Company Registration No. 07813209

Isobel Intermediate HoldCo Limited

Annual report and financial statements for the year ended
31 December 2014

Isobel Intermediate HoldCo Limited

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Isobel Intermediate HoldCo Limited

Officers and professional advisors

Directors

Robert Harper
Joseph Pedlow

Registered office

40 Berkeley Square
London
United Kingdom
W1J 5AL

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Manager

Blackstone Real Estate Debt Advisors UK Limited
40 Berkeley Square
London
United Kingdom
W1J 5AL
(January 2014 - July 2014)

The Blackstone Group International Partners
40 Berkeley Square
London
United Kingdom
W1J 5AL
(August 2014 - December 2014)

Isobel Intermediate HoldCo Limited

Strategic report

Principal activity

The principal activity of Isobel Intermediate HoldCo Limited (the "Company") is to hold shares within the Isobel Group, as defined below. The Company is domiciled in the United Kingdom ('UK').

The Company was incorporated on 19 October 2011 and the Directors' are not aware, as at the date of this report, of any changes to the principal activities of the Company in the next year.

Business review and strategy

The Company is a wholly-owned subsidiary of Isobel Mezzanine Borrower Limited which is wholly-owned by Isobel HoldCo Limited. The ultimate parent company is The Royal Bank of Scotland Group plc ('RBS').

The Company was incorporated on 19 October 2011 and was dormant until 12 January 2012. On 12 January 2012 a direct subsidiary, Isobel AssetCo Limited, purchased a portfolio of loan assets from RBS, National Westminster Bank plc and Royal Bank of Scotland International Limited. The Company itself has not traded during the the year except to hold investments in its direct subsidiaries Isobel AssetCo Limited, Isobel Loan Capital Limited and Isobel EquityCo Limited. These three subsidiaries together with the Company, Isobel Mezzanine Borrower Limited and Isobel HoldCo Limited are collectively known as the Isobel Group. All Key Performance Indicators are evaluated under the Isobel Group accounts.

The Company falls under the management of its parent, Isobel Holdco Limited and its operations are incorporated under the same risk and operational management procedures adopted by Isobel Holdco Limited and all the entities within the Isobel Group.

The principal risks that the Company faces is the loss of it's £2 investment in each of its subsidiaries and the non payment of the £100 loan the Company has made to its parent. The principal risks are therefore transferred to the parent entity, Isobel Mezzanine Borrower Limited as the Company is a wholly-owned subsidiary of its largest debtor.

Approved by the Board and signed on its behalf by:

Robert Harper
Director
17th April 2015.

40 Berkeley Square
London
W1J 5AL

Isobel Intermediate HoldCo Limited

Directors' report

The directors' present the annual report on the affairs of Isobel Intermediate HoldCo Limited (the "Company"), together with the financial statement and auditor's report for the year ended 31 December 2014.

Dividends
The directors' do not recommend the payment of a dividend for the year (2013: none).

Directors'
The directors' who served throughout the year was as follows:

- Robert Harper
- Joseph Pedlow

Directors' indemnity
The Company has made qualifying third party indemnity provisions for the benefit of its directors' which was made during the year and remains in force at the date of this report.

Going concern
The directors' have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors' continue to adopt the going concern basis in preparing the annual financial statements.

The expenses of the Company are paid for by a subsidiary, Isobel AssetCo Limited. The directors' are of the opinion that Isobel AssetCo Limited has sufficient resources and cash flows to meet these expenses.

Auditor
The directors' at the date of approval of this report confirm that:

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

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

Deloitte LLP have expressed their willingness to continue in office and arrangements are being made for Deloitte LLP to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Robert Harper
Director
17th April 2015.

40 Berkeley Square
London
W1J 5AL

Isobel Intermediate HoldCo Limited

Directors' responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the directors' have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Isobel Intermediate HoldCo Limited

Independent auditor's report to the members of Isobel Intermediate HoldCo Limited

We have audited the financial statements of Isobel Intermediate HoldCo Limited for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes 1 to 14. 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.

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, the directors' is 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 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 annual 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 Company's affairs as at 31 December 2014 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Isobel Intermediate HoldCo Limited

Independent auditor's report to the members of Isobel Intermediate HoldCo 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.

Calum Thomson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date: 17th April 2015.

Isobel Intermediate HoldCo Limited

Statement of comprehensive income
for the year ended 31 December 2014

The Company did not have any items of an income or expense nature (2013 : Nil) and as such no Statement of comprehensive income has been prepared.

Isobel Intermediate HoldCo Limited

Balance sheet
As at 31 December 2014

	Notes	2014 £	2013 £
Non-current assets			
Investment in subsidiaries	**9**	6	6
Loan to related party	**10**	100	100
Total assets		**106**	**106**
Non-current liabilities			
Loan from related parties	**11**	(6)	(6)
Total liabilities		**(6)**	**(6)**
Net assets		**100**	**100**
Equity			
Called up share capital	**12**	100	100
Total equity		**100**	**100**

The statutory financial statements were approved by the director and authorised for the issue on 17th April 2015:

Robert Harper
Director

The notes on pages 11 - 15 form an integral part of these financial statements.

Isobel Intermediate HoldCo Limited

Statement of changes in equity for the year ended 31 December 2014

	Share capital £	Retained earnings £	Total equity £
Balance at 31 December 2012	100	-	100
Result for the period	-	-	-
Balance at 31 December 2013	100	-	100
Result for the year	-	-	-
Balance at 31 December 2014	**100**	**-**	**100**

Isobel Intermediate HoldCo Limited

Cash flow statement

for the year ended 31 December 2014

There has been no cashflows during the year (2013 : Nil) and therefore no cash flow statement has been presented.

Notes to the financial statements

for the year ended 31 December 2014

1) General information

Isobel Intermediate HoldCo Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2) Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	*Financial Instruments*
IFRS 11 (ammended)	*Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*
IAS 16 and IAS 38 (ammended)	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 19 (ammended)	*Defined Benefit Plans : Employee Contributions*
IFRS 14	*Regulatory Deferral Accounts*
Improvements 2012	*Annual Improvements to IFRSs: 2010-2012 Cycle*
Improvements 2013	*Annual Improvements to IFRSs: 2011-2013 Cycle*
IFRS 15	*Revenue from Contracts with Customers*
IAS 16 and IAS 41 (ammended)	*Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)*
Amendments to IAS 27	*Equity Method in Separate Financial Statements (Amendments to IAS 27)*
IFRS 10/IAS 28 (ammended)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Improvements 2014	*Annual Improvements to IFRSs: 2012-2014*
IFRIC 21	*Levies*

The directors' do not expect that the adoption of the standards listed above will have an impact on the financial statements of the Company in future periods.

The Company has adopted the amendments to IFRS 10 ' Consolidated financials statements', IAS 27 'Investment Entities', and IFRS 12 'Disclosure of Interest in other entities' for the first time in the current year. The amendments to IFRS 10 define an Investment Entity and require a reporting entity that meets the definition of an Investment Entity not to consolidate its subsidiaries, but instead to measure its subsidiaries at fair value through profit and loss.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for Investments Entities. The Directors' have determined the adoption has not had an impact on the amounts recognised in the financial statements.

Notes to the financial statements

for the year ended 31 December 2014

3) Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Company financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The directors' have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' report on page 3.

Investment in subsidiaries

Investment in subsidiaries are measured at cost, less any impairment.

Loan to related party

Loans to relate party are measured at cost, less any impairment. No interest is recognised on this loan.

Loan from related parties

Loans from related parties are measured at the amount payable. No interest is charged on the outstanding amount.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies

The Company has assessed it's assets for impairment against the cost of the assets. Having concluded that no impairment is required the directors have measured the reported assets at cost.

5) Segment reporting

The Company only has one business segment: Investment in shares in the United Kingdom. The directors consider all the relevant information relating to the primary segment disclosed in these financial statements.

Notes to the financial statements

for the year ended 31 December 2014

6) Auditors' remuneration

The audit fee of £5,000 is borne by Isobel AssetCo Limited.

7) Staff costs

The Company does not have any employees and no directors received any remuneration during the year (2013: none)

8) Dividends

The directors' do not recommend the payment of a dividend for the year (2013: none).

9) Investment in subsidiaries

	2014	*2013*
	£	£
Shares in subsidiaries at cost	**6**	**6**

The Company's direct subsidiaries are:	*Registration Number*	*Share of ordinary allotted capital and voting rights*	*Country of registration*
Isobel AssetCo Limited	7815679	100%	England
Isobel Loan Capital Limited	7815722	100%	England
Isobel EquityCo Limited	7816534	100%	England

In accordance with section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is itself a wholly-owned subsidiary and is included in the consolidated financial statements of Isobel HoldCo Limited, a parent undertaking.

10) Loan to related party

	2014	*2013*
	£	£
Loan to related party	**100**	**100**

The loan is receivable from Isobel Mezzanine Borrower Limited, the immediate wholly invested parent entity.

The loan is interest free and there are no fixed terms of repayment.

Notes to the financial statements

for the year ended 31 December 2014

11) Loan from related parties	*2014*	*2013*
	£	£
Non-current borrowings		
Isobel AssetCo Limited	2	2
Isobel Loan Capital Limited	2	2
Isobel EquityCo Limited	2	2
Total unsecured borrowings at cost	**6**	**6**

The loans are interest free and there are no fixed terms of repayment.

12) Share capital	*2014*	*2013*
	£	£
Authorised, issued and fully paid - 100 shares of £1	**100**	**100**

13) Related Parties

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company has entered into no transactions with these bodies during the year.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in the United Kingdom and registered in Scotland. Its immediate parent company is Isobel Mezzanine Borrower Limited which is incorporated in the United Kingdom and registered in England and Wales.

The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Isobel HoldCo Limited Limited heads the smallest group in which the Company is consolidated.

Besides the related party loan balances as described in Notes 10 and 11 no related party transactions occurred during the year.

14) Events after the reporting period

Since the end of the year, the directors' of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report or the Directors' Report that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the year ended 31 December 2014.