

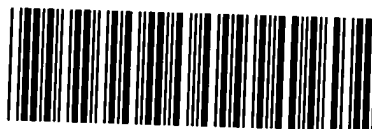
Registered number: 12113746

MCLAREN PROPERTY HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

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MCLAREN PROPERTY HOLDCO LIMITED

COMPANY INFORMATION

Directors	C R Young (appointed 19 July 2019) K R Taylor (appointed 20 January 2020)
Company secretary	Taylor Wessing Secretaries Limited
Registered number	12113746
Registered office	3rd Floor East Leconfield House Curzon Street London W1J 5JA
Independent auditor	BDO LLP London 55 Baker Street W1U 7EU

MCLAREN PROPERTY HOLDCO LIMITED

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MCLAREN PROPERTY HOLDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

Introduction

The directors present their first annual report together with the audited financial statements of McLaren Property Holdco Limited and its subsidiaries and joint ventures ("the Group") for the year ended 31 July 2020.

The Group is a property investment and development business. It holds a portfolio of investments across the UK. The Group specialises in student accommodation ("PBSA"), residential build to rent ("BTR"), residential build to sell ("BTS") and commercial office space.

Business review and performance

The Group has performed well, reporting a total comprehensive income for the year of £10,598,539. The Group has benefited from its strong pipeline of PBSA sites and successfully completed the forward sale of over 1300 student beds to Brookfield during the year.

The Group continues to specialize on the PBSA market and has increased its pipeline of student accommodation assets in university towns and cities where demand is still buoyant. Recently acquired sites include London Road in Brighton, Talbot St in Nottingham, Rossington Street in Leeds. Further sites in Manchester, London, Warwick, and Bath are currently in the process of being secured.

The Group has a portfolio of five investment assets in prime locations in leading university cities, with a sixth reaching practical completion in April 2021. Student lettings have continued to be impacted by Covid-19, however, there are early signs student confidence is starting to return in the 2020/21 academic year. The combination of lockdown easing, and the solitude of distance learning has meant students are eager to return to more communal learning and living spaces.

The Group continues to pursue opportunities in other real estate sub-sectors where it sees value enhancement being achieved. During the financial year, the Group achieved planning on a 300,000sqft commercial office development in Leeds.

The Group has expanded its residential offering by venturing into the BTR and BTS market following of the incorporation of McLaren Living Limited during the year.

Principal risks and uncertainties

- **UK Economy**

The industry has been affected by the Covid-19 pandemic and its impact on the UK economy. To mitigate the economic shock the Group has continued acquiring assets on a subject to planning basis or through option fees thus reducing its cash requirements. The Group has also benefited from the forward sale and forward funding of a portfolio of assets.

- **Financing**

The forward funded sale model increases the Group's liquidity and provides greater visibility and certainty over its cash flow forecasting.

Financial key performance indicators

Turnover from continuing operations was £49.9m (FY19 - £3.9m) an increase of £45.9m. Gross profit reported was £23.2m in FY20 (FY19 - £2.3m) an increase of £20.9m. With no dividends issued during the year the Net Asset Value has increased from £5.3m to £15.9m.

MCLAREN PROPERTY HOLDCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Other key performance indicators

Student accommodation market remains positive. Over €9.2bn was invested in PBSA across Europe including the UK in 2020. This is the highest year on record for both the UK and the rest of Europe.

The Group has diversified into the BTR and BTS markets through the incorporation of McLaren Living Limited.

This report was approved by the board on 16 April 2021 and signed on its behalf.

.....
C R Young
Director

MCLAREN PROPERTY HOLDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

The directors present their report and the financial statements for the year ended 31 July 2020.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

McLaren Property Holdco Limited was incorporated on 19 July 2019. The Statutory accounts have been prepared by applying merger accounting. See note 2.2 for further details.

The principal activity of the company is that of property investment and development.

Results

The profit for the year, after taxation, amounted to £9,022,543 (2019 - loss £3,428,667).

The directors are unable to recommend the payment of a dividend and thus the profit of £9,022,543 is carried forward (2019 - loss £3,428,667).

Directors

The directors who served during the year were:

J A Gatley (resigned 20 January 2020)
C R Young (appointed 19 July 2019)
K R Taylor (appointed 20 January 2020)

MCLAREN PROPERTY HOLDCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end that requires additional disclosure in these financial statements.

Going concern

The directors prepare financial forecasts and monitor performance of the Group on an ongoing basis and have prepared a financial projection for the Group for a period of 12 months from the date of approval of these financial statements.


In making their assessment that the business is a going concern the directors have also considered the impact of Covid-19. The Covid-19 impact has mainly been felt in the occupancy rates in the Group's student investment portfolio. The Group has five student operator Special Purpose Vehicles ("SPVS") that have ring fenced debt facilities, secured on the property owned by each SPV. The Directors expect each SPV to continue to have access to bank facilities as required. The Group has benefited from securing three forward funded development agreements prior to the Covid-19 crisis. The Group expects to see c. £40m of project profits from these long-term contracts and therefore any income shortfall in the investment SPV's, either in interest liabilities or operating expenses, can be serviced from the Group cash reserves.

On this basis, the directors have reasonable expectation that the Group has adequate funding and resources to meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements and accordingly the directors have prepared the financial statements on the going concern basis.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
C R Young
Director

Date: 16 April 2021

MCLAREN PROPERTY HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MCLAREN PROPERTY HOLDCO LIMITED

Opinion

We have audited the financial statements of McLaren Property Holdco Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2020, which comprise the Group statement of comprehensive income, the Group and company statements of financial position, the Group statement of cash flows, the Group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the director's 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.

MCLAREN PROPERTY HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MCLAREN PROPERTY HOLDCO LIMITED (CONTINUED)

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 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 this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, 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.

MCLAREN PROPERTY HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MCLAREN PROPERTY HOLDCO LIMITED (CONTINUED)

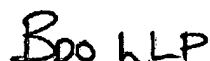
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's directors 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 directors 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 directors for our audit work, for this report, or for the opinions we have formed.

 BDO LLP

Geraint Jones (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

BDO LLP

London, UK

Date: 16 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MCLAREN PROPERTY HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 £	2019 £
Turnover	4	49,866,343	3,917,003
Cost of sales		(26,666,227)	(1,582,638)
Gross profit		23,200,116	2,334,365
Administrative expenses		(8,681,464)	(7,364,439)
Other operating income		51,798	108,381
Changes in the fair value of investment property	13	288,760	3,425,950
Operating profit/(loss)	5	14,859,210	(1,495,743)
Share of profit/(loss) of joint venture	12	139,947	(388,573)
Total operating profit/(loss)		14,999,157	(1,884,316)
Loss on disposal of investment property		-	(21,418)
Loss on disposal of joint ventures	12	(35,233)	-
Interest receivable and similar income	8	902,319	1,049,395
Interest payable and expenses	9	(3,419,312)	(2,352,276)
Profit/(loss) before tax		12,446,931	(3,208,615)
Tax on profit/(loss)	10	(3,424,388)	(220,052)
Profit/(loss) and total comprehensive income/(loss) for the year		9,022,543	(3,428,667)
Other comprehensive income		1,575,996	-
Total comprehensive income/(loss) for the year		10,598,539	(3,428,667)

All amounts relate to continuing operations.

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED
REGISTERED NUMBER: 12113746

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	11	96,814	127,976
Fixed asset investments	12	616,671	511,025
Investment property	13	59,987,214	78,219,851
		<u>60,700,699</u>	<u>78,858,852</u>
Current assets			
Stocks	14	16,297,670	6,766,362
Debtors	15	35,406,457	29,518,628
Cash and cash equivalents	16	273,451	76,865
		<u>51,977,578</u>	<u>36,361,855</u>
Creditors: amounts falling due within one year	17	(56,398,088)	(77,648,010)
Net current liabilities		<u>(4,420,510)</u>	<u>(41,286,155)</u>
Creditors: amounts falling due after more than one year	18	(40,385,856)	(32,276,903)
Net assets		<u><u>15,894,333</u></u>	<u><u>5,295,794</u></u>
Capital and reserves			
Called up share capital	26	1,000	1,000
Other reserves	27	1,575,996	-
Merger reserve	27	17,996,440	17,996,440
Profit and loss account	27	(3,679,103)	(12,701,646)
		<u><u>15,894,333</u></u>	<u><u>5,295,794</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
C R Young
 Director

Date:

16 April 2021

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED
REGISTERED NUMBER: 12113746

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020

	Note	2020 £
Fixed assets		
Investments	12	20,600,100
		<u>20,600,100</u>
Current assets		
Debtors	15	48,449
		<u>48,449</u>
Creditors: amounts falling due within one year	17	(21,005,909)
Net current liabilities		<u>(20,957,460)</u>
Total assets less current liabilities		<u>(357,360)</u>
Net (liabilities)/assets		<u><u>(357,360)</u></u>
Capital and reserves		
Called up share capital	26	1,000
Profit and loss account	27	(358,360)
		<u><u>(357,360)</u></u>

As permitted by S408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's loss and total comprehensive income for the year was a loss of £358,360 (2019 - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

.....
C R Young
 Director

16 April 2021

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Share capital £	Other reserves £	Merger reserve £	Profit and loss account £	Total equity £
At 1 August 2019	1,000	-	17,996,440	(12,701,646)	5,295,794
Comprehensive income for the year					
Profit for the year	-	-	-	9,022,543	9,022,543
Capital contribution from loan waived by related party	-	1,575,996	-	-	1,575,996
At 31 July 2020	1,000	1,575,996	17,996,440	(3,679,103)	15,894,333

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Share capital £	Merger reserve £	Profit and loss account £	Total equity £
At 1 August 2018	1,000	17,996,440	(9,272,979)	8,724,461
Comprehensive loss for the year				
Loss for the year	-	-	(3,428,667)	(3,428,667)
At 31 July 2019	1,000	17,996,440	(12,701,646)	5,295,794

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2019	1,000	-	1,000
Comprehensive income for the year			
Loss for the year	-	(358,360)	(358,360)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(358,360)	(358,360)
	<hr/>	<hr/>	<hr/>
At 31 July 2020	1,000	(358,360)	(357,360)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £	Total equity
At 1 August 2018	1,000	1,000
	<hr/>	<hr/>
At 31 July 2019	1,000	1,000
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

	2020	2019
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	9,022,543	(3,428,667)
Adjustments for:		
Depreciation of tangible assets	32,826	51,991
Interest charged to the income statement	3,419,312	2,287,422
Interest credited to the income statement	(902,318)	(1,049,395)
Taxation charge	3,424,388	220,052
(Increase) in stocks	(9,531,308)	(6,417,959)
(Increase)/decrease in debtors	(6,312,817)	10,849,234
(Decrease)/increase in creditors	(33,335,966)	8,298,710
Changes in the fair value of investment property	(288,760)	(3,425,950)
Share of operating (profit)/loss in joint ventures	(139,947)	388,573
Corporation tax received/(paid)	411,756	(3,164,575)
Loss on disposal of investment property	-	21,419
Foreign exchange (gain)/loss on unsecured bonds	(43,139)	299,535
Loss on disposal of joint ventures	35,233	-
Net cash generated from operating activities	(34,208,197)	4,930,390
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,662)	(41,436)
Capital expenditure on development of investment properties	(11,749,559)	(24,664,756)
Sale of investment properties	30,270,956	1,600,000
Sale of share in joint ventures	47,806	-
Interest received	-	384,618
Net cash from investing activities	18,567,541	(22,721,574)

MCLAREN PROPERTY HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

	2020	2019
	£	£
Cash flows from financing activities		
New secured loans	4,794,134	18,248,022
Secured loans repaid	(2,710,751)	-
Other new loans	15,501,115	-
Interest paid	(1,747,256)	(1,057,184)
Arrangement fees paid	-	(250,250)
Net cash used in financing activities	15,837,242	16,940,588
Net increase/(decrease) in cash and cash equivalents	196,586	(850,596)
Cash and cash equivalents at beginning of year	76,865	927,461
Cash and cash equivalents at the end of year	273,451	76,865
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	273,451	76,865
	273,451	76,865

The notes on pages 15 to 38 form part of these financial statements.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

1. General information

McLaren Property Holdco Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent *company*, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent *company*;
- Disclosures in respect of the parent *company's* financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent *company* as their remuneration is included in the totals for the company as a whole.

The following principal accounting policies have been applied:

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.2 Basis of consolidation

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

McLaren Property Holdco Limited was incorporated to enter into a share for share exchange with McLaren Construction Employee Trust 2007 re Mr Kevin Robert Taylor and Family sub fund ("the Trust") for its membership of McLaren Property Holdings Limited Liability Partnership ("LLP") and to form a new residential arm of the Group. The Trust remains the controlling party of the Group. On 7 January 2020 McLaren Property Holdco Limited purchased the Trust's interest in the LLP for a total consideration of £20.6m.

In reviewing the scope of the group reconstruction, the directors have determined that these consolidated financial statements will be prepared by applying merger accounting, in compliance with the criteria specified by FRS 102 section 19 Business Combinations and Goodwill.

In applying merger accounting when preparing these Consolidated Financial Statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

2.3 Going concern

The directors prepare financial forecasts and monitor performance of the Group on an ongoing basis and have prepared a financial projection for the Group for a period of 12 months from the date of approval of these financial statements.

In making their assessment that the business is a going concern the directors have also considered the impact of Covid-19. The Covid-19 impact has mainly been felt in the occupancy rates in the Group's student investment portfolio. The Group has five student operator Special Purpose Vehicles ("SPVS") that have ring fenced debt facilities, secured on the property owned by each SPV. The Directors expect each SPV to continue to have access to bank facilities as required. The Group has benefited from securing three forward funded development agreements prior to the Covid-19 crisis. The Group expects to see c. £40m of project profits from these long-term contracts and therefore any income shortfall in the investment SPV's, either in interest liabilities or operating expenses, can be serviced from the Group cash reserves.

On this basis, the directors have reasonable expectation that the Group has adequate funding and resources to meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements and accordingly the directors have prepared the financial statements on the going concern basis

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.4 Joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.5 Turnover

Turnover is calculated as that proportion of total contract value which construction costs incurred to date bear to total expected construction costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Development management fees are recognised evenly as earned over the life of the project up to practical completion of the development.

Rental income is recognised on an accruals basis. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date. Lease incentive payments are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Revenue on sale of property is recognised on legal completion and revenue on the sale of land is recognised on the date that the contract for sale becomes unconditional.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25%
Office equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Investment property

Property and related development expenditure is included at cost within fixed assets - investment property under construction. Cost includes all directly attributable costs and an appropriate proportion of fixed and variable overheads including interest, which are directly attributable to the project under development. Investment properties under construction are valued at fair value at the reporting date and any changes in fair value are recognised in the income statement.

On practical completion, the property will be transferred to investment property. Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the income statement.

2.9 Investments in subsidiaries and investments in joint ventures

Investments are measured at cost less accumulated impairment.

At each reporting date, investments are assessed for impairment. If investments are impaired, the carrying amount is reduced and the impairment loss is recognised immediately in the profit or loss.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.10 Stocks of property and development expenditure

Stocks of property and related development expenditure are included at the lower of cost and estimated net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads including interest specifically attributable to the project whilst under development. Costs initially capitalised in stock are recognised in the income statement over the life of the development contract on a stage of completion basis.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

At each reporting date, debtors are assessed for impairment. If debtors are impaired, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in profit and loss.

Indication of impairment is on any such event when the full recoverability of the debt becomes doubtful. Any amount deemed irrecoverable is fully provided as at year end, and is based on expected future cash receipts.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.13 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

Creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.15 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.16 Finance costs

Finance costs are recognised over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance costs which have been incurred as a direct consequence of the construction of the development properties are capitalised as part of the development costs of the assets under construction, within investment properties under construction or stocks depending upon the classification of the underlying asset and are subsequently released to the income statement as appropriate. Finance costs incurred after practical completion or arising on a delay to development are not capitalised and are charged to the income statement in line with accounting policies 2.8 and 2.10

All other finance costs are charged to the income statement as appropriate

2.17 Operating leases: the Group as lessor

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in profit or loss using the effective interest method.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Other reserves classified as equity

Other reserves represent cumulative profits and losses, net of distributions paid and other adjustments.

2.23 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following key judgements:

Fixed assets - investment property

The investment properties (including those under construction) are valued using an income approach or discounted cash flow. The key inputs into the valuation of the properties at 31 July 2020 are the forecast completed valuation and total expected construction and development costs. The resulting forecast profit is adjusted for remaining construction and development risk.

Investment properties (including those under construction) must be assessed by the directors of the entities holding the assets as to whether the fair value is reflective of the costs incurred to date.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Valuation of property held as stock

Determining whether the value of the Group's development properties should be impaired requires estimations of the net realisable value of the properties. The net realisable value calculation requires estimation of the future cash flows expected to arise from the development properties and other capitalised stock, specifically the estimated selling price and anticipated selling costs. In undertaking these estimates, the directors of the entities holding the relevant properties make reference to market evidence of transaction prices for similar properties.

Recognition of turnover and profit on long-term contracts

Recognition of turnover and profit on development contracts requires management judgement regarding the anticipated final outcome of the contracts and of the proportion of works completed at the reporting date. Management undertakes regular detailed reviews in order to exercise judgement over the outcome of the contracts and the associated risks and opportunities.

Turnover is recognised in excess of costs incurred to date when the project is at least 50% complete. This is based on previous experience of the significant risks attributable to a typical student accommodation development leading up to intake of students at the commencement of the university terms. Furthermore, turnover is not recognised prior to the commencement of the main building works as the primary development risks associated with the projects still remain with the Group.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

Recoverability of amounts due from and investments in group undertakings, joint ventures and other related parties

Provision for impairment of the carrying value of amounts due from and investments in group undertakings, joint ventures and other related parties is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by the management.

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

3. Judgements in applying accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values or Joint Venture partners.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Property development	46,427,966	1,457,031
Development management fees	219,763	70,002
Rent receivable	3,218,614	2,014,970
Other income	-	375,000
	<u>49,866,343</u>	<u>3,917,003</u>

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	32,826	51,991
Exchange differences	(43,139)	299,535
	<u></u>	<u></u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	7,500	23,900
	<u></u>	<u></u>

Fees payable to the Group's auditor for the audit of the subsidiary financial statements	132,500	98,100
	<u></u>	<u></u>

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

7. Employees

Staff costs were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Staff salaries	4,057,601	2,953,111	-	-
Staff national insurance	575,950	411,073	-	-
Cost of defined contribution scheme	117,508	91,113	-	-
	<u>4,751,059</u>	<u>3,455,297</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Management	<u>26</u>	<u>22</u>

The company has no employees.

8. Interest receivable

	2020 £	2019 £
Joint ventures interest receivable	762,588	850,995
Other interest receivable	124,184	196,789
Other interest receivable	15,547	1,611
	<u>902,319</u>	<u>1,049,395</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	1,072,965	482,079
Other loan interest payable	789,273	741,935
Interest payable to related parties	1,556,915	1,122,324
Other interest payable	159	5,938
	<u>3,419,312</u>	<u>2,352,276</u>

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

10. Taxation

	2020 £	2019 £
Current tax		
Current tax on profits for the year	3,331,762	131,060
Adjustments in respect of previous periods	93,490	(298,771)
Total current tax	<u>3,425,252</u>	<u>(167,711)</u>
Origination and reversal of timing differences	1,122	164,723
Changes to tax rates	(1,405)	(17,339)
Adjustment in respect of previous periods	(581)	240,379
Total deferred tax	<u>(864)</u>	<u>387,763</u>
Taxation on profit on ordinary activities	<u>3,424,388</u>	<u>220,052</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	12,446,931	(2,806,408)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	2,364,917	(533,218)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	95,139	462,408
Tax losses	402,570	456,155
Adjustments to tax charge in respect of prior periods	92,398	(58,393)
Non-taxable income	(395,703)	(89,561)
Tax rate changes	(1,404)	(17,339)
Effects of other reliefs	866,471	-
Total tax charge for the year	<u>3,424,388</u>	<u>220,052</u>

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

11. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 August 2019	296,591	143,035	439,626
Additions	1,662	-	1,662
At 31 July 2020	298,253	143,035	441,288
Depreciation			
At 1 August 2019	223,359	88,291	311,650
Charge for the year on owned assets	21,901	10,923	32,824
At 31 July 2020	245,260	99,214	344,474
Net book value			
At 31 July 2020	52,993	43,821	96,814
At 31 July 2019	73,232	54,744	127,976

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

12. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 August 2019	511,025
Disposals	(47,806)
Amounts written off	13,505
Share of profit/(loss)	139,947
At 31 July 2020	<u>616,671</u>

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2019	20,600,000
Additions	100
At 31 July 2020	<u>20,600,100</u>

On 07 January 2020 the company, entered in to a share for share exchange with McLaren Construction Employee Trust 2007 for its membership in McLaren Property Holdings Limited Liability Partnership for a total consideration of £20,600,000.

On 20 July 2019 the company, acquired a 100% interest in McLaren Living Limited for a total consideration of £100.

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

13. Investment property

Group

	Freehold investment property £
Valuation	
At 1 August 2019	78,219,851
Additions at cost	11,749,559
Disposals	(30,270,956)
Surplus on revaluation	288,760
At 31 July 2020	<u>59,987,214</u>

The directors have determined that the Group's investment properties are qualifying investments for accounting purposes and thus all of the costs associated with bringing the fixed assets under construction to completion, including interest and finance costs, are capitalised additions as they are incurred or can be reasonably anticipated. The total finance costs capitalised during the year amounted to £216,358 (2019 - £1,093,699).

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £	2019 £
Historic cost	<u>46,013,283</u>	<u>64,534,680</u>

14. Stocks

	Group 2020 £	Group 2019 £
Development assets	<u>16,297,670</u>	<u>6,766,362</u>
	<u>16,297,670</u>	<u>6,766,362</u>

Development assets include the acquisition of assets and costs incurred on future property development projects for the Group. The directors consider all development assets will be recovered through future development activities of the Group and their eventual profitable disposal. The amount of stock recognised as an expense during the year in respect of development assets was £90,173 (2019 - £398,831), being costs written off on aborted projects.

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	372,610	80,777	-	-
Amounts owed by joint ventures	12,689,093	11,983,654	-	-
Amounts owed by other participating interests	3,749,900	12,063,811	-	-
Other debtors	5,401,535	3,669,553	-	-
Unpaid share capital	1,000	1,000	1,000	1,000
Amounts recoverable on long term contracts	12,048,379	-	-	-
Prepayments and accrued income	723,438	534,039	47,449	-
Other taxation and social security	402,472	742,777	-	-
Corporation tax repayable	5,805	431,656	-	-
Deferred taxation	12,225	11,361	-	-
	35,406,457	29,518,628	48,449	1,000

16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	273,451	76,865	-	-
	273,451	76,865	-	-

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	17,021,715	6,775,675	-	-
Other loans	1,417,088	-	-	-
Trade creditors	3,026,118	1,652,830	-	-
Amounts owed to other related parties	23,874,209	63,804,177	21,005,809	20,600,000
Corporation tax	3,541,294	131,001	-	-
Other taxation and social security	1,475,488	84,862	-	-
Other creditors	159,288	103,450	100	-
Accruals and deferred income	5,882,888	5,096,015	-	-
	56,398,088	77,648,010	21,005,909	20,600,000

The bank loan with a total value of £7,765,841 with Abbey Lodge Ltd is secured by a first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement of £21,905 (2019 - £99,970) bank legal fees of £Nil (2019 - £15,844) and an exit fee of £25,721 (2019 - £92,770). The loan is due for repayment on 30 June 2020.

The bank loan with a total value of £9,255,874 with McLaren (Meadow Court) Ltd is secured by first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement fee of £20,325 (2019 - £45,810), bank legal fees of £5,349 (2019 - £21,722) and an exit fee of £7,505 (2019 - £72,153). The loan is due for repayment on 30 June 2020.

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

18. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	14,974,829	23,113,268	-	-
Other loans	9,052,067	9,163,635	-	-
Amounts owed to other related parties	16,358,960	-	-	-
	<u>40,385,856</u>	<u>32,276,903</u>	<u>-</u>	<u>-</u>

The bank loan with a total value of £4,175,947 with McLaren (Southampton) Ltd is secured by first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is an arrangement fee, an exit fee and bank legal fees which have all been amortised to £Nil over the life of the loan. The loan is due for repayment on 14 February 2024.

The bank loan with a total value of £3,038,989 with McLaren (34 Lisbon Street) Ltd is secured by first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement fee of £24,012 (2019 - £22,835), bank legal fees of £19,272 (2019 - £27,490) and a bank exit fee of £32,016 (2019 - £34,254). The loan is due for repayment on 17 March 2022.

The bank loan with a total value of £2,136,722 with McLaren (Baldwin Street) Ltd is secured by first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement fee of £168,974, bank legal fee of £84,947 and bank exit fee of £117,358. The loan is due for repayment on 28 October 2026.

The bank loan with a total value of £4,438,545 with McLaren (Dundee) Ltd is secured by a first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement fee was £35,534 (2019 - £68,460), bank legal fee of £42,619 (2019 - £80,514) and bank exit fee of £53,302 (2019 - £102,825). The loan is due for repayment on 31 August 2021.

The bank loan with a total value of £1,184,626 with Law 2515 Ltd is secured by first mortgage and charge over the company and its assets, and bears interest at a variable rate. Offset against the loan is the arrangement fee of £15,742, bank legal fee of £20,849 and bank exit fee of £15,742. The loan is due for repayment on 17 March 2022.

Other loans falling due after more than one year include unsecured interest-bearing bonds with a total value of £9,052,067 (2019 - £9,370,681). During the prior year the bonds were rolled up into a new bond facility of €20,000,000 with a maturity date of 31 May 2022. Following no capital repayments and no further draw downs during the year, the total amount of drawn down against the €20,000,000 facility at 31 July 2019 is €10,000,000 and interest is charged at 7.5%.

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

19. Financial instruments

	Group 2020 £	Group 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>32,220,944</u>	<u>25,472,799</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(91,639,918)</u>	<u>(88,457,656)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors, amounts owed by joint ventures, directors and other related parties, cash at bank and accrued income.

Financial liabilities measured at amortised cost comprise loans from banks and other third parties, trade and other creditors, amounts owed to joint ventures and other related parties and accrued expenses.

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	11,361	399,124
Charged to profit or loss	1,006	(387,763)
Utilised in year	(142)	-
At end of year	<u>12,225</u>	<u>11,361</u>

The deferred tax asset is made up as follows:

	Group 2020 £	Group 2019 £
Tax losses carried forward	12,225	11,361
	<u>12,225</u>	<u>11,361</u>

MCLAREN PROPERTY HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

21. Analysis of net debt

	At 1 August 2019 £	Cash flows £	Acquisition and disposal of subsidiaries £	Other non- cash changes £	At 31 July 2020 £
Cash at bank and in hand	76,865	196,586	-	-	273,451
Debt due after 1 year	(32,276,903)	894,774	111,568	(9,115,294)	(40,385,855)
Debt due within 1 year	(70,260,766)	13,655,063	-	14,977,631	(41,628,072)
	<u>102,460,804</u>	<u>14,746,423</u>	<u>111,568</u>	<u>5,862,337</u>	<u>(81,740,476)</u>

22. Capital commitments

At 31 July 2020 the Group and company had capital commitments as follows:

	Group 2020 £	Group 2019 £
Contracted for but not provided in these financial statements	(4,292,265)	(11,183,257)
	<u>(4,292,265)</u>	<u>(11,183,257)</u>

The company had no capital commitments at 31 July 2020.

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £117,508 (2019 - £91,113). Contributions totaling £Nil (2019 - £11,898) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 July 2020 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	760,852	981,172
Later than 1 year and not later than 5 years	1,145,926	2,204,186
	<u>1,906,778</u>	<u>3,185,358</u>

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

25. Related party transactions

The group and LLP have taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

Optimus Fiduciaries Limited (administrators of certain subsidiaries)

During the period, the Group has paid administration fees totaling £59,196 (2019 - £115,023) to Optimus Fiduciaries Limited. Amounts totaling £7,092 (2019 - £23,051) were payable to Optimus Fiduciaries Limited at 31 July 2020. This amount is included within amounts owed to other related parties.

Octagon Discretionary Trust (trust of which a member is a beneficiary)

The group has a loan payable to Octagon Discretionary Trust which at the reporting date, after accruing interest of £40,286 (2019 - £43,172), amounted to £1,599,921 (2019 - £1,559,635) including a principal amount £1,205,000 (2019 - £1,205,000) and accrued interest of £394,921 (2019 - £354,635). This amount is included within amounts owed to other related parties.

Joint ventures

At the start of the year the Group had loan balances with Joint Ventures of £11,907,665 (2019 - £11,020,302). During the year, the Group made loans to Joint Ventures of £196,358 (2019 - £382,229) and repayments from joint ventures of £247,224 (2019 - £46,900). There were write offs and provisions against joint venture loans of £10,021 (2019 - £298,962) and after accruing interest of £762,587 (2019 - £850,996), the total joint venture loan balance at the reporting date was £12,609,366 (2019 - £11,907,665).

In addition, the group invoiced services to Joint Ventures during the period with a total value of £33,333 (2019 - £70,000). At the reporting date, the amount due from joint ventures is £79,727 (2019 - £72,523). This amount is included within amounts owed by joint ventures.

Companies with common shareholders

During the year the Group increased its loan with McLaren Construction Ltd amounting to £12,985,689 (2019 - £19,640,921), repayments of £34,636,925 (2019 - £11,542,795), loan waivers totaling £3,231,601 (2019 - £Nil) and after accruing interest of £1,069,419 (2019 - £1,141,956), at the reporting date the amount due from the Group to McLaren Construction Limited was £37,612,038 (2019 - £40,825,458) including a principal amount of £34,929,116 (2019 - £58,242,420) and accrued interest of £2,682,922 (2019 - £3,183,038). At the reporting date the Group also had an outstanding retention accrual owed to McLaren Construction Ltd of £336,270. This amount is included within amounts owed to other related parties.

In addition, the Group also has a creditor balance of £500,768 (2019 - £169,671) with McLaren Construction Ltd. This amount was still payable at the balance sheet date.

During the year the Group repaid its loan balance with McLaren SA of £546,770. This included a loan principle amount of £499,427 and accrued interest of £47,343.

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

26. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £0.001 each	1,000.00	1,000.00
100 Ordinary shares of £0.001 each	0.10	-
	<u>1,000.10</u>	<u>1,000.00</u>

On incorporation, the company allotted 1,000,000 Ordinary £0.001 shares at par.

On 7 January 2020, the company issued 100 Ordinary £0.001 shares at par.

27. Reserves

Other reserves

Other reserves represents the forgiveness of loans from a related party (see note 25 for more details).

Merger Reserve

The Merger Reserve represents the difference between carrying value of the assets and liabilities acquired under merger accounting to the cost of investment (the fair value).

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

28. Controlling party

The company is controlled by Optimus Corporate Services Limited in its capacity as trustee of the McLaren Construction Limited Employee Trust 2007 re Kevin Robert Taylor and Family sub fund ('the Trust'). Kevin Robert Taylor is the beneficiary of the Trust.

29. Subsidiary undertakings

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
McLaren Living Ltd	UK	Development manager	100%
McLaren Property Holdings Limited Liability Partnership	UK	Property investment	100%

MCLAREN PROPERTY HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

29. Subsidiary undertakings (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
McLaren Property Limited	UK	Development manager	100%
McLaren (Weirside Court) Limited	Isle of Man	Property development	100%
McLaren Developments (106 Lewes Road) Limited	UK	Property development	100%
McLaren Construction Management Limited	UK	Property development	100%
McLaren Developments (Manor Place) Limited	UK	Property development	100%
McLaren Developments (119 Lewes Road) Limited	UK	Property development	100%
McLaren Developments (Moulsecoomb Way) Limited	UK	Property development	100%
McLaren Developments (The Oaks 2&3) Limited	UK	Property development	100%
McLaren (York) Limited	Isle of Man	Property investment	100%
Golden Apple Limited	Isle of Man	Property investment	100%
McLaren (Finance 1) Limited	UK	Financing	100%
McLaren (Finance 2) Limited	UK	Financing	100%
McLaren (Holdings 1) Limited	Isle of Man	Investment holding company	100%
McLaren (London Road) Limited	UK	Property development	100%
Abbey Lodge Limited	Isle of Man	Property investment	100%
McLaren (Meadow Court) Limited	Isle of Man	Property investment	100%
McLaren (Moulsecoomb Way) Limited	Isle of Man	Property investment	100%
McLaren (The Oaks) Limited	Isle of Man	Property investment	100%
McLaren (Hollis) Limited	Isle of Man	Property investment	100%
Iconia Limited	Isle of Man	Property investment	100%
McLaren (Southampton) Limited	Isle of Man	Property investment	100%
McLaren Property (UK) 2 Limited	UK	Property development	100%
McLaren (Manchester) Limited	UK	Investment holding company	100%
McLaren Property (Manchester Tai Pan) Limited	UK	Investment holding company	100%
McLaren International Limited	Isle of Man	Property investment	100%
McLaren (Dundee) Limited	Isle of Man	Property investment	100%
McLaren Property (Strategic Land) Limited	UK	Dormant	100%
McLaren Property (UK) 3 Limited	UK	Property development	100%
McLaren (The Oaks 2&3) Limited	UK	Property development	100%
McLaren (The Oaks Site Office) Limited	UK	Property investment	100%
Mariah Limited	Isle of Man	Dormant	100%
McLaren (Hinton Road) Limited	Isle of Man	Dormant	100%
McLaren (Forthside Stirling) Limited	Isle of Man	Dormant	100%
McLaren (Baldwin Street) Limited	Isle of Man	Property investment	100%
McLaren Student (Baldwin Street) Limited	UK	Dormant	100%
McLaren (Gladtsone Place) Limited	Isle of Man	Property investment	100%
McLaren (Stirling) Limited	Isle of Man	Property investment	100%
McLaren (34 Lisbon Street) Limited	UK	Property development	100%
McLaren (120 Wellington Street) Limited	UK	Property development	100%
McLaren (116 Wellington Street) Limited	UK	Property development	100%
McLaren Student (Southampton) Limited	UK	Student accommodation operator	100%

MCLAREN PROPERTY HOLDCO LIMITED

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29. Subsidiary undertakings (continued)

Indirect subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
McLaren Student (The Oaks) Limited	UK	Dormant	100%
Law 2515 Limited	UK	Property development	100%

All shares held are ordinary shares.

The registered address for all the companies incorporated in the Isle of Man is St Mary's, The Parade, Castletown, Isle of Man, IM9 1 LG.

The registered address for Joshua Properties Limited and Evala Limited is 23 Spring Street, London, W2 1JA.

The registered address for Benjamin Properties (Pall Mall) Limited is Satago Cottage, 360a Brighton Road, Croydon, CR2 6AL.

The registered address for all the other companies incorporated in the UK is 3rd Floor East, Leconfield House, Curzon Street, London, W1J SJA.