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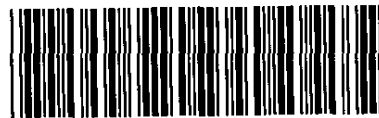
Lifestory Group Limited (Formerly PegasusLife Limited)

Annual report and consolidated financial statements

For the year ended 30 June 2019

Registered number 08221003

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Lifestory Group Limited (Formerly PegasusLife Limited)

OFFICERS AND PROFESSIONAL ADVISERS

Registered Number 08221003

COMPANY DIRECTORS

Antonin Demargerie (resigned 14 June 2019)
H P Phillips (resigned 11 December 2018)
I J Trinder (resigned 30 September 2019)
C Compton-Goddard (resigned 30 July 2019)
S Mazzoli
J Van Steenkiste
D J Petri (resigned 19 February 2020)
Aletheia Powell (resigned 30 September 2019)
M Dickinson (appointed 11 December 2018)
A Endemano (appointed 11 December 2018)
I Sutcliffe (appointed 25 February 2019, resigned 30 September 2019)
D Simpson (appointed 25 February 2019)
A Littner (resigned 22 October 2018)

SECRETARY

J Williams

AUDITOR

Deloitte LLP
Statutory Auditor
Gatwick, United Kingdom

SOLICITORS

CMC Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

REGISTERED OFFICE

Unit 3, Royal Court
Kings Worthy
Winchester
Hampshire
SO23 7TW

STRATEGIC REPORT

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

On 30 September 2019 the company changed its name from PegasusLife Limited to Lifestory Group Limited.

THE BUSINESS MODEL

The principal activity of the company and the group is the development and sale of retirement accommodation.

REVIEW OF THE GROUP'S BUSINESS

The audited consolidated financial statements for the year ended 30 June 2019 are set out on pages 10 to 49.

In the year ended 30 June 2019, group turnover was £69,766,000 (2018: £61,305,000), representing 112 unit sales (2018: 107) and land and freehold title sales of £1,746,000 (2018: £10,710,000). In 2019, sales were improved by the availability of finished stock within the recently acquired Renaissance Group and the delivery of some early PegasusLife sites. The group's operating loss for the year was £33,731,000 (2018: £41,395,000 loss). This was impacted by an impairment review of sites resulting in an impairment charge in cost of sales of £13,534,000 (2018: £23,685,000) and a reversal of prior year impairment of £4,486,000 as a result of the strategic changes in sites, reductions in forecast GDVs, cost overruns and expectations of sales prices on sites to be sold as land.

As a result of post-acquisition performance of Renaissance, with target unit sales not being met, the fair value of the deferred consideration has been determined as £nil (2018: £4,092,000). The fair value movement has been credited to other gains and losses in the consolidated statement of comprehensive income. No contingent consideration was paid in the year (2018: £nil). The goodwill has been assessed for impairment with a charge of £2,486,000 (2018: £nil) recognised in the year in other gains and losses in the consolidated statement of comprehensive income. Similarly, the brand recognised on acquisition of £2,600,000 has been impaired in the year by £2,470,000 (2018: £nil). Further information can be found in notes 12 and 29.

As a result of post-acquisition performance of Hackwood, the fair value of the contingent consideration has been determined as £nil (2018: £1,100,000). The fair value movement has been credited to the other gains and losses in the consolidated statement of comprehensive income. No contingent consideration was paid in the year (2018: £nil). The fair value of the Hackwood Option has been assessed as £nil (2018: £2,000,000) as the option is forecast to be out-of-the-money. The movement in the fair value of the option in the year has been recognised in other gains and losses on the consolidated statement of comprehensive income. Further information can be found in notes 15 and 29.

The previously recognised deferred tax asset of £5,738,000 has been written off in the year as it is not considered probable that there will be future taxable profits available in the foreseeable future, being 3 years, based on current sites with planning or further advanced, as expected margins are exceeded by administration expenses and finance costs.

The focus of this year has been consolidating the business and preparing a platform for growth. With a landbank of 55 sites (2018: 60 sites), robust systems and a strong management team, 2019 was a year of further progress.

During the year ended 30 June 2019, the group acquired 3 sites in total (2018: 2) (West Byfleet, Jesmond and Lymington Stanford Hill).

Lifestory continued to be cautious in the land market, reflecting concerns about overheating land prices in some areas (London in particular) and increased risk due to the ongoing uncertainty regarding the outcome of Brexit. The result was a site acquisition rate of 3 sites in the financial year. This strategy has been proved valid by the slowdown in the London market as a result of the Brexit vote.

Our general sales experience is that the market started the year relatively stable, with good levels of reservations being taken and strong lead generation.

During the year ended 30 June 2019 further positive progress was made with planning consents achieved at Cobham, West Byfleet, Wooburn Green and Cranleigh.

Construction completed on our sites at One Bayshill Road Cheltenham, Harpenden, Falmouth, Sevenoaks and Hampstead Bartrams and continued on our sites at JDH Cheltenham, Crowthorne, Rustington, Sandhurst, Bristol, Wimborne, Poole, Brockenhurst, Portishead, Hampstead Fitzjohns and Westminster.

Sales from these sites will begin to show in the financial year ending 30 June 2020 and more significantly in the financial year ending 30 June 2021.

STRATEGIC REPORT (continued)

Development of sites in preparation for sale over the next two years has further progressed as outlined above. The completion of sites is evidenced in the increase of £148,515,000 in completed stock to £245,914,000 and the corresponding decrease of £84,810,000 in construction work in progress to £324,980,000 during the year. Additionally, we have continued to procure new opportunities and develop the current stock such that the value of inventories has increased to £631,236,000 at 30 June 2019 compared to £553,957,000 at 30 June 2018, an increase of 14%.

This has in part been facilitated by the continued utilisation of the AIG facility with borrowings on that facility increasing from £280,822,000 at June 2018 to £324,240,000 at June 2019. In June 2019 the company signed a £525m, 5-year loan facility agreement with Sculptor Petrel Investment S.à r.l.. This finance agreement resulted in existing loans (AIG, Barclays, UTB, Leumi and Titlestone) being redeemed in July 2019 and a drawdown of £457m made from Sculptor Petrel Investment S.à r.l. formally Och Ziff (OZ). The issue costs from the previous finance arrangements have been fully amortised and the exit costs have expensed in the year. The issue costs from the Sculptor Petrel Investment S.à r.l. loan have been capitalised and will be amortised over the period of the loan commencing July 2019.

Post year end, sales performance across the group has been very encouraging, despite the uncertainty caused by the prolonged Brexit process. This has been driven by the delivery of significant quality schemes in Cheltenham, Harpenden, Sevenoaks and Tetbury and continued sales progress across the existing portfolio, in particular at Wokingham, Marlborough and Wareham.

The reservation pipeline continues to build and at the date of signing, stood at 71 reservations (£51.6m) and 8 exchanges (£6.3m).

In light of the ongoing decision of the UK to leave the European Union under the Brexit vote there is uncertainty in the markets in which the group operates. With all operations based in the UK and all sales in the UK market the group is, to some extent, shielded from the greater uncertainty that would exist with EU operations.

As a result of the uncertainty, there has been a slowdown in the UK housing market as a whole compared to previous years. Due to the group's customer base not being heavily reliant on mortgages or other financing to purchase properties there have been no observed significant reductions in the levels of demand for units. This has been supported by post year-end sales performance with 121 unit sales. Nonetheless the directors have taken the opportunity to review and refine both the selling prices achievable and the timing of sales in forecasts.

On the supply side, whilst construction is undertaken by subcontractors the directors have given consideration to the risk of future price increases and impacts on labour supply and similarly assessed the impact on forecast margins for sites. The use of fixed price contracts where possible has helped mitigate exposure to these risks to date as well as in future periods.

The group is financed through long-term loans from AIG and capital contributions from its shareholder. The Brexit result is not expected to impact these financing arrangements.

On 28 June 2019, PegasusLife Property Holdings, a subsidiary of Lifestory Group Limited, signed a £525m, 5-year loan facility agreement with Sculptor Petrel Investment S.à r.l..

POST BALANCE SHEET EVENTS

The business completed on the acquisition of Wooburn Green and has completed construction on sites at Torquay, Rustington, Sandhurst, Brockenhurst, Bristol, Portishead, JDH Cheltenham, Crowthorne and Wimborne.

On 4 July 2019, the initial drawdown of £457 million was made from the Sculptor Petrel Investment S.à r.l. facility and subsequently the outstanding loans with AIG, Barclays, Titlestone, Leumi and UTB were repaid in full. The second Barclays loan was repaid in full on 22 August 2019.

In December 2019, a General Election took place in the United Kingdom and on 31 January 2020, the United Kingdom left the European Union. The directors do not consider that these events have had or will have a significant impact on the business.

The impact of the coronavirus outbreak remains uncertain. The situation is being monitored and government guidelines are being followed and communicated to staff. Whilst we continue to monitor events and work closely with all our suppliers and customers, we have not to date seen any material impact to our business from coronavirus. At this stage we have not seen a substantial drop in international or domestic sales as a result, but management will continue to monitor closely.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS

	<i>Year ended</i> <i>30 June 2019</i>	<i>Year ended</i> <i>30 June 2018</i>
Units sold	112	107
Sites acquired	3	2
Operating loss	£33.7m	£41.4m
	<i>As at 30 June 2019</i>	<i>As at 30 June 2018</i>
Sites under construction at year end	18	19
Land bank units at year end	1,751	2,031
Shareholders' funds	£30.1m	£120.8m
GDV pipeline at year end	£1,104m	£1,278m
Employees (average)	291	210

Units sold, sites acquired, and the operating loss are discussed in the review of the Group's business above. Shareholders' funds have reduced in the year due to the loss for the year.

The number of sites under construction at year end have remained relatively consistent as sites which have completed build in the current year have been offset by land sites entering the construction phase. Land bank units and the GDV pipeline at year end have both reduced as the units and value on sites acquired has been exceeded by units sold in the year and units on existing sites which are no longer being developed due to strategic changes.

Employee numbers have increased as a result of Renaissance being present for the first full year post acquisition. The directors are dedicated to developing our employees and supporting them to undertake a variety of training and development activities and measure the impact of these on the individual's and company's performance. As a consequence, we hold Investors in People accreditation.

Lifestory is committed to quality business practice and environmental management systems which encompass customer care. The processes are independently audited by Lloyds (LRQA) and certified under globally recognised standards ISO 9001: 2004 and ISO 14001.

FUTURE DEVELOPMENTS

Lifestory, at the date of this report, has now achieved 50 planning consents and has 10 sites under construction. The total landbank of 1,751 units equates to 4 years of forecast turnover.

On 1st October 2019 property developers PegasusLife, Anthology and Renaissance Retirement announced that the three companies will merge to create Lifestory, with the purpose of creating new homes and serving customers at every stage of their lives.

Lifestory will act as an umbrella brand, bringing together these three strong customer-facing brands to deliver on our goal of transforming customer experience when buying a new home, whatever stage of life our customers are at. This flexible approach allows us to address the needs of a wider range of different customers and communities across the country.

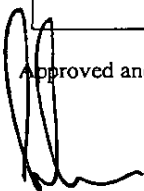
Lifestory will continue to be backed and funded by Oaktree Capital Management, the majority owner of both Anthology and the PegasusLife Group. The collective portfolios currently amount to some 50 projects and with the launch of Lifestory, we have ambitious growth plans to double this within a three-year period.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Risks	Mitigation
Planning delays / failure to get consent	• Conditional contracts or fall-back positions including the sale of land • As business matures, individual site delays have less impact on overall performance
Build cost inflation / surety of supply	• Alternative forms of construction being reviewed • Mix of procurement methods utilised such as two-stage tendering and construction management • Explore developing relationship with mid-sized construction companies for ongoing programme of work • Use of fixed price contracts where appropriate • No start on site until KPI target enquiries / reservations hit
Market slowdown	• Selling off-plan extends sales period and gives visibility of pipeline • Alternative structures: Shared ownership, purchase, discounted 'Home for Life', rent to buy, assured tenancy rental • Work with Part Exchange providers • Site appraisals and forecast margins allow for reductions in revenues without causing losses to be made
Staff retention in tight market	• Appropriate reward structures where employees can benefit from value created
Decision to leave the European Union	• Impact considered when devising and amending business strategy and operating model • Alternative material suppliers identified • A clear and transparent rental package has been brought to market

Approved and authorised for issue by Order of the Board


M Dickinson
Chief Executive Officer

Unit 3, Royal Court
Kings Worthy
Winchester
SO23 7TW

17 March 2020

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the audited consolidated and company financial statements for the year ended 30 June 2019.

Disclosure of the future developments of the group and post balance sheet events is given in the Strategic Report. Information on the group's financial risk management objectives is provided in note 25 of these financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend (2018: nil). A dividend of £198,000 (2018: £2,010,000) was paid by a subsidiary to its non-controlling interest.

DIRECTORS

The directors who served the company during the year and subsequently, unless otherwise stated, are set out on page 2.

DIRECTORS' QUALIFYING INDEMNITY PROVISIONS

The company provided qualifying third-party indemnity provisions to certain directors during the financial year and at the date of this report.

EMPLOYEES

The company promotes equal opportunities and opportunities by applying procedures and practices as set out in our equal opportunities policy covering disabled people. The company will not discriminate in opportunities for recruitment, training, and promotion. The company seeks to continually develop and improve its workforce and is dedicated to developing its employees and supporting them to undertake a variety of training and development activities and measures the impact of these on the individual's and company's performance.

GOING CONCERN

The directors have a reasonable expectation that the group and the company have adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. In forming this view the directors have considered the group and the company's net current asset position and in particular the group's reliance on the continued support of its lenders in respect of the long-term loan. However, as one lender is the majority shareholder, the directors consider it is in the interests of the lender to continue to provide the necessary financial support to ensure that the group and the company is a going concern for the foreseeable future. In addition, a £525m, 5-year loan facility agreement with Sculptor Petrel Investment S.à r.l. was signed in June 2019 which replaces the AIG loan. At 30 June 2019, and at the date of this report, the group is compliant with all covenants and is not forecast to breach those covenants for the foreseeable future.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

AUDITOR

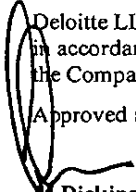
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is 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, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Approved and authorised for issue by Order of the Board


M Dickinson
Chief Executive Officer

17 March 2020

Unit 3, Royal Court
Kings Worthy
Winchester
SO23 7TW

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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 group and the company and of the profit or loss of the group and company for that period.

In preparing the parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFESTORY GROUP LIMITED
(FORMERLY PEGASUSLIFE LIMITED)**

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Lifestory Group Limited (formerly PegasusLife Limited) (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 in the 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFESTORY GROUP LIMITED
(FORMERLY PEGASUSLIFE LIMITED) (continued)**

material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 parent 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 parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

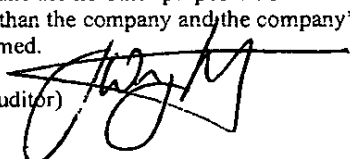
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

James Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Gatwick, United Kingdom 18 March 2020



Lifestory Group Limited (Formerly PegasusLife Limited)

**Consolidated statement of comprehensive income
for the year ended 30 June 2019**

		30 June 2019	30 June 2018
	Note	£000	£000
Revenue	2	69,766	61,305
Cost of sales		(68,613)	(55,750)
Cost of sales – impairment of inventories	4	(13,534)	(23,685)
Cost of sales – reversal of impairment of inventories	4	4,486	-
Gross loss		(7,895)	(18,130)
Other operating income	6	1,271	799
Administration expenses		(27,107)	(24,064)
Operating loss		(33,731)	(41,395)
Gain on bargain purchase	29	-	334
Other gains and (losses)	7	(1,764)	-
Finance costs	8	(48,716)	(32,252)
Loss before tax	4	(84,211)	(73,313)
Taxation	9	(4,746)	(12,009)
Loss for the year and total comprehensive loss		(88,957)	(85,322)
Loss for the year and total comprehensive loss attributable to:			
Equity shareholders of the company	22	(90,754)	(86,747)
Non-controlling interest		1,797	1,425
Loss for the year and total comprehensive loss		(88,957)	(85,322)

All trading derives from continuing operations.

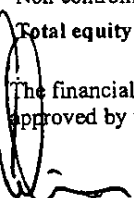
The accompanying notes on pages 17 to 49 are an integral part of these financial statements.

Lifestory Group Limited (Formerly PegasusLife Limited)

**Consolidated balance sheet
as at 30 June 2019**

	Note	30 June 2019 £000	30 June 2018 £000
ASSETS			
Property, plant and equipment	10	1,655	2,180
Investment property	11	7,583	2,242
Intangible assets	12	-	4,956
Deferred tax assets	13	-	5,738
Derivative financial instruments	15	-	2,000
Total non-current assets		9,238	17,116
Inventories	16	631,236	553,957
Trade and other receivables	17	5,390	6,245
Cash and cash equivalents		9,596	21,513
Total current assets		646,222	581,715
Total assets		655,460	598,831
LIABILITIES			
Trade and other payables	18	(41,063)	(29,574)
Borrowings	19	(400,397)	(76,640)
Total current liabilities		(441,460)	(106,214)
Net current assets		204,762	475,501
Trade and other payables	18	-	(4,290)
Borrowings	19	(179,465)	(363,644)
Deferred tax liabilities	20	(546)	(1,539)
Total non-current liabilities		(180,011)	(369,473)
Total liabilities		(621,471)	(475,687)
Net assets		33,989	123,144
Share capital	21	-	-
Capital contribution	21	280,000	280,000
Retained earnings	22	(249,937)	(159,183)
Capital and reserves attributable to owners of the company		30,063	120,817
Non-controlling interest		3,926	2,327
Total equity		33,989	123,144

The financial statements of Lifestory Group Limited (formerly PegasusLife Limited) (registered number 08221003) were approved by the board of directors and authorised for issue on 17 March 2020. They were signed on its behalf by:



M Dickinson
Chief Executive Officer

The accompanying notes on pages 17 to 49 are an integral part of these financial statements.

Lifestory Group Limited (Formerly PegasusLife Limited)

**Company balance sheet
as at 30 June 2019**

	Note	30 June 2019 £000	30 June 2018 £000
Property, plant and equipment	10	462	890
Investment property	11	1,582	1,964
Deferred tax assets	13	-	5,443
Investments	14	-	-
Total non-current assets		2,044	8,297
Inventories	16	6,383	7,841
Trade and other receivables	17	351,724	276,693
Cash and cash equivalents		238	3,026
Total current assets		358,345	288,162
Total assets		360,389	296,459
Trade and other payables	18	(3,932)	(6,108)
Borrowings	19	(29,039)	(29,040)
Total current liabilities		(32,971)	(35,148)
Net current assets		325,374	253,014
Total assets less current liabilities		327,418	261,311
Non-current liabilities			
Borrowings	19	(192,461)	(94,089)
Net assets		134,957	167,222
Share capital	21	-	-
Capital contribution	21	280,000	280,000
Retained earnings	22	(145,043)	(112,778)
Total equity attributable to owners of the company		134,957	167,222

The loss for the company for the year was £32,265,000 (2018: loss of £51,797,000).

The financial statements of Lifestory Group Limited (formerly PegasusLife Limited) (registered number 08221003) were approved by the board of directors and authorised for issue on 17 March 2020. They were signed on its behalf by:



M Dickinson
Chief Executive Officer

The accompanying notes on pages 17 to 49 are an integral part of these financial statements.

Lifestory Group Limited (Formerly PegasusLife Limited)

**Consolidated statement of changes in equity
for the year ended 30 June 2019**

	Share capital £000	Capital contribution £000	Retained earnings £000	Total £000	Non- controlling interest £000	Total equity £000
Balance at 1 July 2017	-	116,759	(72,436)	44,323	-	44,323
On acquisition of subsidiary (note 29)	-	-	-	-	2,912	2,912
Loss, being total comprehensive loss for the year	-	-	(86,747)	(86,747)	1,425	(85,322)
Capital contributions (note 21)	-	163,241	-	163,241	-	163,241
Subsidiary dividend to non-controlling interest	-	-	-	-	(2,010)	(2,010)
Balance at 30 June 2018	-	280,000	(159,183)	120,817	2,327	123,144
Loss, being total comprehensive loss for the year	-	-	(90,754)	(90,754)	1,797	(88,957)
Subsidiary dividend to non-controlling interest	-	-	-	-	(198)	(198)
Balance at 30 June 2019	-	280,000	(249,937)	30,063	3,926	33,989

The accompanying notes on pages 17 to 49 are an integral part of these financial statements.

Lifestory Group Limited (Formerly PegasusLife Limited)

**Company statement of changes in equity
for the year ended 30 June 2019**

	Share capital £000	Capital contribution £000	Retained earnings £000	Total £000
Balance at 1 July 2017		116,759	(60,981)	55,778
Loss, being total comprehensive loss for the year	-	-	(51,797)	(51,797)
Capital contributions (note 21)	-	163,241	-	163,241
Balance at 30 June 2018	-	280,000	(112,778)	167,222
Loss, being total comprehensive loss for the year	-	-	(32,265)	(32,265)
Balance at 30 June 2019	-	280,000	(145,043)	134,957

The accompanying notes on pages 17 to 49 are an integral part of these financial statements.

Lifestory Group Limited (Formerly PegasusLife Limited)

**Consolidated cash flow statement
for the year ended 30 June 2019**

		Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
	Note		
Net cash flows used in operating activities	23	(101,989)	(119,069)
Investing activities			
Payment for acquisition of subsidiary, net of cash acquired	29	-	(3,802)
Purchases of property, plant and equipment	10	(592)	(1,045)
Net cash used in investing activities		(592)	(4,847)
Financing activities			
Interest paid		(26,860)	(16,193)
Receipts from capital contribution		-	163,241
Net receipts / (payments) on intercompany loans		90,000	(115,704)
Receipts from bank loans		27,722	102,304
Dividend paid to non-controlling interest		(198)	(2,010)
Net cash generated from financing activities		90,664	131,638
Net (decrease) / increase in cash and cash equivalents		(11,917)	7,722
Cash and cash equivalents at the beginning of the year		21,513	13,791
Cash and cash equivalents at the end of the year		9,596	21,513

The accompanying notes on pages 17 to 49 are an integral part of this cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

1. ACCOUNTING POLICIES

Lifestory Group Limited ("the company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2016 and registered in England and Wales. The address of the registered office is given on page 2. The principal activities of the company, and its subsidiaries ("the group") and the nature of the group's operations are set out in the strategic report on pages 3 to 6. The financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the group operates.

The principal accounting policies are summarised below. They have all been applied consistently to all the years presented unless otherwise stated.

Basis of accounting

The group financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union (EU IFRS) and have been prepared under the historic cost convention as modified by financial assets and financial liabilities at fair value through profit or loss.

The company financial statements have been prepared and approved by the directors in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council as the company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100).

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement and certain related party transactions.

Adoption of new and revised Standards

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2018.

Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Group and Company have applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Group and Company have elected to restate comparatives in respect of the classification and measurement of financial instruments.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Group and Company's financial statements are described below.

The Group and Company have applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and Company have assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group and Company have applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and have not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Impact of initial application of IFRS 9 *Financial Instruments* (continued)

The directors of the Group and Company reviewed and assessed the Group and Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group and Company's financial assets as regards their classification and measurement:

- the terminology applied to the Group and Company's financial instruments has changed to align with IFRS 9 terminology.

None of the reclassifications of financial assets have had any impact on the Group or Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group and Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group and Company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors, intercompany debtors and contract assets.

Because the Group and Company has elected to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 July 2018), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 July 2017.

No differences were identified. Accordingly, there has been no impact on the Group or Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(c) General hedge accounting

The Group and Company do not apply hedge accounting. Accordingly, the application of IFRS 9 has had no impact on the Group or Company.

Impact of application of IFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group and Company have applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group and Company's financial statements are described below.

The Group and Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c).

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Group and Company have adopted the terminology used in IFRS 15 to describe such balances.

**NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019**

1. ACCOUNTING POLICIES (continued)

The Group and Company's accounting policies for its revenue streams are disclosed in detail in note 1 below. Apart from providing more extensive disclosures for the Group and Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group or Company.

IFRS 15 introduced the step of identifying the performance obligation and the need to recognise revenue at the point at which the performance obligation is satisfied. IAS 18 applied the approach of recognising revenue at the point at which substantially all of the risks and rewards of ownership transferred to the buyer. All revenue is derived from property sales and land sales. The Group and Company recognises revenue at legal completion.

This is both the point at which the performance obligations of the Group and Company are satisfied and substantially all of the risks and rewards of ownership transfer to the buyer. Accordingly, there has been no change in the revenue recognition point on application of IFRS 15 compared to IAS 18 and no impact on the Group or Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

Going concern

The group and the company meet their day-to-day working capital requirements through its cash balances and its long-term loans.

The group and the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and the company should be able to operate within the level of its current facility. The company will open renewal negotiations with its lenders at the renewal date about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the group and the company have adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. In forming this view the directors have considered the group's and company's net asset position and in particular the group's and company's reliance on the continued support of its lenders in respect of the long-term loan. However, as one lender is also the majority shareholder, the directors consider it is in the interests of the lender to continue to provide the necessary financial support to ensure that the group and the company is a going concern for the foreseeable future. In June 2019 the company signed a £525m, 5-year loan facility agreement with Sculptor Petrel Investment S.à r.l.. This finance agreement resulted in the AJG loan being redeemed in July 2019. At 30 June 2019, and at the date of approval of these financial statements, the group is compliant with all covenants and is not forecast to breach those covenants for the foreseeable future.

Basis of consolidation

The group accounts consolidate the accounts of Lifestory Group Limited and entities controlled by the company drawn up to 30 June 2019. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

A statement of comprehensive income is not presented for the company as provided by s408 of the Companies Act 2006. The loss attributable to the company for the year was £32,265,000 (2018: loss of £51,797,000).

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Acquisitions of subsidiaries and business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Brand names are amortised over 10 years. Amortisation is recognised in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Determining control definition for business combination

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances

in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Investment property

Investment properties relate to residual interests in sold properties where there is no set redemption date and no rent or interest charged, which are valued at cost less impairment. In addition, there are investment properties which are fully owned, and a rent is charged, which are valued at cost less impairment.

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	5 years
Machinery and vehicles	5 years
Computers and software	3 years

Residual value is calculated on prices prevailing at the date of acquisition. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Inventories

Inventories, including work in progress, are stated at the lower of cost and net realisable value. Cost comprises actual land purchases which are accounted for from the date of contract exchange, when the company obtains effective control of the site, actual building costs and attributable direct overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow-moving or defective items where appropriate. Impairments and impairment reversals are within cost of sales.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the groups taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Revenue

Revenue represents amounts receivable from the sale of specialist retirement housing, freehold land, and freehold titles and is stated at the fair value of consideration received or receivable, net of VAT and trade discounts. Revenue from the sale of units is recognised on legal completion. Revenue from the sale of freehold land is recognised at the point at which the risks and rewards of ownership of the freeholds transfer to the purchaser. Revenue from the partial sale of a unit is recognised in proportion to the percentage of the equity that has been transferred to the purchaser. Payment of the transaction price is due on legal completion. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a defined contribution group personal pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised in the Group and Company's balance sheet when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets; interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line.

Impairment of financial assets

The Group and Company recognises a loss allowance for expected credit losses (ECL) on debtors measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and Company always recognises ECL for trade debtors. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company does not hold any financial liabilities at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group and Company derecognises financial liabilities when, and only when, the Group and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group and Company enters into derivative financial instruments. Further details of derivative financial instruments are disclosed in note 15.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRIC 23	Uncertainty over income tax treatments
IFRS 3 (Amendments)	Definition of business
IFRS 16	Leases
IAS 1 and IAS 8	Definition of material

Annual improvements to IFRSs: 2015-2017 Cycle

Amendments to references to the Conceptual Framework in IFRS standards

The adoption of IFRS 16 is not expected to have a material impact on the financial statements of the group in future periods. The main accounting policy change will impact how charges are recorded in the statement of comprehensive income and operating leases liabilities will be recorded on the balance sheet. The quantitative impact on adoption is estimated to result in a £2,000,000 right-of-use asset and corresponding lease liability being recognised on the group balance sheet with an annual charge of £380,000 through the statement of comprehensive income split between administrative expenses of £250,000 and an interest charge of £130,000. This will be offset by the removal of operating lease expenses in administrative expenses of £325,000. There will be no impact on the overall cash flows of the group other than the lease payments made presenting as financing flows as opposed to operating flows.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's and company's accounting policies, which are described in note 1, 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the group's and company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

Carrying value of inventories and estimation of costs to complete and achievable revenues

Inventories are stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. Residential development is largely speculative by nature and it is normal that not all inventories are covered by forward sales contracts. To assess the net realisable value of land held for development and sites in the course of construction and completed sites, the group maintains a financial appraisal of the likely revenue which will be generated when these inventories become residential retirement properties for sale and are sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential retirement properties, the inventories are stated at cost. Where the projected revenue is lower, the extent to which there is a shortfall is written off through the statement of comprehensive income leaving the inventories stated at net realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the realisable value of inventories may be different.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty (continued)

Appraisals taking into account estimated achievable net revenues, actual inventory and costs to complete as at each reporting date have been completed and identified an impairment of £13,534,000 (2018: £23,685,000) and an impairment reversal of £4,486,000 (2018: £nil). Impairment reversals have resulted from increases in estimated sales prices achievable on land site sales based on latest market offers, and strategic decisions to develop sites previously planned to be aborted. These estimates were made by management having regard to actual sales prices, together with competitor and marketplace evidence. Should there be a future significant decline in UK house pricing, impairments of land, work in progress and completed sites may be necessary. Further detail on the value of inventories is in note 16.

Estimates in fair value of assets acquired in business combinations

Estimates of fair value of assets acquired in business combinations has been calculated which includes inventories and brands. The estimates of fair value have been determined using a relief from royalty approach for the brand, with a pre-tax rate of 0.4% and discount rate of 18.5% assumed, and realisable values for inventories, based on market selling prices less selling costs.

Deferred tax

Management assesses whether there will be sufficient future profits to utilise deferred tax assets recognised by reference to the estimated profits generated by the sites where planning has been granted, construction has commenced or are completed, based on the appraisals noted above. The current year position has been arrived at by undertaking the assessment of future profits and applying an appropriate future tax rate, over a future period of three years. These assessments indicated there would be insufficient future taxable profits for which the unutilised losses could be relived. Accordingly, a deferred tax asset of nil (2018: £5,738,000) has been recognised. The reduction in estimate has been driven by impairments in the year arising on previously profit-forecasted sites.

Critical judgements

Recognition of subsidiary

Hackwood Homes Limited has been recognised under the acquisition method despite the company holding 33.3% of the ordinary share capital, given the company has an unrestricted option to acquire the remaining 66.7% of share capital and therefore has unrestricted potential voting rights over 100% of the company.

2. REVENUE

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Legal completions on retirement property	68,020	50,595
Land sales	1,130	9,426
Freehold title sales	616	1,284
	<u>69,766</u>	<u>61,305</u>

3. SEGMENTAL REPORTING

The directors consider there to be one continuing class of business, being the sale of sheltered accommodation for the elderly and one geographical destination of business only, being the UK.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

4. LOSS BEFORE TAX

Loss before tax is stated after charging/(crediting):

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Amortisation of intangibles	-	130
Fair value loss on Hackwood option (note 29)	2,000	-
Impairment of goodwill (note 12)	2,486	-
Fair value gain on deferred consideration (note 29)	(5,192)	-
Impairment of brand (note 12)	2,470	-
Depreciation and amounts written off tangible fixed assets		
- owned	1,080	645
Operating lease rentals		
- plant and machinery	17	19
- other	258	244
Cost of inventory recognised as an expense	62,765	51,428
Write down of inventory recognised as an expense (note 1)	13,534	23,685
Reversal of prior year inventory impairment (note 1)	(4,486)	-
Impairment of investment properties (note 11)	382	-
Auditor's remuneration		
- audit of the company's financial statements	89	68
- audit of the company's subsidiary financial statements	163	235
- taxation compliance services	40	40
- taxation advisory services	85	30
- other non-assurance services	245	382
- audit related assurance services	8	-

5. STAFF COSTS

	<i>30 June 2019 Number</i>	<i>30 June 2018 Number</i>
Average monthly number of employees (including executive directors):		
Administration	204	146
Sales	87	64
	<u>291</u>	<u>210</u>
Their aggregate remuneration comprised:	<i>£000</i>	<i>£000</i>
Wages and salaries	15,406	11,486
Social security costs	1,552	1,287
Other pension costs	194	130
	<u>17,152</u>	<u>12,903</u>

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

5. STAFF COSTS (continued)

Amounts recognised in the statement of comprehensive income in respect of directors' emoluments:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Emoluments – short term employee benefits	1,718	1,482
Compensation for loss of office – termination benefits	-	144
Contributions to money purchase pension schemes – post employment benefits	-	-
	<u>1,718</u>	<u>1,626</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Emoluments	421	386
Company contributions to money purchase pension schemes	-	-
	<u>421</u>	<u>386</u>

No directors were members of a money purchase pension scheme (2018: none). The directors are considered the only key management personnel.

Retirement benefit scheme

The company operated a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the Scheme and amounted to £194,000 (2018: £130,000). At year end, contributions amounting to £62,923 (2018: £36,005) were payable to the Scheme and are included within other creditors in the financial statements.

6. OTHER OPERATING INCOME

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Net rental income	980	714
Other income	291	85
	<u>1,271</u>	<u>799</u>

7. OTHER GAINS AND (LOSSES)

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Fair value loss on Hackwood option	(2,000)	-
Impairment of brand	(2,470)	-
Impairment of goodwill	(2,486)	-
Fair value gain on deferred consideration	5,192	-
	<u>(1,764)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

8. FINANCE COSTS

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Interest payable on group loans	8,372	12,623
Interest payable on bank loans (AIG)	19,318	14,119
Interest payable on other loans	4,875	3,071
Amortisation of bank facility costs	15,515	2,439
Loan exit costs	636	-
	<u>48,716</u>	<u>32,252</u>

9. TAXATION

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(992)	(594)
Write down of previously recognised deferred tax assets	5,738	12,603
	<u>4,746</u>	<u>12,009</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Loss before tax	<u>(84,211)</u>	<u>(73,313)</u>
Tax on loss at standard UK tax rate of 19.00% (2018: 19.00%)	(16,000)	(13,929)
Effects of:		
Expenses not deductible for tax purposes	15	22
Short-term timing differences	(992)	(594)
Change in recognised deferred tax assets	5,738	12,603
Unrelieved tax losses	<u>15,985</u>	<u>13,907</u>
Total tax charge for the year	<u>4,746</u>	<u>12,009</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 26 October 2015. This will reduce the group's future tax charge accordingly. The deferred tax balances at 30 June 2019 have been calculated using these rates.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

10. PROPERTY, PLANT AND EQUIPMENT

Group	<i>Machinery and vehicles £000</i>	<i>Computers and software £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost				
At 1 July 2018	1,623	2,250	1,184	5,057
Additions	38	358	196	592
Disposals	(37)	-	-	(37)
At 30 June 2019	<u>1,624</u>	<u>2,608</u>	<u>1,380</u>	<u>5,612</u>
Depreciation				
At 1 July 2018	772	1,443	662	2,877
Charge for the year	207	712	161	1,080
At 30 June 2019	<u>979</u>	<u>2,155</u>	<u>823</u>	<u>3,957</u>
Net book value				
At 30 June 2019	<u>645</u>	<u>453</u>	<u>557</u>	<u>1,655</u>
At 30 June 2018	<u>851</u>	<u>807</u>	<u>522</u>	<u>2,180</u>
Company		<i>Computer and software £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost				
At 1 July 2018		2,192	623	2,815
Additions		356	3	359
At 30 June 2019		<u>2,548</u>	<u>626</u>	<u>3,174</u>
Depreciation				
At 1 July 2018		1,412	513	1,925
Charge for the year		699	88	787
At 30 June 2019		<u>2,111</u>	<u>601</u>	<u>2,712</u>
Net book value				
At 30 June 2019		<u>437</u>	<u>25</u>	<u>462</u>
At 30 June 2018		<u>780</u>	<u>110</u>	<u>890</u>

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

11. INVESTMENT PROPERTY

Group		£000
Residual interest in equity value of sold units		
	At 1 July 2018	1,964
	Impairment charge in year	<u>(382)</u>
	At 30 June 2019	1,582
Residential properties on which rents are charged		
	At 1 July 2018	278
	Addition in year	6,502
	Disposals in year	<u>(779)</u>
	At 30 June 2019	6,001
	At 30 June 2019	<u>7,583</u>
	At 30 June 2018	<u>2,242</u>
Company		£000
Residual interest in equity value of sold units		
	At 1 July 2018	1,964
	Impairment charge in year	<u>(382)</u>
	At 30 June 2019	<u>1,582</u>

The fair value of investment properties within the group at 30 June 2019 was £7,583,000 (2018: £2,600,000) and the company was £1,582,000 (2018: £2,300,000). The fair value is calculated using the UK house price index, then applying this to the cost of the investment and factoring when acquired.

An impairment of £382,000 (2018: £nil) was charged in the year against the residual interest in equity value of sold units in light of post year end, open market sales prices achieved.

This relates to properties where the purchaser has opted to only purchase a part of the property under one of our sales offers and residential properties on which rents are charged. The balance above represents the portion not acquired by the purchaser which attracts no interest or rental and will be realised upon the subsequent sale of the property. The balance also includes residential properties on which rents are charged. Total rental income earned in the year from investment properties was £291,000 (2018: £6,000).

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

12. INTANGIBLE ASSETS

Group	Goodwill £000	Brand £000	Total £000
Cost			
At 1 July 2018 and 30 June 2019	2,486	2,600	5,086
Amortisation			
At 1 July 2018	-	130	130
Impairment charge	2,486	2,470	4,956
At 30 June 2019	2,486	2,600	5,086
At 30 June 2019	-	-	-
At 30 June 2018	2,486	2,470	4,956

The group tests goodwill annually for impairment, or more frequently if there are indicators of impairment.

The current year assessment has led to the impairment of the Renaissance goodwill with a charge of £2,486,000 and an impairment of the associated brand by £2,470,000. This has resulted from cost overruns and delays in development reducing the forecast net discounted cash flows generated by the Renaissance business.

13. DEFERRED TAX ASSETS

Group	30 June 2019 £000	30 June 2018 £000
Unrelieved tax losses	-	5,738
Total deferred tax asset	-	5,738
Company	30 June 2019 £000	30 June 2018 £000
Unrelieved tax losses	-	5,443
Total deferred tax asset	-	5,443

At the balance sheet date, the group had unused tax losses of £394.5m (2018: loss £280.2m) and the company had unused tax losses of £287.0m (2018: £231.6m) available for offset against future profits. No deferred tax asset has been recognised (2018: £5.7m) as it is not considered probable that there will be future taxable profits available in the foreseeable future, being 3 years, based on current sites with planning or further advanced, as expected margins are exceeded by administration expenses and finance costs. Unrelieved tax losses have no expiry date.

Lifestory Group Limited (Formerly PegasusLife Limited)

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

14. INVESTMENTS

Company	30 June 2019 £000	30 June 2018 £000
Cost at 1 July 2018	-	-
Additions	-	-
Cost at 30 June 2019	-	-

The company has investments in 100% of the ordinary share capital of the following subsidiary undertakings.

All subsidiaries are included in the consolidated financial statements of Lifestory Limited.

Name	Country of incorporation	Activity
PegasusLife Development Limited**#	England & Wales	Development & sale of retirement accommodation
PegasusLife Lyndhurst Limited#	England & Wales	Development of retirement accommodation
PegasusLife Renaissance Holdings Limited#	England & Wales	Intermediary holding company
PegasusLife Cobham Limited#	England & Wales	Development of retirement accommodation
PegasusLife Development (Bartrams) Limited*****#	England & Wales	Development of retirement accommodation
PegasusLife Development (OBR) Limited*****#	England & Wales	Development of retirement accommodation
PegasusLife Development (Westminster) Limited*****#	England & Wales	Development of retirement accommodation
PegasusLife Development - (QVH) Limited*****#	England & Wales	Development of retirement accommodation
All of us (Care) Limited#	England & Wales	Intermediary Holding Company
All of us (Development) Limited**#	England & Wales	Development of building projects
Helicon Management Limited ##	England & Wales	Management of real estate on fee/contract basis
Pegasus Life Limited (formerly PegasusLife Landlord Limited) #	England & Wales	Intermediary Holding company
PegasusLife Holdings Limited ##	England & Wales	Intermediary Holding Company
PegasusLife Landlord Limited**#	England & Wales	Intermediary Holding Company
PegasusLife Rental Limited#	England & Wales	Other letting and operating of own real estate
Pegasus Life Landlord – Avail 1 Limited***#	England & Wales	Other letting and operating of own or leased real estate*****
Pegasus Life Landlord – Avail 2 Limited ***#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Ace Sandbanks Limited*****#	England & Wales	Other letting and operating of own or leased real estate*****

Lifestory Group Limited (Formerly PegasusLife Limited)

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

14. INVESTMENTS (continued)

Name	Country of incorporation	Activity
PegasusLife Landlord The Landing Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Carriages Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Chapter House Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Woodlands Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Hortsley Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Chapelwood Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord No. 79 Fitzjohns Avenue Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Steepleton Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Shell Cove Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Park House Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord JDH Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Portishead Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Horsell Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Hampstead Green Studios Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord The Vincent Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Falmouth Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Wildernes House Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord One Bayshill Road Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord Chimes Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
Renaissance Freehold Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
Renaissance Retirement Property Management Limited*****#	England & Wales	Management of real estate on fee/contract basis
Fleur De Lis Tea Rooms Christchurch Limited *****#	England & Wales	Unlicensed cafe
Renaissance Retirement Limited *****#	England & Wales	Development & sale of retirement accommodation
Renaissance Assets Limited*****#	England & Wales	Development & Sale of retirement accommodation
PegasusLife Landlord - Holmwood Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord - Poole Limited****#	England & Wales	Other letting and operating of own or leased real estate*****

Lifestory Group Limited (Formerly PegasusLife Limited)**NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019****14. INVESTMENTS (continued)**

Name	Country of incorporation	Activity
PegasusLife Landlord - Jesmond Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord - Dorking Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord - Court House Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Landlord - Bourne End Limited****#	England & Wales	Other letting and operating of own or leased real estate*****
PegasusLife Property Limited#	England & Wales	Intermediary Holding Company
PegasusLife Property Holdings Limited#	England & Wales	Intermediary Holding Company
Pegasus Life Group Limited#	England & Wales	Intermediary Holding Company

The company has investments in 33% of the ordinary share capital of the following subsidiary undertaking. See note 1 for details on recognition as a subsidiary.

Name	Country of incorporation	Activity
Hackwood Homes Limited	England & Wales	Builder

* Held through All of Us (Care) Limited
** Held through PegasusLife Holdings Limited
*** Held through Pegasus Life Freeholder Limited
**** Held through Pegasus Life Landlord Limited
***** Dormant
***** Held through PegasusLife Development Limited
***** Held through PegasusLife Renaissance Holdings Limited
***** Held through Renaissance Retirement Limited
Registered office
Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW
105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR

Lifestory Group Limited (Formerly PegasusLife Limited)

**NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019**

15. DERIVATIVE FINANCIAL INSTRUMENTS

Group	30 June 2019 £000	30 June 2018 £000
Fair value of Hackwood call option	<u>-</u>	<u>2,000</u>

The group acquired a call option to purchase the remaining 66.7% interest in Hackwood Homes Limited. The call option is exercisable at any time, expiring on the earlier of the 5th Anniversary of the acquisition on 21 December 2017 and IPO within the group. As at 30 June 2019 it is expected that the call option will not be exercised by the group prior to 30 June 2020 and accordingly is presented as a non-current asset. See note 29 for further information.

16. INVENTORIES

Group	30 June 2019 £000	30 June 2018 £000
Completed stock	245,914	97,399
Work in progress	324,980	409,790
Land	60,342	46,768
	<u>631,236</u>	<u>553,957</u>

Company	30 June 2019 £000	30 June 2018 £000
Completed stock	-	371
Land	6,383	7,470
	<u>6,383</u>	<u>7,841</u>

Inventories of £623,372,000 (2018: £544,284,000) have been pledged as security for certain of the group's borrowings.

Inventories of £nil (2018: £nil) have been pledged as security for the company's borrowings.

Lifestory Group Limited (Formerly PegasusLife Limited)

**NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019**

17. TRADE AND OTHER RECEIVABLES

Group

Amounts falling due within one year:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
VAT	1,407	718
Other debtors	2,188	3,825
Prepayments and accrued income	1,795	1,702
	<u>5,390</u>	<u>6,245</u>

Company

Amounts falling due within one year:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Amounts due from subsidiary undertakings	349,905	275,521
VAT	771	267
Other debtors	447	484
Prepayments and accrued income	601	421
	<u>351,724</u>	<u>276,693</u>

The directors consider that the carrying values of trade and other receivables are approximate to their fair value. Amounts due from subsidiary undertakings are repayable on demand, unsecured and are non-interest bearing.

18. TRADE AND OTHER PAYABLES

CURRENT LIABILITIES

Group

Amounts to be paid within one year:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Trade creditors	12,075	11,262
Other creditors	1,437	876
Deferred consideration (note 29)	-	902
Accruals and deferred income	27,551	16,534
	<u>41,063</u>	<u>29,574</u>

Company

Amounts to be paid within one year:

	<i>30 June 2019 £000</i>	<i>30 June 2018 £000</i>
Amounts owed to subsidiary undertakings	-	990
Trade creditors	1,665	1,427
Other creditors	439	826
Accruals and deferred income	1,828	2,865
	<u>3,932</u>	<u>6,108</u>

The directors consider that the carrying values of trade and other payables approximate their fair value. The average credit period taken for trade purchases by the group is 26 days (2018: 25 days). For the company, this was 42 days (2018: 4 days).

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

18. TRADE AND OTHER PAYABLES (continued)

NON-CURRENT LIABILITIES

Group	30 June 2019 £000	30 June 2018 £000
Deferred consideration (note 29)	-	4,290

19. BORROWINGS

CURRENT LIABILITIES

Group	30 June 2019 £000	30 June 2018 £000
AIG loan	324,240	-
Barclays loan	36,139	36,202
Issue costs associated with Barclays loan	-	(95)
Leumi loan	1,332	1,322
UTB loan	1,770	2,960
Titlestone loan	36,916	36,251
	400,397	76,640

Company	30 June 2019 £000	30 June 2018 £000
Bank loans	29,039	29,040

NON-CURRENT LIABILITIES

Group	30 June 2019 £000	30 June 2018 £000
Loans from parent undertaking	192,461	94,089
AIG loan	-	280,822
Issue costs associated with AIG loan	-	(11,267)
Issue costs associated with Sculptor Petrel Investment S.à r.l. loan	(12,996)	-
	179,465	363,644

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

19. BORROWINGS (continued)

Company	30 June 2019 £000	30 June 2018 £000
Loans from parent undertaking	<u>192,461</u>	<u>94,089</u>

The loans from parent undertaking incur interest at 6% and are due for repayment on the earlier of 30 September 2025 and the date on which OCM Luxembourg EPF III Sarl ceases to hold, directly or indirectly, more than 50% of the issued share capital in, or business assets of, the company. As at June 2018 an amount of £142,841,000 of the loan at that date was repaid and converted into a capital contribution.

The AIG loan had a 7-year term ending 26 June 2022. It incurs interest at 5.50% above LIBOR. The loan is secured by way of a first charge over the assets of PegasusLife Developments Limited and a debenture over the shares of PegasusLife Holdings Limited, its immediate parent company. At 30 June 2018 it comprised a gross loan of £280,822,000 less transaction costs of £11,267,000 which are amortised over the duration of the loan. At 30 June 2019 the AIG loan is categorised as a current liability as, on 28 June 2019, the company signed a new 5 year £525m loan facility with Sculptor Petrel Investment S.à r.l. which replaced the AIG loan. The AIG loan was repaid in full on 4 July 2019 and therefore all issues costs have been charged to the income statement for the year ended 30 June 2019.

The Sculptor Petrel Investment S.à r.l. loan has a 4-year term ending 4 July 2023 which incurs interest at 5.45% above libor for 3 years, then increases to 6.5% in year 4. The option to extend the term by 1 year is available to the company and this would incur interest of 5.75%. The Sculptor Petrel Investment S.à r.l. loan transaction costs are £12,996,000 which are categorised as non-current liabilities and will be amortised over the duration of the loan. The loan is secured by way of a first charge over the assets of PegasusLife Developments Limited and a debenture over the shares of PegasusLife Group Limited, its immediate parent company.

Other bank loans represent:

- 1) A Lcumi loan advanced on 28 October 2016 was repayable on 28 October 2018 and was extended 12 months. The loan incurs interest at 5% above LIBOR. This comprises a gross loan of £1,332,000. The loan is secured by way of a charge over a land site. The loan was repaid in full on 4 July 2019.
- 2) A Barclays loan advanced on 28 April 2017 was repayable on 30 June 2019 which incurs interest at 3% above LIBOR. This comprises a gross loan of £7,100,000. The loan is secured by way of a charge over a land site. The loan was repaid in full on 4 July 2019.
- 3) A UTB loan acquired on 21 December 2017 and repayable on demand which incurs interest at 9% above LIBOR. This comprises a gross loan of £1,770,000. The loan is secured by way of a charge over a land site. The loan was repaid in full on 4 July 2019.
- 4) A Titlestone loan acquired on 21 December 2017 and repayable on demand. This comprises a gross loan of £36,916,000. The loan is secured by way of a charge over land sites and incurs interest at 10.5% to 11.0% per annum. The loan was repaid in full on 4 July 2019.
- 5) A Barclays loan advanced on 16 May 2018 with a termination date of 21 August 2019 which incurs interest at 1% above LIBOR. This comprises a gross loan of £29,040,000. The loan was repaid in full on 22 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

20. NON-CURRENT DEFERRED TAX LIABILITIES

Group	30 June 2019 £000	30 June 2018 £000
At 1 July 2018	(1,539)	-
On acquisition of subsidiaries	-	(2,049)
Credit for the year	993	510
At 30 June 2019	<u>(546)</u>	<u>(1,539)</u>

Deferred tax liabilities relate to short-term timing differences arising on fair value adjustments on acquisitions.

21. CALLED-UP SHARE CAPITAL

Group and company	30 June 2019 £000	30 June 2018 £000
Allotted, called-up and fully paid		
1 ordinary share of £1 each	<u>-</u>	<u>-</u>

The company has one class of ordinary shares which carry no rights to fixed income.

The company's authorised share capital comprises 1 ordinary share with a nominal value of £1.

The capital contribution reserve represents capital contributions received from a parent undertaking.

22. RESERVES

Group	Profit and loss account £000
At 30 June 2017 and 1 July 2017	(72,436)
Loss for the year	<u>(86,747)</u>
At 30 June 2018 and 1 July 2018	(159,183)
Loss for the year	<u>(90,754)</u>
At 30 June 2019	<u>(249,937)</u>

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

22. RESERVES (continued)

Company	<i>Profit and loss account £000</i>
At 30 June 2017 and 1 July 2017	(60,981)
Loss for the year	(51,797)
At 30 June 2018 and 1 July 2018	(112,778)
Loss for the year	(32,265)
At 30 June 2019	(145,043)

23. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Operating loss	(33,731)	(41,395)
Loss on disposal	36	-
Depreciation	1,080	645
Amortisation	-	130
Increase in stocks	(82,620)	(68,601)
Decrease in debtors	855	3,502
Increase / (decrease) in creditors	12,391	(13,350)
Net cash flows used in operating activities	(101,989)	(119,069)

The change of operating assets and liabilities for the year ended 30 June 2018 includes the net effects from the 100% acquisition of Renaissance Retirement Limited and the 33% holding in Hackwood Homes Limited at 21 December 2017, which is 100% consolidated into the group accounts under IFRS 3.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

24. ANALYSIS AND RECONCILIATION OF NET DEBT

	<i>At 1 July 2018</i> <i>£000</i>	<i>Cash flow</i> <i>£000</i>	<i>Other non-</i> <i>cash changes</i> <i>£000</i>	<i>At 30</i> <i>June 2019</i> <i>£000</i>
Cash in hand, at bank	21,513	(11,917)	-	9,596
	<u>21,513</u>	<u>(11,917)</u>	<u>-</u>	<u>9,596</u>
Debt due within one year	(76,640)	(40,719)	(283,038)	(400,397)
Debt due after one year	(363,644)	(90,000)	274,179	(179,465)
Net debt	<u>(418,771)</u>	<u>(142,636)</u>	<u>(8,859)</u>	<u>(570,266)</u>
			<i>Year ended</i> <i>30 June</i> <i>2019</i> <i>£000</i>	
Decrease in cash in the year			(11,917)	
Cash inflow from increase in debt			130,719	
Change in net debt resulting from cash flows			(142,636)	
Non cash movement			(8,859)	
Movement in net debt in the year			(151,495)	
Net debt at 1 July 2018			(418,771)	
Net debt at 30 June 2019			<u>(570,266)</u>	

25. FINANCIAL INSTRUMENTS

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2018.

The capital structure of the group consists of net debt (borrowings disclosed in note 19 after deducting cash and bank balances) and equity of the group (comprising issued capital, capital contributions and retained earnings as disclosed in the statement of changes in equity).

The group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

25. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	2019 £000	2018 £000
Financial assets		
<i>Measured at amortised cost</i>		
Cash and bank balances	9,596	21,513
Trade and other receivables (note 17)	2,188	6,245
<i>Measured at fair value through profit and loss</i>		
Derivative financial instruments (note 15)	-	2,000
	<u>11,784</u>	<u>29,758</u>
Financial liabilities		
<i>Measured at amortised cost</i>		
Trade and other payables (note 18)	41,063	33,864
Loans (note 19)	592,858	451,646
	<u>633,921</u>	<u>485,510</u>

Financial risk management objectives

The principal financial risks to which the group is exposed are credit risk, liquidity risk and interest rate risk on loans.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Given the nature and legal framework of the UK housing industry the group has a low level of exposure to credit risk.

Liquidity risk management

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk are set out below.

Note 19 details the group's remaining contractual maturity for its financial liabilities with agreed repayment periods.

Interest rate risk management

Interest rate risk is the exposure to interest rates movements on the non-fixed rate bank lending outstanding at the reporting date. The group constantly reviews the necessity to hedge this risk of movements in libor. Where loans are variable rate and an increase in this rate will have material impact on returns, suitable financial instruments would be used to limit this exposure.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

25. FINANCIAL INSTRUMENTS (continued)

Financing facilities

	2019 £000	2018 £000
Bank loan facilities with maturity dates through to 2022 (repaid on 4 July 2019)		
- amount used	400,397	357,557
- amount unused	126,338	169,178
	<u>526,735</u>	<u>526,735</u>
Bank loan facilities with maturity dates through to 2024		
- amount used	-	-
- amount unused	525,000	-
	<u>525,000</u>	<u>-</u>

26. OPERATING LEASE ARRANGEMENTS

Group

Minimum lease payments	2019	2018
	£000	£000
Minimum lease payments under operating leases recognised as an expense during the year	275	263

At the year end the group has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Minimum lease payments	2019	2018
	£000	£000
Within one year	326	280
In the second to fifth years inclusive	1,132	937
After five years	1,430	1,435
	<u>2,888</u>	<u>2,652</u>

Operating lease payments typically represent rentals payable by the group for its office properties. Rent reviews and break clauses apply to leased property arrangements.

Company

Minimum lease payments	2019	2018
	£000	£000
Minimum lease payments under operating leases recognised as an expense during the year	184	172

At the year end the company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Minimum lease payments	2019	2018
	£000	£000
Within one year	156	189
In the second to fifth years inclusive	452	573
After five years	40	70
	<u>648</u>	<u>832</u>

Operating lease payments typically represent rentals payable by the company for its office properties. Rent reviews and break clauses apply to leased property arrangements.

NOTES TO THE FINANCIAL STATEMENTS
for year ended 30 June 2019

27. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Transactions with other related parties are noted below:

Lifestory Group Limited had a consulting agreement with Howard Phillips for advisory services. Transactions to the value of £116,144 (2018: £44,370) were undertaken during the year and a balance of £17,980 was outstanding at the year-end (2018: £17,980).

The company purchased goods from the Naked Grape Wine Limited of which C. Compton-Goddard is a director. The transactions to the value of £8,063 (2018: £11,225) were undertaken in the year and a balance of £55 was outstanding at year end (2018: £nil).

The company made purchases in the year of £2,815 (2018: £nil) from Hackwood Homes Limited. The company also advanced loan finance of £4,973,894 (2018: £nil) to Hackwood Homes Limited. At the year end, a balance of £4,970,514 (2018: £nil) was owed from Hackwood Homes Limited which is included in amounts due from subsidiary undertakings.

OCM Luxembourg Pegasus Holdings S.A.R.L., the immediate parent undertaking, made a capital contribution to the company and group of £nil during the year (2018: £163,241,000). At the year-end total contributions made to the group and company were £280,000,000 (2018: £280,000,000). Loan finance of £98,372,000 (2018: £47,600,000) was advanced to the company and group during the year. At the year-end £192,461,000 (2018: £94,089,000) of loan finance was outstanding. During the year interest was charged on this loan finance of £8,372,000 (2018: £12,623,000).

Key management personnel are considered to be solely the directors. Their remuneration is disclosed in note 5 of the financial statements.

28. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate holding company is OCM Luxembourg Pegasus Holdings S.A.R.L., a company registered in Luxembourg and the ultimate holding company and controlling party is Brookfields Asset Management Inc., a company incorporated in Canada. Brookfields Asset Management Inc. is the parent of the largest group, of which Lifestory Group Limited is a member, to prepare group financial statements. The group financial statements can be obtained from its registered address: Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada M5J 2T3.

29. BUSINESS COMBINATIONS

Renaissance Group

On 21 December 2017 the Group acquired 100% of the Ordinary "A" shares and Ordinary "B" shares of Renaissance Retirement Limited and its subsidiaries (together "Renaissance Group"), via its subsidiary Renaissance Holdings Limited, obtaining control of Renaissance Group. Renaissance Group develops and sells retirement accommodation.

The acquisition of Renaissance Group brings together two leading retirement developers in the country which complement each other. The company saw this as an exciting opportunity that will strengthen the company position to address the chronic shortage in quality later living accommodation, with the continued supply/demand imbalance in this sector representing a huge growth opportunity for the company.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

29. BUSINESS COMBINATIONS (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	£000
Fair value of net assets acquired	4,106
Goodwill on purchase	<u>2,486</u>
	<u><u>6,592</u></u>
Satisfied by:	
Cash	2,500
Contingent consideration	<u>4,092</u>
	<u><u>6,592</u></u>

The contingent consideration arrangement is based on the number of units sold in a period of 24 months post acquisition. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £3,123,000 and £5,500,000.

The fair value of the contingent consideration arrangement was estimated by calculating the value of discounted cash flows payable over a range of scenarios, estimating the probability of each scenario and taking a probability weighted average of the range of outcomes. As a result of post-acquisition performance, with target unit sales not being met, the fair value of deferred consideration has been determined as nil (2018: £4,092,000). The fair value movement has been credited to other gains and losses in the consolidated statement of comprehensive income. No contingent consideration was paid in the year (2018: £nil).

Goodwill on purchase of £2,486,000 has been recognised on the Consolidated Balance Sheet as a result of the Renaissance Group fair value of the net assets being lower than the fair value of consideration paid and arises in relation to the acquired workforce, synergies and other intangible assets that do not qualify for separate recognition. The events leading to the reduction in contingent consideration were identified outside of the initial measurement period of twelve months from acquisition date. Accordingly, no adjustment has been made to the value of goodwill initially recognised. However, as a result of these events the goodwill has been assessed for impairment with a charge of £2,486,000 (2018: £nil) recognised in the year in other gains and losses in the consolidated statement of comprehensive income. Similarly, the brand recognised on acquisition of £2,600,000 has been impaired in the year by £2,470,000 (2018: £nil). See note 12.

A deferred tax liability of £2,202,000 was recognised on acquisition for the fair value adjustments which are taxable temporary differences between the tax base and carrying amounts of the assets.

Hackwood Homes

On 21 December 2017 the Group acquired 33% of the ordinary share capital of Hackwood Homes Limited ("Hackwood"), via its subsidiary PegasusLife Renaissance Holdings Limited. As part of the transaction the Group entered in to a Shareholders Agreement granting the Group the option to purchase the remaining 67% of the ordinary shares of Hackwood ("the Hackwood Option"). There are no conditions attached to the option and therefore the Group has obtained control of Hackwood through potential voting rights.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 June 2019

29. BUSINESS COMBINATIONS (continued)

Hackwood develops retirement accommodation for the Renaissance Group. Hackwood was acquired to mitigate the risk of build cost inflation and strengthen surety of supply by bringing an own construction arm into the Group.

	£000
Fair value of net assets acquired	4,346
Non-controlling interest	(2,912)
Hackwood option acquired	2,000
Gain on bargain purchase	(334)
	<u>3,100</u>
 Satisfied by:	
Cash	2,000
Contingent consideration	1,100
	<u>3,100</u>

The contingent consideration arrangement is based on the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of Hackwood in a period of 24 months post acquisition. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £0 and £2,000,000.

The fair value of the contingent consideration arrangement of £1,100,000 was estimated by calculating the value of discounted cash flows payable over a range of scenarios, estimating the probability of each scenario and taking a probability weighted average of the range of outcomes. As a result of post-acquisition performance, the fair value of the contingent consideration has been determined as £nil (2018: £1,100,000). The events leading to the reduction in contingent consideration were identified outside the initial measurement period of twelve months from acquisition date. Accordingly, no adjustment has been made to the gain on bargain purchase initially recognised. The fair value measurement has been credited to the other gains and losses in the consolidated statement of comprehensive income. No contingent consideration was paid in the year (2018: £nil).

In 2018 a gain on bargain purchase of £334,000 was recognised within the Consolidated Statement of Comprehensive Income as a result of the 67 percent non-controlling interest being measured based on a share of net assets rather than fair value. The transaction resulted in a gain on bargain purchase because there was a mutual desire for the business combination at a time when financing was restrictive.

Hackwood Option

The Hackwood Option is exercisable immediately at the discretion of Lifestory Group Limited, has a 5-year life and an exercise price of between £17.5m and £30.0m depending on the future EBITDA of Hackwood compared to a series of EBITDA hurdles. The fair value of the Hackwood Option is £nil (2018: £2,000,000) calculated using a Monte Carlo simulation. In performing the valuation estimates were made of the probability of exercise of the option in any one year and the range of EBITDA results that may be achieved. In 2018, the model used 10,000 iterations and a discount rate of 13%. In 2019, based on latest forecasts the level of EBITDA generated by Hackwood over the option period is not expected to be sufficient to place the option in-the-money. Accordingly, the option is forecast to be out-of-the-money and has £nil value. The movement in the fair value of the option in the year has been recognised in other gains and losses on the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
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30. AUDIT EXEMPTIONS WITHIN THE GROUP

For the year ended 30 June 2019 the following subsidiaries of the company were entitled to exemption from audit under s479a of the Companies Act 2006 relating to subsidiary companies.

Name of Subsidiary Company	Company Number
PegasusLife Lyndhurst Limited	10304225
PegasusLife Renaissance Holdings Limited	10304306
PegasusLife Cobham Limited	10670355
PegasusLife Development (Bartrams) Limited	10468955
PegasusLife Development (OBR) Limited	10470894
PegasusLife Development (Westminster) Limited	10416531
PegasusLife Development - (QVH) Limited	10421199
All of us (Care) Limited	09731746
All of us (Development) Limited	09732947
Pegasus Life Limited (formerly PegasusLife Freeholder Limited)	09569232
PegasusLife Holdings Limited	09553221
PegasusLife Landlord Limited	08804304
PegasusLife Property Limited	11698628
Renaissance Freeholds Limited	10634657
Pegasus Life Group Limited	11787441
Fleur De Lis Tea Rooms Christchurch Limited	09243990

31. POST BALANCE SHEET EVENTS

The business completed on the acquisition of Wooburn Green and has completed construction on sites at Rustington, Sandhurst, Torquay, Brockenhurst, Bristol, Portishead, JDH Cheltenham, Crowthorne and Wimborne.

On 28 June 2019 Lifestory Group Limited (through its subsidiaries) agreed a new £525,000,000 loan facility arranged by Sculptor Petrel Investment S.à r.l. with Sculptor Petrel Investment S.à r.l., Lloyds Bank plc and AIG Asset Management Europe Limited underwriting all loans committed under the new Facility. The initial drawdown of £457 million was made from the Sculptor Petrel Investment S.à r.l. loan facility on the 4 July 2019 and the outstanding loans with AIG, Barclays, Titlestone, Leumi and UTB were repaid in full.

The other Barclays loan was repaid in full on 22 August 2019.

This enables us to simplify all current external debt arrangements into a single facility as well as extending the term of the Group's debt facilities out to 2023/2024.

The facility will finance sites through the development process from site acquisition through to construction and sale supporting the growth of Lifestory Group Limited and the wider group as it develops its current pipeline of sites and acquires new sites.

The impact of the coronavirus outbreak remains uncertain. The situation is being monitored and government guidelines are being followed and communicated to staff. Whilst we continue to monitor events and work closely with all our suppliers and customers, we have not to date seen any material impact to our business from coronavirus. At this stage we have not seen a substantial drop in international or domestic sales as a result but management will continue to monitor closely.