

SOLITAIRE REAL ESTATE HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



SOLITAIRE REAL ESTATE HOLDINGS LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
C C McGill

SECRETARY

P A Hallam

REGISTERED OFFICE

Molteno House
302 Regents Park Road
Finchley
London N3 2JX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2017.

Principal activities and review of the business

The principal activity of the company is that of a holding company of a trading subsidiary.

Business review and future developments

The directors are satisfied with the financial position of the company at the year end. The results for the year are shown in the statement of comprehensive income on page 6.

Results and dividends

The loss for the year amounted to £29,508,075 (2016: £4,589,377). The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The following directors have held office since 1 January 2017:

W K Procter
C McGill

Insurance of Officers

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a strategic report.

By order of the Board:


W K Procter

Director
14 | 08 | 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLITAIRE REAL ESTATE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Solitaire Real Estate Holdings Limited (the 'Company') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLITAIRE REAL ESTATE HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Colin Roberts FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

15/8/2018

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | 2017 £ | 2016 £ |
|--|-------|----------------------------|---------------------------|
| Administrative expenses | | (4,570) | (5,450) |
| Operating loss | | <u>(4,570)</u> | <u>(5,450)</u> |
| Exceptional items | 2 | (44,161,306) | (18,087,470) |
| Interest receivable and similar income | 3 | 19,274,184 | 18,100,450 |
| Interest payable and similar expenses | 4 | (4,616,383) | (4,596,907) |
| Loss before taxation | 5 | <u>(29,508,075)</u> | <u>(4,589,377)</u> |
| Taxation | 7 | - | - |
| Loss after taxation | | <u>(29,508,075)</u> | <u>(4,589,377)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>(29,508,075)</u></u> | <u><u>(4,589,377)</u></u> |

SOLITAIRE REAL ESTATE HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION (Company Registration Number: 05806191)****AT 31 DECEMBER 2017**

| | Notes | 2017 £ | 2016 £ |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 8 | 18,816,343 | 43,703,465 |
| Current assets | | | |
| Debtors | 9 | - | 851,254 |
| Creditors: Amounts falling due within one year | 10 | (730,921) | (1,574,084) |
| Net current liabilities | | (730,921) | (722,830) |
| Creditors: Amounts falling due in more than one year | 11 | (111,968,542) | (107,355,680) |
| Net Liabilities | | (93,883,120) | (64,375,045) |
| Capital and reserves | | | |
| Called up share capital | 12 | 1 | 1 |
| Profit and loss account | | (93,883,121) | (64,375,046) |
| Total equity | | (93,883,120) | (64,375,045) |

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

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 14/08/2018 and are signed on its behalf by:


W K Procter
Director

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Share capital £ | Profit and loss account £ | Total £ |
|--|--------------------------------|--|---------------------|
| Balance at 1 January 2016 | 1 | (59,785,669) | (59,785,668) |
| Loss and total comprehensive income for the year | - | (4,589,377) | (4,589,377) |
| Balance at 31 December 2016 | <u>1</u> | <u>(64,375,046)</u> | <u>(64,375,045)</u> |
| Loss and total comprehensive income for the year | - | (29,508,075) | (29,508,075) |
| Balance at 31 December 2017 | <u>1</u> | <u>(93,883,121)</u> | <u>(93,883,120)</u> |

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

Company information

Solitaire Real Estate Holdings Limited ("the Company") is a company limited by shares domiciled and incorporated in England & Wales. The address of the Company's registered office and principal place of business is Molteno House, 302 Regents Park Road, London, N3 2JX. The principal activity of the company is that of a holding company.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small company's regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

1.2 Consolidated financial statements

The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemption provided by FRS 102 Chapter 9 'Consolidated and Separate Financial Statements' and Section 399 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that it is subject to the small companies regime. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

1.3 Going concern

The company's principal liability at the balance sheet date, is an intercompany creditor balance of £112m (2016: £107m) owed to Solitaire Group Limited, the company's direct subsidiary. The directors are of the opinion that given the level of distributable reserves in Solitaire Group Limited and the underlying value in Solitaire Group Limited's subsidiary undertakings there is sufficient value in Solitaire Group Limited that in the long term dividends can be paid to Solitaire Real Estate Holdings Limited to clear the balance. The timing of the repayment of this balance is at the discretion of Solitaire Group Limited.

In addition, Fairhold Services Limited have confirmed that should the company require additional funding to meet its liabilities, then Fairhold Services Limited will make such additional funding available. The directors consider that the company will have sufficient resources to meet any liabilities as they fall due for the reasonably foreseeable future and, therefore, consider it appropriate to prepare the financial statements on the going concern basis.

1.4 Financial and presentation currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.5 Fixed asset investments

Fixed asset investments are carried at cost less provision for permanent diminution in value. Carrying values are reviewed on a regular basis by the directors.

1.6 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1.6 Taxation (continued)

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1.7 Financial instruments (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.8 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of group and related party balances

A significant amount of judgement is taken by the directors in assessing the recoverability of any group or related party balances. Where balances are not deemed fully recoverable provisions have been made as discussed further in notes 2,8 and 14.

Recoverability of investments in subsidiaries

A significant amount of judgement is taken by the directors in assessing the fair value of the carrying value of the investments in subsidiaries. Where the value is deemed to be below cost a provision is recognised and recognised as an expense in profit and loss account.

| 2. Exceptional items | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Provision for diminution in value of long term notes | 19,274,184 | 18,087,470 |
| Provision for investments in subsidiary undertaking | 24,887,122 | - |
| | <u>44,161,306</u> | <u>18,087,470</u> |

The provision for diminution in value of long term loan notes arises so as to reduce the carrying value as at 31 December 2017 to the estimated recoverable amount.

The provision for diminution in value of investments in subsidiary undertakings arises in anticipation of a strategic change in the nature of the groups' investment holdings to reduce the carrying value to the estimated recoverable amount as at 31 December 2017.

| 3. Interest receivable and similar income | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Interest receivable from related parties | <u>19,274,184</u> | <u>18,100,450</u> |

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

| 4. Interest payable and similar expenses | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Interest payable to related parties | 3,520 | - |
| Interest payable to group undertaking | 4,612,863 | 4,596,907 |
| | <u>4,616,383</u> | <u>4,596,907</u> |

| 5. Profit before taxation | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| The profit before taxation is stated after charging: | | |
| - Auditor's remuneration | 4,570 | 5,450 |
| | <u>4,570</u> | <u>5,450</u> |

6. Employees and directors

The company employed no staff during the year and no remuneration has been paid by the company to the directors (2016: nil)

| 7. Taxation | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Current tax: | | |
| UK corporation tax | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Tax on loss | <u>-</u> | <u>-</u> |

Factors affecting tax charge for the year:

The tax assessed for the year is lower than the effective rate of corporation tax in the UK 19.25% (2016: 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Loss before taxation | (29,508,075) | (4,589,377) |
| Loss multiplied by the effective rate of corporation tax in the UK of 19.25% (2016: 20%) | (5,680,304) | (917,875) |
| Effects of: | | |
| Group relief received without charge | (2,820,353) | (4,009,956) |
| Transfer pricing | (394) | (444) |
| Effects of prior year adjustments | - | 1,310,782 |
| Disallowable provisions | 8,501,051 | 3,617,494 |
| Tax charge | <u>-</u> | <u>-</u> |

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

8. Fixed asset investments

| | Loans £ | Shares in group undertakings £ | Total £ |
|--|-------------|---|-------------|
| Cost | | | |
| At 1st January 2017 | 293,946,447 | 43,703,465 | 337,649,912 |
| Interest on loan investment | 19,274,184 | - | 19,274,184 |
| At 31st December 2017 | 313,220,631 | 43,703,465 | 356,924,096 |
| Provision for diminution in value | | | |
| At 1st January 2017 | 293,946,447 | - | 293,946,447 |
| Provision | 19,274,184 | 24,887,122 | 44,161,306 |
| At 31st December 2017 | 313,220,631 | 24,887,122 | 338,107,753 |
| Net book value | | | |
| At 31st December 2017 | - | 18,816,343 | 18,816,343 |
| At 31st December 2016 | - | 43,703,465 | 43,703,465 |

The loan investments are with related companies. Solitaire Real Estate Holdings Limited is owed £313,220,631 (2016: £293,946,447) by Meadsand Limited. The additions in the year represents the accrued interest credited to the profit and loss account during the year and is accrued at Bank Base Rate plus 4%. A repayment default occurred on the related party loan in September 2014 and since that default interest has been accruing with an additional 2% default margin. Despite the loan being repayable on demand it is not the intention for the loans to be repaid within one year.

Subsidiary undertakings

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet following the provision made in the year.

The company, either directly or indirectly, holds 100% of the share capital of the following companies:

| Company | % of Ordinary share capital held | Country of incorporation | Activity |
|--|-------------------------------------|-----------------------------|---------------------|
| Direct interest | | | |
| Solitaire Group Limited | 100% | UK | Holding company |
| Indirect interest | | | |
| Freehold Managers plc | 100% | UK | Property management |
| Moss Kaye Pembertons Limited | 100% | UK | Dormant |
| Solitaire Residential Limited | 100% | UK | Dormant |
| Solitaire Holdings Limited | 100% | UK | Dormant |
| Solitaire Residential Holdings Limited | 100% | UK | Dormant |
| Property Investment Portfolio Services Limited | 100% | UK | Dormant |
| Morbury Limited | 100% | UK | Dormant |
| Ergotrade Limited | 100% | UK | Dormant |

The registered office for all the subsidiary companies other than Freehold Managers plc is Molteno House, 302 Regents Park Road, London, N3 2JX. Freehold Managers plc's registered office is Butlers Wharf Building, 36 Shad Thames, London SE1 2YE.

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

| 9. Debtors | 2017 £ | 2016 £ |
|----------------------------------|-------------------|-------------------|
| Amounts due from related parties | - | 851,254 |

There were no fixed terms of repayment for amounts due from related parties. Interest was charged at 3-month Libor +1%.

| 10. Creditors: amounts falling due within one year | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Amounts due to related parties | 572,203 | - |
| Amounts due to group undertakings | 158,718 | 158,718 |
| Accruals and deferred income | - | 1,415,366 |
| | <u>730,921</u> | <u>1,574,084</u> |

There are no fixed terms of repayment for amounts due to related parties. Interest is charged at 3-month Libor +1%. Despite the loan being repayable on demand it is not the intention for the loans to be repaid within one year.

No interest is charged on the amounts due to group undertaking.

| 11. Creditors: amounts falling due in more than one year | 2017 £ | 2016 £ |
|---|--------------------|--------------------|
| Loan due to group undertaking | 111,968,542 | 107,355,680 |
| | <u>111,968,542</u> | <u>107,355,680</u> |

The loan due to group undertaking is repayable on 17 July 2022 and interest is charged at 4% above the bank base rate.

| 12. Share capital and reserves | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| <i>Allotted, issued and fully paid</i> | | |
| 1 Ordinary Share of £1 | 1 | 1 |

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the company represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners.

SOLITAIRE REAL ESTATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13. Immediate parent company, ultimate parent company and ultimate controlling party

The immediate parent company is Claudina Enterprises Limited, a company incorporated in the British Virgin Islands.

The directors regard the ultimate holding company to be Euro Investments Inc., a company incorporated in the British Virgin Islands and the ultimate controlling party to be the Tchenguiz Family Trust.

14. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

At the balance sheet date the company was owed £313,220,631 (2016: £293,946,447) from Meadsand Limited, a related party by virtue of common control and common directors. Interest of £19,274,184 (2016: 18,087,470) was receivable on this balance. The balance is fully provided for, including the interest receivable in the year.

At the balance sheet date the company owed £572,203 (2016: was owed £851,254) by Fairhold Services Limited, a related party by virtue of common control and common directors. Interest was payable on this balance in the year was £3,520 (2016: receivable of £12,980).