members' capital of the partnership is treated as equity only to the extent that the Partnership has an unconditional right to avoid repaying the capital.

Members are entitled to a share in the profits in accordance with the proportions stated in the Partnership agreement (and as amended on 25 April 2008); these percentages may be varied from time to time in accordance with the provisions of the Partnership agreement.

The profit share to members is not pre-determined, as such the profit is classified as equity and there is no charge to the profit and loss account.

Taxation
No account is taken of either current taxation on profits or deferred taxation arising on timing differences within these accounts. All taxation is dealt with as appropriate in the accounts of the Partners.

Financial Instruments
i) *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there is a legally enforceable right to set off the recognised amounts and the Partnership intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are subsequently measured at amortised cost using the effective interest method.

ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as part of cash and cash equivalents for the purposes of the cash flow statement.

iii) *Derivative financial instruments*

The Partnership uses derivative financial instruments to reduce exposure to interest rate movements. The Partnership does not hold or issue derivative financial instruments for speculative purposes

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The Partnership does not apply hedge accounting in relation to its derivative financial instruments.

Notes *(continued)*

Interest receivable and Interest payable
Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Profit on ordinary activities before tax

	2017	2016
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit of these financial statements	**45**	38
Taxation compliance services	**14**	7
Depreciation of tangible fixed assets	**2**	3

3 Turnover

	2017	2016
	£000	£000
Rental income	**9,213**	9,443
Rendering of services	**672**	674
	9,885	10,117

4 Staff costs

The Partnership did not employ any staff in the year. During the year costs of £331,000 *(2016: £362,000)* for 1 (*2016:* 1) employee of the joint venture partners were recharged into the partnership.

Notes *(continued)*

5 Interest receivable and similar income

	2017	2016
	£000	£000
Bank interest	**-**	1
	-	1

6 Interest payable and similar charges

	2017	2016
	£000	£000
Interest payable to related parties	**1,531**	1,855
Interest payable on bank loans	**5,458**	5,648
Interest payable on derivative financial instruments	**1,060**	657
Loan service fees	**552**	381
	8,601	8,541

Notes *(continued)*

7 Fixed Assets

	Plant and equipment £000
Cost	
At beginning of year	1,790
Additions	-
At end of year	**1,790**
Depreciation	
At beginning of year	1,787
Charge for year	2
At end of year	**1,789**
Net book value	
31 December 2017	**1**
31 December 2016	3

8 Investment property

	2017 £000	2016 £000
Fair value as at 1 January	**252,870**	224,000
Additions	**46,350**	13,556
Revaluation	**46,995**	15,314
Fair value as at 31 December	**346,215**	252,870
Historical cost value	**214,692**	168,342

No item of investment property in the year was valued by an external, independent valuer (2016: £nil). The directors value the portfolio every year.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. A table showing the range of yields applied for each type of property is included below.

- UK 4.5% - 4.75%

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

Notes *(continued)*

9 Debtors

	2017 £000	2016 £000
Trade debtors	**4,738**	4,261
Other debtors	**6,147**	1,678
Amounts owed by related parties	**-**	1,575
Related party loans	**-**	35,793
	10,885	43,307

Amounts owed by related parties and related party loans are repayable on demand.

10 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	**10,931**	1,637
	10,931	1,637

11 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**848**	708
Amounts owed to related parties	**2,038**	38
Accruals and deferred income	**4,113**	2,220
Other creditors	**585**	1,799
Related party loan accrued interest	**6,535**	4,680
Bank loan accrued interest	**1,024**	965
	15,143	10,410

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	2017	2016
	£000	£000
Bank loans	**139,348**	139,497
Related party loans	**29,842**	13,900
Other creditors	**2,100**	900
	171,290	154,297

The partnership has a four year Secured loan Facility 'the facility' of £208,700,000, of which £143,125,000 was drawn at closing.

The facility is subject to interest at 2.40% above LIBOR. At 31 December 2017 LIBOR was 0.391% *(2016: 0.370%)*. The terms of the facility include certain affirmative and negative covenant tests. The partnership was in compliance with all covenants during 2017 and as at 31 December 2017.

The facility is secured by substantially all of the assets related to The Avenue including material contracts relating thereto.

Quarterly interest payments are scheduled to be made until maturity on 19 July 2020. On this date the remaining principal balance is due.

Related party loans consist of equal loans from Mint Finance S.A.R.L. (Crosstree) and Ansco Finance Co. 2 Limited (AEG), which accrue interest at 8% per annum and are repayable on 4 September 2035.

Borrowings are repayable as follows:

	2017	2016
	£000	£000
Bank loans:		
Between one and five years	**139,348**	139,497
	139,348	139,497
Total borrowings:		
Between one and five years	**139,348**	139,497
In more than five years	**29,842**	13,900
	169,190	153,397

Notes *(continued)*

13 Financial instruments

Financial assets	2017 £000	2016 £000
Measured at amortised cost	**10,885**	43,307
	10,885	43,307

Financial liabilities	2017 £000	2016 £000
Measured at fair value	**585**	1,765
Measured at amortised cost	**183,661**	162,943
	184,246	164,708

The Company's income, expense, gain and losses in respect of financial instruments are summarised below:

	2017 £000	2016 £000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	**8,049**	8,160
	8,049	8,160
Fair value gains and losses		
On derivative financial liabilities	**1,180**	(1,765)
	1,180	(1,765)