
PIHL THREE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

TUESDAY



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COMPANIES HOUSE

PIHL THREE LIMITED

COMPANY INFORMATION

DIRECTORS	T J Evans S L Gumm N M Leslau
COMPANY SECRETARY	S L Gumm
REGISTERED NUMBER	6492686
REGISTERED OFFICE	Cavendish House 18 Cavendish Square London W1G 0PJ
INDEPENDENT AUDITORS	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

PIHL THREE LIMITED

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PIHL THREE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

PIHL Three Limited is an investment company.

The company has not traded during the current year or prior year. During the year and the prior year the company received no income and incurred no expenditure and therefore made neither a profit or loss. Accordingly no profit and loss account has been prepared.

DIRECTORS

The directors who served during the year were:

T J Evans
S L Gumm
N M Leslau

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

POST BALANCE SHEET EVENTS


Details of post balance sheet events are set out in note 11 to the financial statements.

AUDITORS

BDO LLP have expressed their willingness to continue in office.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 September 2014 and signed on its behalf.



S L Gumm
Director

PIHL THREE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

PIHL THREE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIHL THREE LIMITED

We have audited the financial statements of PIHL Three Limited for the year ended 31 December 2013, which comprise the statement of total recognised gains and losses, the balance sheet and the related notes. 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).

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 auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the financial statements and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

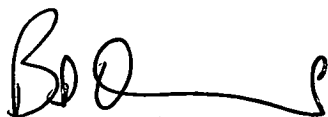
PIHL THREE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIHL THREE LIMITED

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 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 take advantage of the small companies' exemptions from the requirement to prepare a strategic report or in preparing the financial statements and the directors' report.



Russell Field (senior statutory auditor)

for and on behalf of

BDO LLP

Statutory auditor

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

30 September 2014

PIHL THREE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
PROFIT FOR THE FINANCIAL YEAR	7	-	-
Unrealised returns arising from partnership investments	7	3,021	1,158
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		3,021	1,158

The notes on pages 7 to 10 form part of these financial statements.

PIHL THREE LIMITED
REGISTERED NUMBER: 6492686

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £000	2012 £000
FIXED ASSETS			
Investments	4	49,617	46,596
CREDITORS: amounts falling due within one year	5	(20,500)	(20,500)
NET ASSETS		<u>29,117</u>	<u>26,096</u>
CAPITAL AND RESERVES			
Called up share capital	6	19,916	19,916
Revaluation reserve	7	9,201	6,180
SHAREHOLDERS' FUNDS	8	<u>29,117</u>	<u>26,096</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2014.



S.L. Gumm
Director

The notes on pages 7 to 10 form part of these financial statements.

PIHL THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

Investments in partnerships where the company does not have the power to govern or exercise significant influence over the financial and operating policies of the investee entity are stated at directors' valuation including, where relevant, accrued returns. Any valuation deficits below cost which are considered permanent are written off to the profit and loss account.

1.4 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the short term to absorb the reversal of the underlying timing differences.

2. AUDITORS' REMUNERATION

The auditors' remuneration is borne by the parent company. Fees payable to the company's auditors for the audit of the company's annual accounts were £900 (2012: £1,000).

3. UNPROVIDED DEFERRED TAX ASSET

	2013 £000	2012 £000
Losses available to carry forward at 20% (2012: 23%)	6	7

The unprovided deferred tax balance has been measured at a rate of 20% (2012: 23%), being the rate substantively enacted at the balance sheet date.

The directors are not aware of any other significant factors that may affect future tax charges.

PIHL THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

4. FIXED ASSET INVESTMENTS

	Other fixed asset investments £000
At valuation	
At 1 January 2013	46,596
Unrealised returns arising from partnership interests	3,021
At 31 December 2013	<u>49,617</u>

Cost of other fixed asset investments:

The company holds an investment which originally cost £20.4 million (2012: £20.4 million) in PIHL Equity LLP ("Equity LLP"), which is made up of £0.1 million Max Equity Capital and £20.3 million Max Preferred Capital. The returns on these investments in Equity LLP are dependent on the performance of Equity LLP's underlying investment in Max Property Group Plc ("Max"). Max is a Jersey incorporated closed-ended real estate company which was until 19 August 2014 listed on the London Alternative Investment Market and the Channel Islands Stock Exchange. On 18 August 2014 Max sold its business and returned cash to investors as further explained below.

The company also holds an investment which originally cost £20 million (2012: £20 million) in Prestbury Feeder LP ("Feeder LP"), an investment partnership registered in England and Wales. Prestbury Feeder LP has been dormant since June 2010 and has a net asset value of £20 million.

Valuation of other fixed asset investments:

At 31 December, 2013 the other fixed asset investments comprise an investment of £28.9 million (2012: £25.8 million) in Equity LLP and an investment of £20.7 million (2012: £20.7 million) in Feeder LP, including £8.5 million (2012: £5.5 million) and £0.7 million (2012: £0.7 million) respectively of accrued but unrealised returns.

The company is entitled to up to an 8% per annum preferred return, compounding annually, on the Max Preferred Capital plus a 50.1% share of all remaining profits arising from Equity LLP's Max investment. The EPRA net asset value of Max at 31 December 2013 (estimated at 155.7p (2012: 135.3p) per share by taking the average published Max EPRA net asset value of 146.8p per share at 30 September 2013 (2012: 134.1p per share) and 164.5p per share at 31 March 2014 (2013: 136.5p per share)) indicated that the company was more likely than not at that date to ultimately receive the preferred return and profit share and these amounts have therefore been reflected in the valuation of the underlying investment in Max at the balance sheet date, based on the 31 December 2013 EPRA net asset valuation, and are included in the accrued unrealised returns on the Equity LLP investment shown above.

On 24 July 2014 Max returned cash to shareholders including £3 million to PIHL Equity LLP. On 21 August 2014 a further £33.7 million of cash was returned to PIHL Equity LLP in a liquidation distribution following the sale of Max's underlying business. Of the total £36.7 million, £32.3 million was distributed to PIHL Three Limited in accordance with the partnership agreement, comprising the repayment of capital of £20.4 million, £7.6 million of preferred return and £4.3 million of equity profit share. The cash received has since been distributed to the company's parent undertaking. Following these receipts, PIHL Equity LLP's interest in Max was £80,000 of which an estimated £40,000 is attributable to the company.

PIHL THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5. CREDITORS:
Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	20,500	20,500

Amounts owed to group undertakings consists solely of unsecured loan stock issued by a fellow group undertaking. The Unsecured Loan Stock 2010 is non-interest bearing and at the balance sheet date was scheduled to fall due for redemption on 30 June 2014. The redemption date has since been extended to 30 June 2015.

6. SHARE CAPITAL

	2013 £000	2012 £000
Allotted, called up and fully paid		
1 ordinary share of £1	-	-
19,915,950 redeemable ordinary shares of £1 each	19,916	19,916
	19,916	19,916

The ordinary shares and redeemable ordinary shares rank pari passu in all respects, however the redeemable ordinary shares are redeemable at the option of the company, at any time.

7. RESERVES

	Revaluation reserve £000
At 1 January 2013	6,180
Unrealised returns arising from partnership investments	3,021
At 31 December 2013	9,201

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	26,096	24,938
Other recognised gains and losses during the year	3,021	1,158
Closing shareholders' funds	29,117	26,096

PIHL THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Prestbury Investment Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Prestbury Investment Holdings Limited, within which this company is included, can be obtained from the address given in note 10.

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The results of the company are consolidated in the group headed by Prestbury Investment Holdings Limited, the company's parent undertaking, which is incorporated in England and Wales. The consolidated accounts of that company are available to the public and may be obtained from the Company Secretary, Cavendish House, 18 Cavendish Square, London, W1G 0PJ. The ultimate parent entity of the company is Lesray LLP, an LLP which is incorporated in England and Wales. The consolidated accounts of the partnership will be available to the public and may be obtained from the partnership's registered office address at Belfry House, Champions Way, Hendon, London, NW4 1PX.

11. POST BALANCE SHEET EVENTS

On 24 July 2014 Max returned cash to shareholders including £3 million to PIHL Equity LLP. On 21 August 2014 a further £33.7 million of cash was returned to PIHL Equity LLP in a liquidation distribution following the sale of Max's underlying business. Of the total £36.7 million, £32.3 million was distributed to PIHL Three Limited in accordance with the partnership agreement, comprising the repayment of capital of £20.4 million, £7.6 million of preferred return and £4.3 million of equity profit share. The cash received has since been distributed to the company's parent undertaking. Following these receipts, PIHL Equity LLP's interest in Max was £80,000 of which an estimated £40,000 is attributable to the company.