QDD Athletes Village UK Limited

Annual report and financial statements

For the year ended 31 March 2017

Company Registration No. 07503926

Contents

Company Information

Directors

DV4 Administration Limited
Sir John Henry Ritblat
Sheikh Jassim Hamad Al-Thani
Jeremy Martin Holmes

Secretary

DV4 Administration Limited

Registered office

6th Floor Lansdowne House
Berkeley Square
London
W1J 6ER

Auditors

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

Strategic Report

Principal activities

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

Review of business

The Group is now operating at a 'steady state' basis for its built units. At 31 March 2017, leases were agreed on 92% of the total portfolio, of which 71% were three year Assured Shorthold Tenancy (AST) Agreements.

Group revenue in the year ended 31 March 2017 was £35m (2016: £28m). Net assets of the Group are £304m (2016: £346m) on an IFRS basis and £336m (2016: £394m) on an EPRA basis.

The Directors do not recommend the payment of a dividend (2016: £nil).

Principal risks and financial risk management objectives and policies

The Group's activities expose it to a number of risks, both business and financial, principally the impact of changes in political policy regarding BtR homes, the potential impact of competition and interruptions due to development activities, and potential lack of customer satisfaction leading to levels of 'resident churn' at higher than anticipated rates. These risks are mitigated by management by ensuring regular communication to residents regarding developments, investment in marketing campaigns to ensure a clear and competitive market position, and by developing solid relationships with political policy groups to ensure the business maintains its strong position in the sector. Financial risks include interest risk, credit risk and liquidity risk. These risks are described further in note 18 to the financial statements.

Management note the uncertainty and consequential volatility in the property and capital markets since the UK voted to leave the European Union in the 23 June 2016 referendum, and the subsequent General Election in June 2017. This uncertainty may have an impact on UK property valuations in future periods and on rental growth expectations.

Approved by the Board of Directors and signed on behalf of the Board.

Jeremy Holmes

Director

Date: 16 August 2017

Directors' Report

The Directors present the annual report and the audited Group financial statements for the year ended 31 March 2017.

Directors

The Directors who served during the year were:

- DV4 Administration Limited
- Sir John Henry Ritblat
- Sheikh Jassim Hamad Al-Thani
- Jeremy Martin Holmes (appointed 21 July 2016)
- Stephen James Pettit (resigned 21 July 2016)

Audit Committee

The Audit Committee is responsible for making recommendations to the Board on a range of matters including relevant management accounts information and the annual financial statements, the appropriateness of the Group's accounting policies and practices and the effectiveness of the Group's internal control and risk management systems.

Future developments

In the coming year the Directors will continue the proactive management of the BtR scheme at East Village, and will continue to work on the planning and initial building phases of its new developments on plots under the ownership of its subsidiary, Stratford Village Development Partnership (SVDP). The work on the plot known as N08 is progressing well with the first levels constructed. The plot known as N06 is currently at the design stage, with construction expected to commence in early 2018.

Going concern

The financial statements have been prepared on a going concern basis even though the Group has net current liabilities. The Directors have referred to cash flow forecasts for the coming year in order to understand the capital requirements of the Group. In considering whether this is appropriate, the Directors have taken into account the following:

- the Group has received confirmation from its ultimate parent entity, East Village London LLP, that the immediate parent company QDD Limited, does not intend to seek repayment of the Deep Discount Bonds within 12 months of the date of approval of these financial statements;
- funding facilities secured for development spend consisting of senior debt from the Homes and Communities Agency Build to Rent scheme of £181m and mezzanine bank debt of £140m;
- the Group has substantial net assets of £304m and held £16m of cash at 31 March 2017, therefore giving the group flexibility to obtain additional financing facilities if necessary.

The Directors therefore have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

Directors' Report (continued)

Staff policies

The Group seeks to involve all employees in the development of the Group's business. The Group undertakes to provide employees with information of concern to them that is likely to affect their interests.

The Group supports the principle of equal opportunities in employment and opposes all forms of discrimination. Every step is taken to ensure that individuals are treated equally and fairly, and decisions on recruitment, training, promotion and career development are based only on objective and job-related criteria. The Group gives full and fair consideration to applications for employment from disabled persons and also seeks to continue to employ, with suitable training, if appropriate, any person who becomes disabled whilst employed by the Group.

Charitable and political donations

The Group made charitable donation contributions of £20,000 (2016: £32,000) during the year.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Jeremy Holmes

Director

Date: 16 August 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs and applicable law) as adopted by the European Union.

Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the profit or loss of the Group 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;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QDD ATHLETES VILLAGE UK LIMITED

We have audited the financial statements of QDD Athletes Village UK Limited for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 24 for the Consolidated Financial Statements and notes 1 to 10 for the Parent Company Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QDD ATHLETES VILLAGE UK LIMITED (continued)

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 17 August 2017

Consolidated statement of comprehensive income

	Notes	2017 £000	2016 £000
Rental income		**34,503**	27,603
Other income		**498**	321
Total revenue		**35,001**	27,924
Direct property costs		**(7,184)**	(8,279)
Gross profit		**27,817**	19,645
Administrative expenses		**(16,139)**	(14,897)
Valuation (loss)/gain on investment property	11	**(8,777)**	55,819
Operating profit	7	**2,901**	60,567
Finance costs	8	**(57,838)**	(55,092)
Finance income	9	**22**	79
(Loss)/profit before taxation		**(54,915)**	5,554
Tax credit	10	**12,714**	6,736
(Loss)/profit for the year		**(42,201)**	12,290
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		**(42,201)**	12,290
Attributable to:			
Equity holders of the parent		(42,201)	12,290
Non-controlling interests		-	-
Total comprehensive (expense)/income for the year		(42,201)	12,290

Consolidated statement of financial position

	Notes	2017 £000	2016 £000
Non-current assets			
Investment property	11	**1,191,800**	1,141,600
Property, plant and equipment	12	**6,320**	8,355
Total non-current assets		**1,198,120**	1,149,955
Current assets			
Trade and other receivables	13	**3,788**	6,907
Cash and cash equivalents	14	**16,299**	23,107
Total current assets		**20,087**	30,014
Total assets		**1,218,207**	1,179,969
Current liabilities			
Trade and other payables	15	**18,718**	22,351
Loans and borrowings	16	**496,176**	415,881
Total current liabilities		**514,894**	438,232
Non-current liabilities			
Long-term other payables	15	**2,218**	-
Loans and borrowings	16	**364,739**	348,065
Derivative financial instruments	17	**13,558**	15,959
Deferred tax liabilities	10	**18,812**	31,526
Total non-current liabilities		**399,327**	395,550
Total liabilities		**914,221**	833,782
Net assets		**303,986**	346,187
Equity attributable to equity shareholders			
Share capital	19	**10**	10
Retained earnings		**303,976**	346,177
Total equity		**303,986**	346,187

The financial statements on pages 9 to 31 were approved by the Board of Directors for issue on and were signed on its behalf by:

Jeremy Holmes

Director

Date: 16 August 2017

Consolidated statement of changes in equity

	Issued capital	Accumulated (deficit)/surplus	Total equity
	£000	£000	£000
As at 1 April 2015	10	333,887	333,897
Total comprehensive income for the year	-	12,290	12,290
As at 31 March 2016	10	346,177	346,187
As at 1 April 2016	10	346,177	346,187
Total comprehensive expense for the year	-	(42,201)	(42,201)
As at 31 March 2017	**10**	**303,976**	**303,986**

Consolidated cash flow statement

	Notes	2017 £000	2016 £000
Operating activities			
(Loss)/profit before taxation		**(54,915)**	5,554
Adjustments to reconcile (loss)/profit before taxation to net cash flows			
Depreciation	12	**3,551**	2,992
Loss on disposal of fixed assets	7	**4**	-
Valuation loss/(gain) on investment property	11	**8,777**	(55,819)
Finance income	9	**(22)**	(79)
Finance costs	8	**57,838**	55,092
Working capital adjustments:			
Trade and other receivables		**1,357**	(414)
Trade and other payables		**(7,026)**	3,812
Net cash inflow from operating activities		**9,564**	11,138
Investing activities			
Purchase of property, plant and equipment	12	**(1,520)**	(2,777)
Development expenditure		**(52,348)**	(21,066)
Interest received		**22**	79
Net cash outflow from investing activities		**(53,846)**	(23,764)
Financing activities			
Drawdown of deep discount bonds		**40,000**	30,000
Drawdown of Mezzanine loan		**17,560**	-
Loan and hedge fees		**(3,691)**	(2,013)
Profit paid on Murabaha loan		**(16,544)**	(16,811)
Other financing costs		**149**	-
Net cash inflow from financing activities		**37,474**	11,176
Net decrease in cash and cash equivalents		(6,808)	(1,450)
Cash and cash equivalents at the start of the year		23,107	24,557
Cash and cash equivalents at end of the year	14	**16,299**	23,107

Notes to the financial statements

1. Corporate information

The consolidated financial statements of QDD Athletes Village UK Limited for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Directors on 16 August 2017.

The Company is incorporated in England and Wales.

2. Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The financial statements have been prepared on an historical cost basis except for investment property and derivatives which are measured at fair value.

Going concern

The financial statements have been prepared on a going concern basis even though the Group has net current liabilities. Considering whether this is appropriate, the Directors have referred to cash flow forecasts in order to understand the requirements of the Group and also taken into account the following:

- the Group has received confirmation from its ultimate parent entity, East Village London LLP, that the immediate parent company QDD Limited, does not intend to seek repayment of the Deep Discount Bonds within 12 months of the date of approval of these financial statements;
- funding facilities secured for development spend consisting of senior debt from the Homes and Communities Agency Build to Rent scheme of £181m and mezzanine bank debt of £140m;
- the Group has substantial net assets of £304m and held £16m of cash at 31 March 2017, therefore giving the group flexibility to obtain additional financing facilities if necessary.

The Directors therefore have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

Estimates

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

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

Notes to the financial statements (continued)

2. Basis of preparation (continued)

Fair value of investment property - estimate

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

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

Refer to note 11 for more information.

Derivatives

The Group has entered financing facilities where the interest expense is based on LIBOR rates. This provides a key source of estimation uncertainty. However, the Group has entered derivatives to minimise the volatility of its exposure to these interest rate movements. The derivatives are valued at the reporting date by an external consultant using a discounted cash flow model and market information (see note 17).

Trade receivables

The Group must make judgements on the recoverability of its trade receivables at the reporting date. It continually assesses the aging profile and history of its receivables and as described in note 3(h), it has a policy of providing for impairment in trade receivables based on the age of the receivable.

Leases

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

3. Summary of significant accounting policies

a) Consolidation

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

The list of subsidiaries of the Group is included in note 24.

Subsidiaries

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

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

b) Investment property

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

c) Revenue recognition

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

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

Interest income is recognised using the effective interest rate approach.

d) Taxes

Current tax

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

Deferred tax

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

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

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

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

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

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Depreciation is charged at 25% per annum on a straight line basis. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be appropriate.

f) Cash and short-term deposits

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

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

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

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

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

h) Receivables

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

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

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

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

i) Derivative financial instruments

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

The Group does not apply hedge accounting.

4. Standards issued but not yet effective

There are no new standards, amendments or interpretations that are effective for the first time for the current financial year that have a material impact on these financial statements. The listing of standards and interpretations issued listed below are those that the Group reasonably expect will have an impact on disclosures, financial position or performance when applied at a future date.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 applies to classification and measurement of financial assets and financial liabilities with a mandatory effective date of 1 January 2018. The Directors are currently assessing the impact of IFRS 9, prior to implementation from 31 March 2018.

IFRS 15 *Revenue from Contracts with Customers*

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

Notes to the financial statements (continued)

4. Standards issued but not yet effective (continued)

IFRS 16 ***Leases***

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

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

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact to the financial statements or they are not currently relevant for the Group.

5. Fair value hierarchy

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

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

Derivatives

The fair value of the swaps and caps entered into in relation to the Mezzanine Loan and Senior Debt, are derived from the present value of future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments. As all significant inputs required to value the swaps and caps are observable, they all fall within Level 2. Information in respect of the fair value of financial instruments is included in note 17 and 18.

Gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within level 2 of the fair value hierarchy amount to £2.4m gain (2016: £1.9m loss).

Investment Property

Investment property falls within Level 3. The investment valuation is prepared by the Directors after consideration of a third party valuation, which is based on discounted cash flow model in accordance with RICS valuation Standards, Sixth Edition in the United Kingdom, includes a number of unobservable inputs and other valuation assumptions. Further details of these assumptions and significant unobservable inputs is included in note 11.

Gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to £8.8m loss (2016: £55.8m gain).

Notes to the financial statements (continued)

6. Revenue

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

	2017	2016
	£000	£000
***Minimum lease receivable*:**		
Within one year	**10,761**	10,378
Between two and five years	**2,576**	2,506
After more than 5 years	**2,183**	1,503
	15,520	14,387

7. Staff and other administrative expenses

Operating profit is stated after charging:

	2017	2016
	£000	£000
Salaries and wages	**3,739**	3,311
Social security costs	**481**	331
Employer's pension contribution	**43**	27
Auditor's remuneration	**198**	418
Depreciation	**3,551**	2,992
Loss on disposal of fixed assets	**4**	-

The Group established an optional workplace pension scheme for qualifying employees with a minimum 1% matched contribution from the business which prepares the business for its auto-enrolment staging in July 2018. As a retention mechanism, the Group offers matched contributions of 3%, 5%, 7% or higher depending on seniority and tenure.

The average number of employees in the Group during the year was 63 (2016: 57).

The Directors are remunerated for their services to their respective parent groups, or advisors thereto, as a whole. Their total remuneration is not allocated between the services they provide to this joint venture company and its subsidiaries and the various other joint ventures in their respective parent groups. Consequently, the Directors received no remuneration or reimbursements from QDD Athletes Village UK Limited or any of its subsidiaries (2016: £nil).

Key Management Personnel

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

Executives are employed to manage one small, operational element of the business which manages the properties on site but are not directly delegated to have responsibility for the strategic direction of the overall entity.

Notes to the financial statements (continued)

8. Finance costs

	2017	2016
	£000	£000
Interest on Deep discount bonds	**40,295**	35,567
Profit payable on Murabaha loan	**16,589**	16,634
Change in fair value of derivatives	**(2,401)**	1,921
Derivative transaction fee	**2,360**	-
Amortised arrangement fees	**1,144**	624
Other finance costs	**(149)**	346
	57,838	55,092

9. Finance income

	2017	2016
	£000	£000
Bank interest	**22**	79
	22	79

10. Taxation

	2017	2016
	£000	£000
Current tax charge	**-**	-
Deferred tax credit	**(12,714)**	(6,736)
Tax credit	**(12,714)**	(6,736)

Factors affecting the tax credit for the year		
(Loss)/profit before taxation	**(54,915)**	5,554
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	**(10,983)**	1,111
Effect of:		
Non-deductible expenses	**663**	493
Movement in difference between accounting and adjusted tax base cost of investment properties	**(3,373)**	(2,064)
Utilisation of losses brought forward	**(511)**	(3,828)
Excess of capital allowances recognised over depreciation	**710**	374
Effects of movement in future tax rates	**(1,459)**	(3,645)
Other tax adjustments	**(112)**	45
Movement in recognised losses	**2,351**	778
Tax credit	**(12,714)**	(6,736)

Notes to the financial statements (continued)

10. Taxation (continued)

The carrying value of the investment properties owned by the group is £527.4m higher than the tax base cost. This represents a temporary difference for tax purposes and a deferred tax liability is recognised. However, this liability may be reduced by losses arising in the Group and members of the Group have undertaken to make these losses available as necessary to cover the reversal of the temporary differences. The Group has unrecognised deferred tax assets at 31 March 2017 in respect of tax losses carried forward and other temporary differences of £3.1m (2016: £2.5m). These deferred tax assets were not recognised at 31 March 2017 on the basis that it was not sufficiently certain that suitable taxable profits would arise against which they could be utilised.

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

	2017	2016
	£000	£000
Deferred tax liabilities		
At 1 April	**31,526**	38,262
Credited to the statement of comprehensive income	**(12,714)**	(6,736)
At 31 March	**18,812**	31,526

	2017	2016
Deferred tax liability comprises	**£000**	£000
Revaluation of investment property	**76,459**	84,032
Future capital allowances	**(29,501)**	(31,237)
Unutilised tax losses	**(28,146)**	(21,269)
	18,812	31,526

Notes to the financial statements (continued)

11. Investment Property

	2017	2016
	£000	£000
At 1 April	**1,141,600**	1,064,150
Provision for additional acquisition cost (ODA overage)	**(982)**	565
Capital expenditure	**58,896**	21,066
Capitalised borrowing costs	**1,063**	-
Fair value adjustments	**(8,777)**	55,819
At 31 March	**1,191,800**	1,141,600

The fair values of the investment property held by the Group are Directors' valuations, after consideration of a third party valuation of the freehold site at 31 March 2017 in accordance with RICS Valuation Standards, Sixth Edition in the United Kingdom. This valuation comprises residential units of £917.0m (2016: £916.1m), development land of £262.0m (2016: £212.7m) and retail units of £10.0m (2016: £10.0m). In addition, sundry retail property was valued at £2.8m (2016: £2.8m).

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

The key unobservable inputs into the valuation are as follows:

	2017	2016
Estimated rental values (ERV) on vacant space	**£29 - £31sq.ft**	£28 - £30sq.ft
Capital expenditure	**£189 – £346/sq.ft**	£240 – £338/sq.ft
Discount rate	**5.85%**	6.25%

Sensitivity to key unobservable inputs

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

Notes to the financial statements (continued)

12. Property, plant and equipment

	Residential fixture and fittings	Retail assets	Office fixtures and equipment	Total
	£000	*£000*	*£000*	*£000*
Cost				
At 1 April 2015	7,106	120	3,868	11,094
Additions	672	1,943	162	2,777
At 31 March 2016	7,778	2,063	4,030	13,871
Additions	382	672	466	1,520
Disposal	(5)	-	(388)	(393)
At 31 March 2017	**8,155**	**2,735**	**4,108**	**14,998**
Depreciation				
At 1 April 2015	(1,315)	-	(1,209)	(2,524)
Depreciation charge for the year	(1,835)	(256)	(901)	(2,992)
At 31 March 2016	(3,150)	(256)	(2,110)	(5,516)
Depreciation charge for the year	(1,984)	(630)	(937)	(3,551)
Eliminated on disposals	1	-	388	389
At 31 March 2017	**(5,133)**	**(886)**	**(2,659)**	**(8,678)**
Net book value				
Balance at 31 March 2017	**3,022**	**1,849**	**1,449**	**6,320**
Balance at 31 March 2016	4,628	1,807	1,920	8,355

Assets have been re-classified into specific categories to provide more clarity and improve the reader's understanding of the financial statements. As a result of the re-classification, there has been no impact to the net book value of the assets, and there has been no impact to the consolidated statement of comprehensive income.

Notes to the financial statements (continued)

13. Trade and other receivables

	2017	2016
	£000	£000
Trade receivables	435	121
Allowance for doubtful debts	(93)	(34)
	342	87
Other taxes	418	1,422
Other receivables	135	634
Amount due from parent undertaking	1,123	1,023
Accrued income	616	605
Prepayments	1,154	3,136
	3,788	6,907

Trade receivables are non-interest bearing.

Trade receivables are provided for as follows:

- 50% of debt over 1 month old (but less than 2 months)
- 100% provision for debts over 2 months old. At this point, legal proceedings will commence.

Management seeks to collect all trade receivables.

The receivables past due but not impaired amounted to £101k (2016: £10k)

14. Cash

	2017	2016
	£000	£000
Cash at bank	16,299	23,107

Included in cash at bank is restricted cash of £3.9m (2016: £3.5m). The restricted cash is the deposits paid by the tenants of the properties.

Notes to the financial statements (continued)

15. Trade and other payables

	2017	2016
	£000	£000
Trade payables	**405**	4,236
Deferred income	**2,890**	2,531
Other payables	**15,423**	15,584
	18,718	22,351
Payables due in more than 12 months – retention	**2,218**	-
	20,936	22,351

Payables due in more than 12 months of £2.2m (2016: £nil) represents the retention liability due to the contractor of the development property currently under construction, which is liable to be settled as 50% upon practical completion (expected in September 2018) and 50% a year following (expected in September 2019).

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

16. Loans and borrowings

	2017	2016
	£000	£000
Deep discount bonds	**496,176**	415,881
Murabaha loan	**350,000**	350,000
Deferred Murabaha loan arrangement fees	**(1,395)**	(1,935)
Mezzanine loan	**18,623**	-
Deferred Mezzanine loan arrangement fees	**(2,489)**	-
	860,915	763,946
Less:		
Current portion of loans and borrowings	**(496,176)**	(415,881)
	364,739	348,065

The deep discount bonds include rolled up finance charges for the year of £40.2m (2016: £35.6m).

Deep discount bonds are redeemable in 2018 and carry an effective interest rate of 8.75%.

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

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

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

Notes to the financial statements (continued)

17. Derivative financial instruments

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

	2017	2016
	£000	£000
At 1 April	**15,959**	14,038
Change in fair value of derivatives	**(2,401)**	1,921
At 31 March	**13,558**	15,959

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

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

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

Maximum Notional amount	Effective Date	Termination Date	Cap Rate	Facility
£14,736,000	31 December 2016	30 September 2020	1.5%	Mezzanine Loan
£73,680,000	30 September 2020	31 March 2021	2.0%	Mezzanine Loan Guarantee period
£104,576,000	31 July 2017	31 March 2020	2.0%	Senior Debt
£100,000,000	31 March 2020	30 September 2022	2.5%	Senior Debt Guarantee period

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

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

Notes to the financial statements (continued)

18. Risk and financial instruments

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

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

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

Categories of financial instruments:

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
	£000	**£000**	£000	£000
Financial liabilities				
At amortised cost:				
Loans and borrowings	**860,915**	**860,915**	763,946	763,946
At fair value through profit or loss:				
Derivative financial instruments	**13,558**	**13,558**	15,959	15,959

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

Financial instruments that are measured subsequent to initial recognition at fair value, are disclosed as levels 1 to 3 based on the degree to which the fair value is observable (see note 5).

Credit risk

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

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

Notes to the financial statements (continued)

18. Risk and financial instruments (continued)

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

The following table represents the maturity of financial liabilities:

31 March 2017	**Carrying amount £000**	**Contractual cash flow £000**	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**Over five years £000**
Trade and other payables	15,828	15,828	13,610	1,109	1,109	-
Deep discount bonds	496,176	496,176	496,176	-	-	-
Murabaha loan	348,605	375,290	10,383	10,383	354,524	-
Mezzanine loan	16,134	140,000	-	-	140,000	-
Derivative financial instruments	13,558	20,086	7,859	7,974	4,253	-
Total	**890,301**	**1,047,380**	**528,028**	**19,466**	**499,886**	-

31 March 2016	Carrying amount £000	Contractual cash flow £000	Less than one year £000	One to two years £000	Two to five years £000	Over five years £000
Trade and other payables	19,820	19,820	19,820	-	-	-
Deep discount bonds	415,881	453,905	453,905	-	-	-
Murabaha loan	348,065	389,082	11,166	11,166	366,750	-
Derivative financial instruments	15,959	25,036	7,328	7,258	10,450	-
Total	**799,725**	**887,843**	**492,219**	**18,424**	**372,200**	-

Notes to the financial statements (continued)

18. Risk and financial instruments (continued)

Market risk

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

Currency risk

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

Interest rate risk

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

The interest rate profile of the Group's financial assets and liabilities (excluding short-term payables) as at 31 March 2017 and 2016 was:

	Fixed rate items	**Floating rate items**	**Items on which no interest is paid**	**Total carrying value**
31 March 2017	**£000**	**£000**	**£000**	**£000**
Financial assets				
Cash and cash equivalents	**-**	**16,299**	**-**	**16,299**
Financial liabilities				
Deep discount bonds	496,176	-	-	496,176
Murabaha loan (before the effect of the derivative)	-	350,000	-	350,000
Mezzanine loan (before the effect of the derivative)	-	18,623	-	18,623
Total	**496,176**	**368,623**	**-**	**864,799**

	Fixed rate items	Floating rate items	Items on which no interest is paid	Total carrying value
31 March 2016	£000	£000	£000	£000
Financial assets				
Cash and cash equivalents	-	23,107	-	23,107
Financial liabilities				
Deep discount bonds	415,881	-	-	415,881
Murabaha loan (before the effect of the derivative)	-	350,000	-	350,000
Total	415,881	350,000	-	765,881

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

Notes to the financial statements (continued)

18. Risk and financial instruments (continued)

Cash flow sensitivity analysis for variable rate instruments
The Group pays fixed rate interest on its deep discount bonds. There is a swap arrangement in place to fix the profit rate on its Murabaha loans and the interest on the Mezzanine loan. Therefore the Group's loans and borrowings as at 31 March 2017, are not subject to changes in interest rate movements. However, the profit interest rate swaps are subject to movements in floating interest rates based on LIBOR. The impact on the fair value of the derivative financial instruments if interest rates increase/decrease by 50 basis points would be a decrease/increase in financial liability and a corresponding increase/decrease in the gain on derivative financial instruments of £5.2 million (2016: £6.0m).

19. Share capital

	2017	2016
	£	£
Allotted, called up share capital		
10,001 Ordinary Shares of £1 each	**10,001**	10,001
200 B1 shares of £0.01 each	**2**	2
100 B2 shares of £0.01 each	**1**	1
	10,004	10,004

Holders of Ordinary Shares are entitled to one vote per share.

The B1 and B2 shares constitute separate classes of shares, carry no voting rights and have restrictions on their entitlement to distributions compared to the ordinary shareholders.

Per the Articles of Association, there is no cap on the number of shares that can be allotted and issued.

20. Related party disclosures

The Company's immediate and ultimate parent undertakings were QDD Limited and East Village London LLP respectively.

At 31 March 2017, East Village London LLP was ultimately jointly controlled as follows:

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

On 11 May 2016, the three parties named above formed East Village London LLP with each party having an equal holding. On the same day East Village London LLP acquired the whole shareholding of QDD Holdco Limited which in turn acquired the whole shareholding of QDD Limited. Prior to 11 May 2016, the Company was ultimately owned by QDD Limited, which was ultimately jointly controlled by DV4 Limited and Qatari Diar Real Estate Investment Company QSC.

QDD Athletes Village UK Limited is the smallest and East Village London LLP (a limited liability partnership registered in England & Wales) is the largest group to consolidate these financial statements.

Notes to the financial statements (continued)

20. Related party disclosures (continued)

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

	2017	2016
	£000	£000
Consolidated statement of comprehensive income		
Interest charged in the year by QDD Limited	**40,295**	35,567
Management fee income accrued to DV4 Eadon Co Limited	**(403)**	(275)
Advisory fees payable to Qatari Diar UK Limited	**610**	403
Consolidated statement of financial position		
Deep discount bonds due to QDD Limited	**496,176**	415,881
Amount due from QDD Limited	**(1,123)**	(1,023)
Advisory fees accrued to Qatari Diar UK Limited	-	208
Amount due from related parties (DV4 Eadon Co. Limited)	**(188)**	-
Amount due to related parties (Tribeca Square (Portchester House) 175 Co. Ltd)	**539**	-

Deep discount bonds are redeemable in 2018 and carry an effective interest rate of 8.75%.

21. Capital commitments

The Group has current commitments under one of its development projects totalling £132.2m as at 31 March 2017 (2016: £183.4m).

22. Contingent liabilities

There were no contingent liabilities as at 31 March 2017 (2016: £nil).

23. Reconciliation to EPRA Net Asset Value (NAV)

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

	2017	2016
	£000	£000
Net asset value under IFRS	**303,986**	346,187
Deferred tax	**18,812**	31,526
Derivative financial instruments	**13,558**	15,959
EPRA Net Asset Value (EPRA NAV)	**336,356**	393,672

Notes to the financial statements (continued)

24. Subsidiaries

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

* Directly owned by the Company.

QDD Athletes Village UK Limited

Company financial statements

31 March 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 Company 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:

- 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;
- 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.

Going concern

The financial statements of the Company have been prepared on a going concern basis even though the Company has net current liabilities and net liabilities. In considering whether this is appropriate, the Directors have taken into account that the Company has received confirmation from its ultimate parent entity, East Village London LLP, that the immediate parent company QDD Limited, does not intend to seek repayment of the Deep Discount Bonds within 12 months of the date of approval of these financial statements.

The Directors therefore have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

Company statement of financial position

	Notes	2017 £000	2016 £000
Fixed assets			
Investment in subsidiary	9	-	-
Deferred tax assets	4	**12,712**	9,478
		12,712	9,478
Current assets			
Debtors	5	**416,580**	357,481
Cash at bank and in hand	6	**2,959**	8,558
		419,539	366,039
Creditors: amounts falling due within one year	7	**(498,336)**	(420,092)
Net current liabilities		**(78,797)**	(54,053)
Total assets less current liabilities		**(66,085)**	(44,575)
Creditors: amounts falling due after more than one year		-	-
Net liabilities		**(66,085)**	(44,575)
Equity attributable to equity shareholders			
Share capital	8	**10**	10
Accumulated deficit		**(66,095)**	(44,585)
Total equity		**(66,085)**	(44,575)

The financial statements were approved by the Board of Directors for issue on 16 August 2017 and were signed on its behalf by:

Jeremy Holmes

Director
Company Registration No. 07503926

Company statement of changes in equity

	Issued share capital	Accumulated deficit	Total equity
	£000	£000	£000
As at 1 April 2015	10	(51,146)	(51,136)
Total comprehensive income for the year	-	6,561	6,561
As at 31 March 2016	10	(44,585)	(44,575)
As at 1 April 2016	10	(44,585)	(44,575)
Total comprehensive expense for the year	-	(21,510)	(21,510)
As at 31 March 2017	**10**	**(66,095)**	**(66,085)**

The Company loss for the year was £21.5m (2016: £6.6m profit). There was no other Comprehensive Income in either year.

Notes forming part of the Company financial statements

1. Statement of compliance with FRS 101

These Parent Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

The results of QDD Athletes Village UK Limited, as a Company, are included in the consolidated financial statements of QDD Athletes Village UK Limited.

2. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2017. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

The Company has taken advantage of the following disclosure exemptions under FRS 101 and Companies Act 2006:

- the requirement under section 399, an exemption from company's individual profit and loss account;
- the requirements of IFRS 7 Financial Instruments: Disclosures; and
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a company, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The financial statements of the Company have been prepared on a going concern basis even though the Company has net current liabilities and net liabilities. In considering whether this is appropriate, the Directors have taken into account that the Company has received confirmation from its ultimate parent entity, East Village London LLP, that the immediate parent company QDD Limited, does not intend to seek repayment of the Deep Discount Bonds within 12 months of the date of approval of these financial statements.

The Directors therefore have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future, and consider it appropriate to prepare the financial statements on a going concern basis.

3. Summary of significant accounting policies

a) Investment in subsidiary

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

Notes forming part of the Company financial statements (continued)

3. Summary of significant accounting policies (continued)

b) Revenue recognition

Interest income is recognised using the effective interest rate approach. Revenue represents amounts received or receivable, in relation to recovery of certain costs for development and marketing of East Village, E20.

c) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment.

d) Cash and short-term deposits

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

e) Interest bearing loans and borrowings

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

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

f) Taxes

Current tax

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

Deferred tax

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

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

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

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

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

Notes forming part of the Company financial statements (continued)

4. Taxation

	2017	2016
	£000	£000
Deferred tax credit	(3,234)	(9,478)
Tax credit	(3,234)	(9,478)

Factors affecting the tax credit for the year		
Loss before taxation	(24,744)	(2,917)
Loss before taxation multiplied by main rate of UK corporation tax of 20% (2016: 20%)	(4,949)	(583)
Effect of:		
Non-deductible expenses	280	-
Utilisation of losses brought forward	-	(3,850)
Movement in recognised losses	908	-
Recognition of deferred tax asset not previously recognised	-	(6,097)
Effects of change in tax rates	527	1,052
Tax credit	(3,234)	(9,478)

The Company had tax losses at the balance sheet date. These represent a temporary difference for tax purposes and a deferred tax asset is recognised as the Company has undertaken to make these losses available to its subsidiaries as necessary to cover the reversal of the temporary differences in those companies.

The Company has unrecognised deferred tax assets at 31 March 2017 in respect of tax losses carried forward of £0.3m (2016: £0.1m). These deferred tax assets were not recognised at 31 March 2017 on the basis that it was not sufficiently certain that suitable taxable profits would arise against which they could be utilised.

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

Notes forming part of the Company financial statements (continued)

4. Taxation (continued)

	2017	2016
	£000	£000
Deferred tax assets		
At 1 April	**9,478**	-
Credited to profit and loss account	**3,234**	9,478
At 31 March	**12,712**	9,478

	2017	2016
	£000	£000
Deferred tax assets comprises:		
Unutilised tax losses	**12,712**	9,478
	12,712	9,478

5. Debtors

	2017	2016
	£000	£000
Other taxes	**22**	-
Prepayments	**549**	1,061
Amount due from parent undertaking	**1,123**	1,023
Amounts due from subsidiary undertakings	**168,588**	128,116
Other debtors	**-**	99
Derivative financial instruments	**960**	-
Loan owed by subsidiary undertakings	**245,338**	227,182
	416,580	357,481

6. Cash at bank and in hand

	2017	2016
	£000	£000
Cash at bank	**2,959**	8,558

Notes forming part of the Company financial statements (continued)

7. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Other creditors	28	51
Other taxes	-	4,145
Deferred income	137	-
Amounts due to subsidiary undertakings	1,995	15
Deep discount bonds	496,176	415,881
	498,336	420,092

The deep discount bonds include rolled up finance charges of £40.3m (2016: £35.6m).

8. Issued share capital

	2017	2016
	£	£
Allotted, called up share capital		
10,001 ordinary shares of £1 each	10,001	10,001
200 B1 shares of £0.01 each	2	2
100 B2 shares of £0.01 each	1	1
	10,004	10,004

Holders of Ordinary Shares are entitled to one vote per share.

The B1 and B2 shares constitute separate classes of shares, carry no voting rights and have restrictions on their entitlement to distributions compared to the ordinary shareholders.

Notes forming part of the Company financial statements (continued)

9. Related party disclosures

The Company's immediate and ultimate parent undertakings were QDD Limited and East Village London LLP respectively.

At 31 March 2017, East Village London LLP was ultimately jointly controlled as follows:

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

On 11 May 2016, the three parties named above formed East Village London LLP with each party having an equal holding. On the same day East Village London LLP acquired the whole shareholding of QDD Holdco Limited which in turn acquired the whole shareholding of QDD Limited. Prior to 11 May 2016, the Company was ultimately owned by QDD Limited, which was ultimately jointly controlled by DV4 Limited and Qatari Diar Real Estate Investment Company QSC.

QDD Athletes Village UK Limited is the smallest and East Village London LLP (a limited liability partnership registered in England & Wales) is the largest group to consolidate these financial statements.

QDD Athletes Village UK Limited has investments in subsidiaries of £3, being Get Living London Limited, QDD East Village UK Limited and SVDP Limited.

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

	2017	2016
	£000	£000
Company income statement		
Interest charged in the year	**40,295**	35,567
Advisory fees payable to Qatari Diar UK Limited	**2,113**	403
Company statement of financial position		
Deep discount bonds due to QDD Limited	**496,176**	415,881
Amount due from QDD Limited	**(1,123)**	(1,023)
Advisory fees accrued to Qatari Diar UK Limited	**-**	208

10. Contingent liabilities

There were no contingent liabilities as at 31 March 2017 (2016: £nil).