Company registration number: 09893549

AEGILA CAPITAL MANAGEMENT LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AEGILA CAPITAL MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Contents	**Page**

AEGILA CAPITAL MANAGEMENT LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2019

Company registration number	09893549
Directors	Dr Abdulrahman Saif Simone Carminati Giovanni Gregoratti Sara Khalil Nooruddin Xavier Verdeyen
Company Secretary	T&H Secretarial Services Limited
Registered office	3 St James's Square London SW1Y 4JU
Lawyers	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
Bankers	Barclays Bank Plc Corporate and International Banking Apex Plaza Forbury Road Reading RG1 1AX
Accountants	Blick Rothenberg Limited Chartered Accountants 16 Great Queen Street Covent Garden London WC2B 5AH
Auditor	Ernst & Young LLP Liberation House Castle Street St. Helier JE1 1EY

The Directors present their report and the audited consolidated financial statements for Aegila Capital Management Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2019.

The Company was incorporated on 30 November 2015 and became authorised and regulated by the Financial Conduct Authority (the "FCA") to conduct investment related activities on 22 May 2017. The Company acquired two subsidiary undertakings; LSE Partners Jersey GP Limited and LSE Partners Jersey Limited Partnership during 2019.

Principal activity & future developments

The Company's principal activity comprises the provision of investment advisory and corporate finance arrangement services for clients seeking to invest in UK and European real estate opportunities.

The Company's clients have initially been the Company's two shareholders ("the Joint Venture Partners") and related investment vehicles.

During 2017, the Company established its operating platform in the UK, recruiting a team of professionals and establishing its London office infrastructure. In 2018 the company completed its first assignments and became revenue-generating earning fees of £1.57 million during that year, increasing to £1.7 million in 2019.

The Directors of the Company continue to monitor actively the process for the United Kingdom's withdrawal from the European Union ("Brexit") and continue to consider the potential implications of Brexit on the operations of the Company.

The purpose of the Company is to source and advise upon Real Estate investment opportunities on a Pan-European basis on behalf of the Company's clients or investors. The terms of the Brexit withdrawal agreement may present adverse conditions both for the attractiveness of the UK Real Estate market to foreign investment (through declining real estate values) and to the ability of the Company to access investment opportunities in other European locations. The Company's projected revenue growth and profitability is dependent on further Real Estate transactions being completed. Despite the Brexit process, the Directors of the Company are not aware of any intention of the shareholders to reduce the level of capital committed to the Company for future investment.

In addition, depending on the terms of the Brexit agreements made during the implementation period, the Directors note that Brexit may have implications on both the scope of the Company's regulated permissions (by potentially limiting the activities that the Company is able to perform on behalf of the shareholders) as well as to the personal circumstances of the Company's directors and employees (by restricting or adversely impacting the ability of non-UK Nationals to live and work in the United Kingdom post Brexit). The Directors of the Company will continue to monitor these circumstances and take action as appropriate.

Corona virus

The Coronavirus pandemic has had an unprecedented impact upon the global economy, the extent and longevity of which is too early to determine. The Board continues to monitor the impact both on transactional opportunities and existing investments upon which it advises. The existing advisory income streams are derived from underlying investment entities with strong cash balances and real estate assets underpinned with investment-grade tenants or diversified tenant mix. Whilst there is risk around timing of future transactions closing, the Company continues to monitor opportunities and there remains appetite from international investors for investment into European real estate.

Subsequent Events after the year-end

There are no subsequent events other than as disclosed in Note 20 Subsequent Events.

Directors

The Directors who held office during the year and up to the date of this report were:

Dr Abdulrahman Saif, Chairman of the board
Xavier Verdeyen (appointed 6 November 2019)
Sara Khalil Nooruddin (appointed 17 June 2019)
Simone Carminati
Giovanni Gregoratti

Results and dividends

The consolidated loss after tax of the Group for the year amounted to £530,622 (2018: £1,952,824). The Directors have not recommended the payment of any dividend (2018: £nil).

Going concern

During the year, the Company suffered a loss for the financial year of £487,871, it currently has accumulated losses of £3,908,687. Despite this position, the Directors consider the use of the going concern basis of accounting to be appropriate because they are not aware of any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group or the Company to continue as a going concern, covering a period of at least twelve months from the date of approval of the financial statements. Whilst the Group and the Company have made a loss since incorporation, the Company has adequate liquid resources to meet the current obligations of all entities in the Group. The Joint Venture Partners have approved an authorised share capital of £20m, of which £15m remains unissued as at 31 December 2019, and could be utilised to fund the Company's potential future capital needs.

Disclosure of information to the auditors

The Directors who were members of the board at the time of approving the Directors' report are listed above. Each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of these financial statements of which the Group's or 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 Group's and the Company's auditor is aware of that information.

Independent auditor

Ernst & Young LLP was appointed as auditor of the Company on 10 March 2020 and has expressed its willingness to continue in office.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. The Directors have not prepared a separate Strategic Report in accordance with the exemption set out on section 414B of the Companies Act 2006 for small companies.

Signed on behalf of the Board of Directors by:

Dr Abdulrahman Saif
Director and Chairman of the Board

Date: 30 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements of the Company and Group in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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 the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AEGILA CAPITAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Aegila Capital Management Limited ('the company') and its subsidiaries (together the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies 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 and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 December 2019 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; and
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report below. We are independent of the group and the company in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 2.2 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 20 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting the real estate investment advisory markets.

This includes uncertainties on the timing of completing future transactions. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AEGILA CAPITAL MANAGEMENT LIMITED (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Building a better
working world

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AEGILA CAPITAL MANAGEMENT LIMITED (continued)

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' report and the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Vishal Soorkia, FCA (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Jersey, Channel Islands
Date: 30 June 2020

AEGILA CAPITAL MANAGEMENT LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		£	£
Turnover	4	**1,701,112**	1,570,842
Administrative expenses	5	**(2,217,969)**	(3,523,666)
Operating loss		**(516,857)**	(1,952,824)
Finance costs		**(13,765)**	-
Loss before taxation		**(530,622)**	(1,952,824)
Taxation	7	**-**	-
Loss after tax for the year		**(530,622)**	(1,952,824)
Other comprehensive income			
Foreign currency translation reserve		**951**	-
Total comprehensive loss for the financial year		**(529,671)**	(1,952,824)
Attributable to:			
Equity holders of the parent		**(527,205)**	(1,952,824)
Non-controlling interests		**(2,466)**	-
		(529,671)	(1,952,824)

The results for the current and prior year are derived from continuing operations.

The notes on pages 16 to 31 are an integral part of these financial statements.

AEGILA CAPITAL MANAGEMENT LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT ENDED 31 DECEMBER 2019

	Notes	2019	2018
		£	£
Assets			
Non-current assets			
Property, plant and equipment	8	**359,512**	255,090
Intangible assets	9	**860**	4,508
Investments	10	**17,773**	-
		378,145	259,598
Current assets			
Trade and other receivables	11	**580,055**	497,491
Cash and cash equivalents		**586,097**	855,384
Total current assets		**1,166,152**	1,352,875
Total assets		**1,544,297**	1,612,473
Liabilities			
Current liabilities			
Trade and other payables	12	**517,159**	954,634
Non-current liabilities			
Trade and other payables	13	**-**	158,219
Total liabilities		**517,159**	1,112,853
Equity			
Share capital	14	**5,000,000**	4,000,000
Foreign currency translation reserve		**951**	-
Accumulated losses		**(3,979,798)**	(3,500,380)
Equity attributable to equity holders of the parent		**1,021,153**	499,620
Non-controlling interests		**5,985**	-
Total equity		**1,027,138**	499,620
Total equity and liabilities		**1,544,297**	1,612,473

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

These financial statements and the related notes 1 to 20 on pages 16 to 31 were approved by the Board of Directors and authorised for issue on 30 June 2020 and are signed on their behalf by:

Dr Abdulrahman Saif
Director and Chairman of the Board
Date: 30 June 2020
The notes on pages 16 to 31 are an integral part of these financial statements.

AEGILA CAPITAL MANAGEMENT LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

REGISTERED NUMBER: 09893549

	Notes	2019	2018
		£	£
Assets			
Non-current assets			
Property, plant and equipment	8	**359,512**	255,090
Intangible assets	9	**860**	4,508
Investments	10	**10,817**	18,764
		371,189	278,362
Current assets			
Trade and other receivables	11	**610,870**	528,317
Cash and cash equivalents		**586,097**	855,384
Total current assets		**1,196,967**	1,383,701
Total assets		**1,568,156**	1,662,063
Liabilities			
Current liabilities			
Trade and other payables	12	**476,843**	973,398
Non-current liabilities			
Trade and other payables	13	**-**	158,219
Total liabilities		**476,843**	1,131,617
Equity			
Share capital	14	**5,000,000**	4,000,000
Accumulated losses		**(3,908,687)**	(3,469,554)
Total equity		**1,091,313**	530,446
Total equity and liabilities		**1,568,156**	1,662,063

The loss of the company for the year was £487,871 (2018: £1,921,998).

These financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.
These financial statements and the related notes 1 to 20 on pages 16 to 31 were approved by the Board of Directors and authorised for issue on 30 June 2020 and are signed on their behalf by:

Dr Abdulrahman Saif
Director and Chairman of the Board

Date: 30 June 2020

The notes on pages 16 to 31 are an integral part of these financial statements.

AEGILA CAPITAL MANAGEMENT LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

GROUP	Share capital £	Accumulated losses £	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	4,000,000	(1,547,556)	-	2,452,444	-	2,452,444
Total comprehensive loss for the year	-	(1,952,824)	-	(1,952,824)	-	(1,952,824)
Balance at 31 December 2018 and 1 January 2019	4,000,000	(3,500,380)	-	499,620	-	499,620
Effect of adoption of IFRS 16 *Leases*	-	48,738	-	48,738	-	48,738
As at 1 January 2019 (adjusted)	4,000,000	(3,451,642)	-	548,358	-	548,358
Acquisition of a subsidiary	-	-	-	-	8,451	8,451
Total comprehensive loss for the year	-	(528,156)	-	(528,156)	(2,466)	(530,622)
Other comprehensive income	-	-	951	951	-	951
Issue of share capital	1,000,000	-	-	1,000,000	-	1,000,000
Balance at 31 December 2019	5,000,000	(3,979,798)	951	1,021,153	5,985	1,027,138

AEGILA CAPITAL MANAGEMENT LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY	Share capital £	Accumulated losses £	Total equity £
Balance at 1 January 2018	4,000,000	(1,547,556)	2,452,444
Total comprehensive loss for the year	-	(1,921,998)	(1,921,998)
Balance at 31 December 2018 and 1 January 2019	4,000,000	(3,469,554)	530,446
Effect of adoption of IFRS 16 *Leases*	-	48,738	48,738
As at 1 January 2019 (adjusted)	4,000,000	(3,420,816)	579,184
Total comprehensive loss for the year	-	(487,871)	(487,871)
Issue of share capital	1,000,000	-	1,000,000
Balance at 31 December 2019	5,000,000	(3,908,687)	1,091,313

The notes on pages 16 to 31 are an integral part of these financial statements.

AEGILA CAPITAL MANAGEMENT LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Net cash outflow from operating activities	**15**	**(975,978)**	(1,702,885)
Cash flows from investing activities			
Acquisition of tangible fixed assets		**(1,584)**	(13,991)
Acquisition of intangible fixed assets		**-**	(5,024)
Acquisition of investments		**(17,773)**	
Acquisition of non-controlling interests		**8,451**	-
Net cash used in investing activities		**(10,906)**	(19,015)
Cash flows from financing activities			
Issued share capital receivable		**1,000,000**	1,000,000
Deposit paid		**-**	(50,000)
Repayment of principal and interest portion of lease liabilities		**(255,300)**	-
Net cash generated from financing activities		**744,700**	950,000
Net decrease in cash and cash equivalents		**(242,184)**	(771,900)
Net foreign exchange difference		**(27,103)**	(653)
Cash and cash equivalents at 1 January 2019		855,384	1,627,937
Cash and cash equivalents at 31 December 2019		**586,097**	855,384

The notes on pages 16 to 31 are an integral part of these financial statements.

AEGILA CAPITAL MANAGEMENT LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£	£
Net cash outflow from operating activities	15	**(992,296)**	(1,694,117)
Cash flows from investing activities			
Acquisition of tangible fixed assets		-	(13,991)
Acquisition of intangible fixed assets		**(1,584)**	(5,024)
Acquisition of investments		**8,765**	(8,768)
Net cash used in investing activities		**7,181**	(27,783)
Cash flows from financing activities			
Issued share capital receivable		**1,000,000**	1,000,000
Deposit paid		-	(50,000)
Repayment of principal and interest portion of lease liabilities		**(255,300)**	-
Net cash generated from financing activities		**744,700**	950,000
Net decrease in cash and cash equivalents		**(240,415)**	(771,900)
Net foreign exchange difference		**(28,872)**	(653)
Cash and cash equivalents at 1 January 2019		**855,384**	1,627,937
Cash and cash equivalents at 31 December 2019		**586,097**	855,384

The notes on pages 16 to 31 are an integral part of these financial statements.

1. General information

Aegila Capital Management Limited (the "Company") was incorporated on 30 November 2015 as a private company limited by shares and is domiciled in England and Wales. The company registration number is 09893549. The address of its registered office is 3 St James's Square, London, SW1Y 4JU.

The Company is registered and authorised by the Financial Conduct Authority (the "FCA") to provide investment advisory and arranging services.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Group's consolidated financial statements and Company's financial statements are set out below.

2.1 Statement of compliance

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006.

2.2 Basis of presentation

The financial statements have been prepared on a going concern basis and under the historical cost convention.

During the year, the Company suffered a loss for the financial year of £487,871, it currently has accumulated losses of £3,908,687. Despite this position, the Directors consider the use of the going concern basis of accounting to be appropriate because they are not aware of any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group or the Company to continue as a going concern, covering a period of at least twelve months from the date of approval of the financial statements. Whilst the Group and the Company have made a loss since incorporation, the Company has adequate liquid resources to meet the current obligations of all entities in the Group. The Joint Venture Partners have approved an authorised share capital of £20m, of which £15m remains unissued as at 31 December 2019, and could be utilised to fund the Company's potential future capital needs.

The preparation of financial statements in conformity with the adopted IFRS, defined above, requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's and the Group's accounting policies.

Any changes to assumptions may have a significant impact on the financial statements for the period over which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements, therefore, present its financial position and results fairly.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Basis of presentation (continued)

Basis of consolidation and Group financial statements

The consolidated financial statements present the results of the Company and its subsidiaries ("together the Group") as if they form a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

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

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The Company's loss for the year was £487,871 (2018: £1,921,998).

New and amended standards and interpretations

The Group applied IFRS 16 *Leases* for the first time in these financial statements. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this method, the comparative figures are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17 Leases.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Based on the above, as at 1 January 2019:

- Right-of-use assets of £349,360 were recognised and presented in property, plant and equipment the statement of financial position.
- Additional lease liabilities of £458,840 (included in Interest bearing loans and borrowings) were recognised.
- The rent free period of £158,219 was derecognised.
- The net effect of these adjustments had been to increase retained earnings by £48,738.

2.2 Basis of presentation (continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	£
Assets	
Operating lease commitments as at 31 December 2018	1,773,810
Break date exercised reducing obligation to November 2020	(1,294,685)
Operating lease commitments as at 1 January 2019	479,125
Weighted average incremental borrowing rate as at 1 January 2019	3.0%
Discounted operating lease commitments as at 1 January 2019	458,840
Lease liabilities as at 1 January 2019	458,840

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions and determined there was no material uncertainty.

Capital management

The Company adopts a capital management policy that aims to ensure that the Group's capital balance is sufficient at all times to support its business operations and regulatory capital requirements. Capital is defined as the Group's equity balance and retained earnings.

The Company achieves this objective by regularly monitoring its capital balance in consideration of current economic conditions and the minimum capital requirements imposed by the FCA. If forecasted developments highlight increased capital needs, the Company may choose to request an additional capital infusion from its shareholders.

2.3 Functional and presentational currency

The financial statements are presented in pound sterling, which is the currency of the primary economic environment in which the Company and the Group operates (the functional currency).

2.4 Income recognition

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided. The Group recognises revenue on an accruals basis net of VAT when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Group.

Income comprises transaction fees and recurring investment advisory fees from services provided in respect of real estate transactions. Transaction fees are a success based fee and are recognised when the transaction to which it relates closes. Investment advisory fees are recognised on a quarterly basis in arrears based on a percentage of invested equity plus reimbursed out of pocket expenses. Income is recognised from the point that equity is deployed.

2.5 Foreign currency translation

Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency of the Company and the Group using the exchange rates prevailing at the dates of the relevant transactions.

Monetary items denominated in a foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the transactions, at period-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Group Statement of comprehensive income.

2.6 Expenses

Expenses incurred are recognised on an accruals basis.

2.7 Trade and other receivables

Trade and other receivables are measured at fair value on initial recognition being equal to the amount expected to be received by the Company or the Group on settlement of the asset. A provision for impairment of receivables is established when there is objective evidence that the Company and or the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the original carrying amount and the recoverable amount and this difference is recognised in the Group Statement of Comprehensive Income.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity, including cash in hand, deposits held at call with bank and other short-term highly liquid investments with original maturities of three months or less.

2.9 Trade and other payables

Trade and other payables are recognised at fair value on initial recognition which equates to the amount expected to be required to settle the obligation on behalf of the Company or the Group. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.10 Operating leases

Rentals payable under operating leases are charged to the Group Statement of Comprehensive Income on a straight line accruals basis over the term of the lease.

2.11 Corporate tax

Current income tax

The current income tax charge is calculated on the basis of the applicable tax law in the jurisdiction in which taxable profit is generated by the Company's or the Group's activities. It is recognised as an expense for the year except to the extent that such taxable profit is charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The tax effects of carrying forward unused losses or unused tax credits are recognised as an asset to the extent that it is probable that future taxable profits will be available against which these losses can be utilised.

2.12 Property, plant and equipment

All property, plant and equipment are recognised initially at cost, being its purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent to initial recognition they are measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset to their residual values over their expected useful lives, as follows:

- Leasehold improvements – over the lease term
- Fixtures & fittings – straight line over four years
- Computer equipment – straight line over three years

2.12 Property, plant and equipment (continued)

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each year end. Any impairment is measured in the Group Statement of Comprehensive Income.

2.13 Intangible assets

Intangible assts stated at cost less accumulated amortisation. They are capitalised on the basis of the costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives of one to five years and are recognised in the Group Statement of Comprehensive Income.

2.14 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Any impairment is recognised in the Statement of Comprehensive Income in the year that it arises.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income in the year that it arises. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

3 Critical accounting estimates and judgements

The Group financial statements are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements. The key factors concerning future and other key sources of estimation uncertainty or accounting judgement at the end of year are discussed below.

Property, plant and equipment
Expected useful lives for property, plant and equipment are determined based on the number of years an asset is considered useable before its value is fully depreciated. The expected and actual useful lives could be different and impact the depreciation and/or impairment loss recognised in the Consolidated Statement of Comprehensive Income.

Accrued expenses
Accrued expenses represent expenses that have been incurred during the year but that have not yet been invoiced by the counterparty at the end of the year. Accrued and actual expenses could be different and impact the administrative expenses recognised in the Consolidated Statement of Comprehensive Income.

Discount rate applied to the operating lease obligations
Management have applied a discount of 3% to the lease obligations. Any adjustment to the discount rate would have an impact on the value of the financial liabilities.

4 Income

	2019	2018
	£	£
Transaction fees	**603,000**	1,021,410
Reimbursed expenses	**262**	24,397
Advisory fees	**1,097,850**	525,035
	1,701,112	1,570,842

All of the Group's turnover is derived from assets held outside the United Kingdom

5 Administrative expenses

The administrative expenses of the Group for the year include:

	2019	2018
	£	£
Auditor's remuneration		
- Fees payable for the audit of the Group's financial statements	**25,000**	25,000
Depreciation charge	**244,938**	57,598
Amortisation charge	**5,232**	5,173
Loss on foreign currency translation	**27,613**	38,341

The auditor did not receive any remuneration in respect of non-audit services during the year (2018: £nil).

6 Directors and employees

The Group had an average of 8 (2018: 6) employees during the year.

The aggregate payroll costs of the above employees were:

	2019	2018
	£	£
Wages and salaries	**963,705**	2,114,562
Social security costs	**130,481**	282,223
Pension contributions	**62,844**	55,906
	1,157,030	2,452,691

6 Directors and employees (continued)

The average number of directors during the year was 4 (2018: 5). The highest paid director received remuneration of £350,000 (2018: £666,667), with retirement benefits accruing to this director only (2018: 1) in respect of defined contribution pension schemes.

The directors are considered key management personnel of the Group and received £490,784 (2018: £1,021,382) in remuneration in respect of services provided to the Group. Included within this figure is £35,000 (2018: £54,715) of pension scheme contributions.

The remuneration of the remaining Directors of the Company is borne by the Company's shareholders and has not been recharged to the Company. The costs associated with the services that the Directors provide to the Company are considered to represent a small proportion of the overall responsibilities performed by these Directors and, accordingly, it is not considered feasible to allocate a proportion of each Director's overall remuneration to the Company.

7 Taxation

Reconciliation of current tax expense

	2019	2018
	£	£
Loss before taxation	**(530,622)**	(1,952,824)
Loss multiplied by standard rate of corporate tax in the UK at 19% for 2019 (19% for 2018)	**(100,818)**	(371,037)
Effects of:		
Disallowed expenses	**1,259**	1,512
IFRS 16 adjustment	**4,942**	-
Fixed asset timing differences	**9,884**	9,021
Unrelieved tax losses carried forward	**84,734**	360,504
	-	-

The Group has trading losses of £3,887,677 (2018: £3,441,711) on which no deferred tax has been recognised. The losses are available indefinitely for use against future profits of the Group. No deferred tax has been provided or presented in the financial statements due to uncertainty of timing and quantum of future profits.

In the Finance Act 2016, which received royal assent on 15 September 2016, the UK Government announced a reduction in the rate of UK corporation tax to 17% from 1 April 2020. The reduced rates of UK corporation tax will affect future cash tax payments to be made by the Group and has been taken into account in calculating deferred tax.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. On 11 March 2020, the Chancellor of the Exchequer announced that legislation would be passed to retain the current 19% rate in April 2020. Both of these announcements do not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

8 Property, plant and equipment – Group and Company

	Right-of-use assets	Leasehold improvements	Fixtures & fittings	Computer equipment	Total
	£	£	£	£	£
As at 1 January 2019	-	229,038	79,059	35,000	343,097
Adjustment on adoption of IFRS 16	642,108	-	-	-	642,108
As at 31 December 2019	**642,108**	**229,038**	**79,059**	**35,000**	**985,205**
As at 1 January 2019	-	41,417	29,649	16,941	88,007
Adjustment on adoption of IFRS 16	292,748	-	-	-	292,748
Charge for the year	186,155	26,963	16,776	15,044	244,938
As at 31 December 2019	**478,903**	**68,380**	**46,425**	**31,985**	**625,693**
As at 31 December 2019	**163,205**	**160,658**	**32,634**	**3,015**	**359,512**
As at 31 December 2018	-	187,621	49,410	18,059	255,090

9 Intangible assets – Group and Company

	Software & licenses	Total
	£	£
Cost		
As at 1 January 2019	13,582	13,582
Additions	1,584	1,584
As at 31 December 2019	**15,166**	**15,166**
Amortisation		
As at 1 January 2019	9,074	9,074
Charge for the year	5,232	5,232
As at 31 December 2019	**14,306**	**14,306**
Net book value		
As at 31 December 2019	**860**	**860**
As at 31 December 2018	4,508	4,508

10 Investments

Group

Equity investments – non-listed

	£
At 1 January 2019	-
Additions	17,773
At 31 December 2019	**17,773**

The addition in the year comprises of non-controlling interests.

Company

Investments in subsidiaries

	£
At 1 January 2019	18,764
Additions	497
Disposals	(8,444)
At 31 December 2019	**10,817**

The addition in the year comprises 497 partnership units of £1 each in LSE Partners Jersey Limited Partnership. This disposal in the period reflects the transfer of an interest in two of the subsidiaries to certain employees.

Subsidiary undertakings (*held directly)
The following entities were subsidiary undertakings of the Company:

Name	Class of shares	Proportion of ownership interest	Principal place of business for all entities
Evoque Partners Jersey Limited Partnership	Partnership interest	55%*	St Helier 4th Floor St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR
Evoque Partners Jersey GP Limited	Ordinary	100%*	
Magnum Partners Jersey Limited Partnership	Partnership interest	55%*	
Magnum Partners Jersey GP Limited	Ordinary	100%*	
LSE Partners Jersey Limited Partnership	Partnership interest	99.4%*	
LSE Partners Jersey GP Limited	Ordinary	100%*	

10 Investments (continued)

LSE Partners Jersey Limited Partnership was established on 30 September 2019 and has been set up to facilitate real estate investments. LSE Partners Jersey GP Limited was established on 27 September 2019 and has been set up to facilitate real estate investments.

These subsidiaries have not traded since incorporation other than incurring administration costs.

11 Trade and other receivables

	Group		Company	
	31 Dec 2019	31 Dec 2018	**31 Dec 2019**	31 Dec 2018
	£	£	**£**	£
Accounts receivable	**338,372**	286,519	**338,360**	286,519
VAT recoverable	**25,903**	35,015	**25,903**	35,015
Accounts owed by subsidiary undertakings	**-**	-	**31,027**	30,826
Other debtors	**41,883**	-	**41,683**	-
Prepayments and accrued income	**123,897**	125,957	**123,897**	125,957
Deposits	**50,000**	50,000	**50,000**	50,000
	580,055	497,491	**610,870**	528,317

The carrying amount of the balances shown above equate to the fair value. No balances are considered to be past due or impaired (2018: none).

Based on past performances, the expected credit loss for the year for Group and Company is nil (2018: £nil).

12 Trade and other payables

	Group		Company	
	31 Dec 2019	31 Dec 2018	**31 Dec 2019**	31 Dec 2018
	£	£	**£**	£
Trade payables	**160,082**	31,472	**146,135**	31,472
Amounts owed to group undertakings	**18,993**	-	**18,993**	18,764
Other creditors	**23,470**	54,693	**47,689**	54,693
Social security and other taxes	**-**	36,544	**-**	36,544
Accruals	**97,309**	831,925	**46,721**	831,925
Operating lease liabilities	**217,305**	-	**217,305**	-
	517,159	954,634	**476,843**	973,398

The amounts shown in the table above equate to fair value.

13 Non-current liabilities

	Group		Company	
	31 Dec 2019	31 Dec 2018	**31 Dec 2019**	31 Dec 2018
	£	£	**£**	£
Accruals	-	158,219	-	158,219
	-	158,219	-	158,219

14 Share capital - company

	31 Dec 2019	31 Dec 2018
	£	£
Authorised share capital:		
10,000,000 Ordinary (A) shares of £1 each	**10,000,000**	10,000,000
10,000,000 Ordinary (B) shares of £1 each	**10,000,000**	10,000,000
	20,000,000	20,000,000
Allotted, called up and fully paid:		
2,500,000 (2018: 2,000,000) Ordinary (A) shares of £1 each	**2,500,000**	2,000,000
2,500,000 (2018: 2,000,000) Ordinary (B) shares of £1 each	**2,500,000**	2,000,000
	5,000,000	4,000,000

Each Ordinary A and B share carries one vote. The shares rank equally in all respects and carry the right to participate in any distributions, as respects dividends and as respects return of capital on a winding up of the Company and are not redeemable.

On 31 March 2019 the Company issued 500,000 ordinary (A) shares of £1 each and 500,000 ordinary (B) shares of £1 each.

15 Cash flow used in operating activities

Reconciliation of loss for the period to the net cash used in operating activities:

	Group		Company	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	**Year ended 31 Dec 2019**	Year ended 31 Dec 2018
	£	£	**£**	£
Total comprehensive loss for the year before taxation	**(530,622)**	(1,952,824)	**(487,871)**	(1,921,998)
Adjustments for:				
Depreciation	**244,938**	57,598	**244,938**	57,598
Amortisation	**5,232**	5,173	**5,232**	5,173
Net exchange differences	**27,613**	38,341	**26,940**	38,341
Repayment of principal and interest portion of lease liabilities	**255,300**	-	**255,300**	-
Changes in working capital:				
Decrease/(increase) in trade and other receivables	**(82,564)**	(362,495)	**(82,553)**	(403,317)
(Decrease)/increase in payables and accrued expenses	**(895,875)**	511,322	**(954,282)**	530,086
Cash used in operations	**(975,978)**	(1,702,885)	**(992,296)**	(1,694,117)

16 Financial risk management

Liquidity and capital risk
The Company's policy is to regularly monitor current and expected liquidity and capital requirements to ensure that it maintains sufficient cash reserves to meet its liquidity requirements in the short and longer term, as well as comply with regulatory capital adequacy requirements. The amount expected to be required to settle the Group's obligations is equivalent to the aggregate amount shown in Note 12 and Note 13.

Foreign exchange risk
Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk as its transactions may be denominated in currencies other than Sterling. Currency risk is managed by closely monitoring daily foreign currency movements and seeking competitive exchange rates from banks.

The effect of a 10% increase or decrease in the Euro exchange rate would have the following effect on the financial statements with all other variables held constant.

Currency	**Charge in rate%**	**2019**	2018
		£	£
Euro	- 10%	**484**	(27,942)
Euro	+ 10%	**(592)**	26,358
Bahraini dinar	- 10%	**4,231**	-
Bahraini dinar	+ 10%	**(6,222)**	-

16 Financial risk management (continued)

Market risk

The Group and the Company does not hold any financial assets or liabilities that are subject to changes in value due to market activity, as such the Group and the Company are not directly exposed to market risk.

Credit risk

The Group and the Company's largest exposure to credit risk relates to the balance on trade receivables of £338,372 and amounts owed by other debtors and subsidiary undertakings of £41,883. The Group and the Company's maximum exposure to credit risk is the amount shown in Note 11 and the balance of cash and cash equivalent.

Interest rate risk

The Group and the Company's only interest bearing financial assets are cash and cash equivalents. It has no interest bearing financial liabilities, as such the Group and the Company are not significantly exposed to interest rate risk.

17 Ultimate parent undertaking and controlling party

In the opinion of the directors, the Company has no immediate and no ultimate controlling party.

18 Related party transactions

The Company has a bank account with BBK B.S.C. Bahrain, a joint venture participant with a balance at year end of £1,042 (2018: £805,018).

During the year the Company charged advisory and transaction fees of £730,386 (2018: £926,744) and reimbursed expenses of £nil (2018: £17,238) to Evoque Holdings Jersey Limited a company which is controlled by funds which are managed by the Joint Venture Partners of which £177,350 (2018: £221,091) was outstanding at the year end.

During the year the Company charged advisory transaction fees of £377,451 (2018: £619,719) and reimbursed expenses of £nil (2018: £7,141) to Magnum Partners Holding Limited a company which is controlled by funds which are managed by the Joint Venture Partners of which £93,227 (2018: £84,501) was outstanding at the year end.

During the year the Company charged advisory transaction fees of £603,000 to LSE Jersey Holdings Unit Trust, an entity which is controlled by funds which are managed by the Joint Venture Partners of which £nil was outstanding at the year end.

19 Leases

Group and Company as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

	Right-of-use assets £
As at 1 January 2019	349,360
Depreciation expense	(186,155)
As at 31 December 2019	**163,205**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2019 £
As at 1 January 2019	458,840
Accretion of interest	13,765
Payments	(255,300)
As at 31 December 2019	**217,305**
Disclosed as:	
Current liabilities	217,305
Non-current liabilities	-

The following are the amounts recognised in profit or loss:

	2019 £
Depreciation expense of right-of-use assets	186,155
Interest expense on lease liabilities	13,765
Total amount recognised in profit or loss	**199,920**

BBK B.S.C, a Joint Venture Partner, acts as the guarantor in respect of certain of the Company's rental obligations. There is a counter indemnity agreement in place between BBK B.S.C and the Company, dated 22 May 2017.

20 Subsequent events

Subsequent events have been evaluated by management for the period after the period end and up until the date the financial statements were authorised for issue on 30 June 2020.

In early January 2020, the Directors' received formal notification that the landlord would be terminating the lease early. The remaining commitment has been remeasured as calculated in Note 2.2.

Corona virus

The Coronavirus pandemic has had an unprecedented impact upon the global economy, the extent and longevity of which is too early to determine. The Board continues to monitor the impact both on transactional opportunities and existing investments upon which it advises. The existing advisory income streams are derived from underlying investment entities with strong cash balances and real estate assets underpinned with investment-grade tenants or diversified tenant mix. Whilst there is risk around timing of future transactions closing, the Company continues to monitor opportunities and there remains appetite from international investors for investment into European real estate.

Aside from the above, no events, of either an adjusting or non-adjusting nature, were identified which could have an impact on the financial statements of the Company or Group.