

QDD EV N26 Limited

Annual report and financial statements

For the year ended 31 March 2017

Company Registration No. 08613942

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QDD EV N26 Limited

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31 March 2017*

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Company Information

Directors

DV4 Administration Limited

Sheikh Jassim Hamad Al-Thani

Jeremy Martin Holmes

Colin Barry Wagman

Registered office

6th Floor Lansdowne House

Berkeley Square

London

W1J 6ER

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

QDD EV N26 Limited

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Directors' Report

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

Directors

The Directors who served during the year were:

- DV4 Administration Limited
- Sheikh Jassim Hamad Al-Thani
- Colin Barry Wagman
- Jeremy Martin Holmes (appointed 21 July 2016)
- Stephen Petit (resigned 21 July 2016)

Principal activities

The principal activity of the Company continues to be the collection of ground rent from the fellow group company that has a sub-lease on the Company's plot at East Village, London, E20.

Results and dividends

The profit for the year amounted to £141k (2016: £138k) before tax and £113k (2016: £110k) after tax.

The Directors do not recommend payment of an ordinary dividend for the year (2016: £nil).

Principal risks and uncertainties

In the opinion of the Directors, the major risk faced by the Company is if the lessee experiences financial difficulties and fails to honour the terms of the lease, then the Company's income stream from collection of ground rents would be hindered. This risk is mitigated as the Company can recover the asset as stated in the lease contract.

The Company is also exposed to the following specific risks:

Credit risk

The Company receives ground rents from the sub-lessee company of residential properties. It has credit risk to the extent that the sub-lessee company is exposed to the property market overall however its exposure is limited due the seniority of the ground rent payments in the overall leasing arrangements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to mitigate liquidity risk by maintaining adequate reserves.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

The Company has no significant assets or liabilities denominated in currencies other than Pounds Sterling and is therefore not exposed to currency risk at the reporting date.

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Directors' Report (continued)

Interest rate risk

The Company does not have any interest bearing financial liabilities. The finance lease income is fixed with future fixed increases.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The Directors have referred to cash flow forecasts for the 12 months from the date of approval of the financial statements in order to understand the requirements of the Company, and have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

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 Company'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 Company's auditor in connection with preparing their report) of which the Company'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 Company'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 Company is to be proposed at the forthcoming Annual General Meeting.

Small companies' exemption

In preparing the report and financial statements, the Directors have taken advantage of the small companies' exemption provided under the Companies Act 2006. The Directors have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the requirement to produce a Strategic Report for the year.

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



.....
Jeremy Holmes

Director

Date: **25** September 2017

QDD EV N26 Limited

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Statement of Directors' Responsibilities

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

Independent Auditor's Report to the Members of QDD EV N26 Limited

We have audited the financial statements of QDD EV N26 Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in the preparation of the 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 5 the Company's 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 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 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 Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

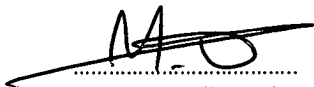
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of QDD EV N26 Limited (continued)

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the 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;
- ▶ the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take the advantage of the small companies' exemptions in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.



Matthew Williams (Senior statutory auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

Date: 26/9/17

QDD EV N26 Limited

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Statement of comprehensive income

		2017	2016
	Notes	£000	£000
Finance lease income		143	139
Administrative expenses		(2)	(1)
Profit on ordinary activities before taxation	4	141	138
Taxation	5	(28)	(28)
Profit for the year		113	110
Other comprehensive income		-	-
Total comprehensive income for the year		113	110

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Statement of financial position

		2017	2016
	Notes	£000	£000
Non-current assets			
Ground rent assets	6	2,667	2,598
		2,667	2,598
Current assets			
Debtors	7	199	125
		199	125
Current liabilities			
Creditors: amounts falling due within one year	8	(62)	(32)
Net current assets		137	93
Net assets		2,804	2,691
Capital and reserves			
Share capital	9	-	-
Capital contribution		2,484	2,484
Retained earnings		320	207
Total equity		2,804	2,691

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

The financial statements were approved by the Board of Directors for issue on **25** September 2017 and were signed on its behalf by:



.....
Jeremy Holmes

Director
Company Registration No. 08613942

QDD EV N26 Limited

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Statement of changes in equity

	Share capital	Capital contribution	Retained earnings	Total equity
	£000	£000	£000	£000
As at 1 April 2015	-	2,484	97	2,581
Total comprehensive income for the year	-	-	110	110
As at 31 March 2016	-	2,484	207	2,691
Total comprehensive income for the year	-	-	113	113
As at 31 March 2017	-	2,484	320	2,804

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Notes to the financial statements

1. Statement of compliance with FRS 101

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention, in accordance with the Companies Act 2006.

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) except when otherwise indicated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- 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;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- 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; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, 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. The Directors have referred to cash flow forecasts for the 12 months from the date of approval of the financial statements in order to understand the requirements of the Company, and have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

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Notes to the financial statements (continued)

3. Summary of significant accounting policies

a) Ground rent assets

Ground rent assets are treated as finance lease receivables, consequently they are recognised at an amount equal to the net investment in the lease. The lease payments received from the lessee are subsequently treated as repayments of principal and finance income. Lease payments are applied against the lease receivable to reduce both the principal and the unearned finance income.

b) Revenue recognition

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the lessor's outstanding finance lease receivable.

c) 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.

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Notes to the financial statements (continued)

4. Operating profit

Operating profit is stated after charging:

	2017	2016
	£000	£000
Auditor's remuneration	2	1

Directors' remuneration

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 the various other joint ventures in their respective parent groups. Consequently, the Directors received no remuneration or reimbursements from the Company.

5. Taxation

	2017	2016
	£000	£000
Payable for Group relief	28	28
Current tax charge	28	28
Deferred tax charge	-	-
Tax charge	28	28

	2017	2016
	£000	£000

Factors affecting the tax charge for the year

Profit before taxation	141	138
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Profit before taxation multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	28	28
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Effect of:

Effects of movement in future tax rates	-	-
Tax charge	28	28

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.

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Notes to the financial statements (continued)

6. Ground rent assets - Finance lease receivables

	2017		2016	
	Gross investment	Present value	Gross investment	Present value
	£000	£000	£000	£000
Amounts due within one year	74	-	74	-
Amounts due between one to two years	74	-	74	-
Amounts due between two and five years	222	-	222	-
Amounts due after five years	79,587	2,667	79,661	2,598
	79,957	2,667	80,031	2,598
Unearned finance lease income	(77,290)	-	(77,433)	-
	2,667	2,667	2,598	2,598

The Company has granted a 125 year sub-lease, without breaks, to a fellow group undertaking, over its plot at the East Village. The rental is fixed, with a minimum escalation of 33% every 10 years.

7. Debtors

	2017	2016
	£000	£000
Amounts due from group undertakings	199	125
	199	125

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Other creditors	3	3
Amounts due to group undertakings	31	1
Corporation tax (group relief)	28	28
	62	32

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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Notes to the financial statements (continued)

9. Share capital

	2017	2016
	£	£
<i>Allotted, called up share capital</i>		
1 Ordinary Shares of £1 each	1	1
	<u>1</u>	<u>1</u>

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

10. Related party disclosures

The Company's immediate and ultimate parent undertakings were QDD EV Holdco 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.

Transactions between the Company and fellow group entities are summarised in note 6, 7 and 8.

11. Commitments

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

12. Contingent liabilities

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