

Registered number: 033815

## QUINTAIN BAILEY HOLDINGS LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017



Certified True Copy

*Quintain Ltd.*  
*06/11/2018*  
*Company Secretary*

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A A Dodd J H Riddell J M E Saunders S G Carter
<b>Registered number</b>	033815
<b>Registered office</b>	44 Esplanade St Helier Jersey JE4 9WG
<b>Independent auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the period 12 September 2016 to 31 December 2017.

The Company was incorporated on 12 September 2016.

**Directors**

The directors who served during the period and to the date of this report were:

A A Dodd (appointed 8 November 2016)  
J H Riddell (appointed 8 November 2016)  
J M E Saunders (appointed 16 January 2017)  
S G Carter (appointed 8 November 2016, resigned 13 January 2017)

**Disclosure of information to auditor**

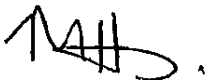
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company'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's auditor is aware of that information.

**Auditor**

KPMG LLP have been appointed as auditor.

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



**J M E Saunders**  
Director

Date: 12/2/18

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance UK Accounting Standards including FRS 101 Reduced Disclosure Framework and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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## QUINTAIN BAILEY HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN BAILEY HOLDINGS LIMITED

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#### **Our opinion is unmodified**

We have audited the financial statements (the "Financial Statements") of Quintain Bailey Holdings Limited (the "Company"), which comprise the balance sheet as at 31 December 2017, the statements of comprehensive income, changes in equity for the period from 12 September 2016 (date of incorporation) to 31 December 2017, and notes, comprising significant accounting policies and other explanatory information.

#### **In our opinion, the accompanying financial statements:**

- give a true and fair view of the financial position of the Company as at 31 December 2017, and of the Company's financial performance for the period from 12 September 2016 (date of incorporation) to 31 December 2017;
- are prepared in accordance with United Kingdom accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

#### **We have nothing to report on the other information in the directors' report**

The directors are responsible for the directors' report. Our opinion on the Financial Statements does not cover that report and we do not express an audit opinion thereon or any form of assurance conclusion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the information presented in the directors' report.

#### **We have nothing to report on other matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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## QUINTAIN BAILEY HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN BAILEY HOLDINGS LIMITED

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#### Respective responsibilities

##### Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.



Richard Long  
for and on behalf of KPMG LLP  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 16 July 2018

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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	Note	Period ended 31 December 2017 £
Turnover		4,340,292
Cost of sales		(4,340,292)
<b>Gross profit</b>		<b>-</b>
Impairment Charge		(248,892,358)
<b>Operating loss</b>		<b>(248,892,358)</b>
Interest receivable and similar income	6	78,365,152
Interest payable and expenses	7	(78,330,487)
<b>Loss before tax</b>		<b>(248,857,693)</b>
Tax on loss	8	-
<b>Loss for the financial period</b>		<b>(248,857,693)</b>
Other comprehensive income		-
<b>Total comprehensive loss for the period</b>		<b>(248,857,693)</b>

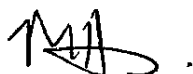
The notes on pages 8 to 14 form part of these financial statements.

**QUINTAIN BAILEY HOLDINGS LIMITED**  
**REGISTERED NUMBER: 033815**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £
<b>Fixed assets</b>		
Investments	9	51,603,821
Debtors: amounts falling due after more than one year		599,624,834
		<u>651,228,655</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	10	59,189
		<u>59,189</u>
<b>Current liabilities</b>		
Creditors: amounts falling due within one year	13	(3,518)
		<u>55,671</u>
<b>Net current assets less current liabilities</b>		<u>55,671</u>
<b>Total assets less current liabilities</b>		<u>651,284,326</u>
Creditors: amounts falling due after more than one year	14	(599,624,834)
		<u>51,659,492</u>
<b>Net assets</b>		<u>51,659,492</u>
<b>Capital and reserves</b>		
Called up share capital	15	1,000,000
Fair value reserve		299,517,185
Profit and loss account		(248,857,693)
		<u>51,659,492</u>

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



**J M E Saunders**  
 Director

Date: 12/1/18

**QUINTAIN BAILEY HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital £	Fair value reserve £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(248,857,693)	(248,857,693)
Shares issued during the period	1,000,000	-	-	1,000,000
Fair value adjustment of parent company loan notes (note 13)	-	299,517,185	-	299,517,185
<b>Total transactions with owners</b>	1,000,000	299,517,185	-	300,517,185
<b>At 31 December 2017</b>	1,000,000	299,517,185	(248,857,693)	51,659,492

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## QUINTAIN BAILEY HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared for the period from 12 September 2016 to 31 December 2017. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### 1.3 Revenue

Revenue represents fee income from loans issued to group companies, and is recognised to the extent that loan fees are incurred by the Company.

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## QUINTAIN BAILEY HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 1. Accounting policies (continued)

##### 1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.5 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.

##### 1.6 Creditors

Creditors due within one year are non-interest bearing and are recognised at invoiced amounts.

Creditors falling due after more than one year consist of interest bearing borrowings, which are recognised initially at fair value less attributable transaction costs. Borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

#### 2. Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the 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.

#### 3. Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, for all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable.

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QUINTAIN BAILEY HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

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4. Other operating income

Fees of £4,100 paid to the Company's auditor, KPMG LLP, for the audit of the Company have been wholly borne by a subsidiary company, Quintain Limited.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration

6. Interest receivable

	Period ended 31 December 2017 £
Interest receivable from group companies	78,365,152
	<u>78,365,152</u>

7. Interest payable and similar charges

	Period ended 31 December 2017 £
Interest payable to group companies	78,330,487
	<u>78,330,487</u>

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QUINTAIN BAILEY HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

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8. Taxation

	Period ended 31 December 2017 £
Total current tax	-
Taxation on profit	-
Factors affecting tax charge for the period	
The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 19.4% as set out below:	
Loss before tax	(248,857,693)
Loss multiplied by standard rate of corporation tax in the UK of 19.4%	(48,278,392)
Effects of:	
Non-taxable impairment charge	48,285,117
Surrendered of group relief for nil consideration	(6,725)
Total tax charge for the period	-

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QUINTAIN BAILEY HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

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9. Fixed asset investments

	2017 £
At 12 September 2016	-
Investments acquired in common control transactions	1,000,000
Capital contribution	299,500,000
Impairment charge	(248,896,179)
	<u>51,603,821</u>

All investments are held at cost less any impairment to date.

During the period the entity ceased to charge interest on the loan note that it issued to its subsidiary in order to match the change in the Company's own parent loan. These loan notes were previously interest bearing at 10% and this resulted in a capital contribution of £299.5m.

10. Debtors: Amounts falling due within one year

	2017 £
Other debtors	59,189
	<u>59,189</u>

Amounts owed by group undertakings bear interest at variable rates and are repayable over varied timescales.

11. Subsidiary undertakings

The following is the direct subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Bailey Acquisitions Ltd	Ordinary	100%	Investment Holding

The investment's registered address is 44 Esplanade, St Helier, Jersey, JE4 9WG.

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**QUINTAIN BAILEY HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**12. Debtors: Amounts falling due after more than one year**

	2017 £
Group company mezzanine loan granted	140,385,001
Group company loan notes granted	459,239,833
	<u>599,624,834</u>

The amounts due from the group company mezzanine loan granted and the group company loan notes granted relate to intercompany borrowings obtained by the Company detailed in note 13, which are made available to Bailey Acquisitions Limited, the direct subsidiary of the Company.

**13. Creditors: Amounts falling due within one year**

	2017 £
Accruals and deferred income	3,518
	<u>3,518</u>

**14. Creditors: Amounts falling due after more than one year**

	2017 £
Mezzanine loan through parent company	140,385,001
Parent company loan notes	459,239,833
	<u>599,624,834</u>

On 28 October 2016 the Company's parent entity put in place a £240m mezzanine facility with Canada Pension Plan Investment Board, with the debt available to the Group through intercompany borrowing. The parent company loan notes are a £900m facility which cannot be repaid in advance of the mezzanine facility, which expires in 2022. On 20 June 2017 the charging of interest at 10% on this loan was cancelled resulting in a fair value adjustment of £299.6m being recognised in the Consolidated Statement of Changes in Equity. This fair value adjustment is amortised through the Consolidated Income Statement over the length of the facility.

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QUINTAIN BAILEY HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

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15. Share capital

	2017 £
Authorised, allotted, called up and fully paid	
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>

16. Controlling party

At 31 December 2017 the Company's immediate parent was Quintain Finance Limited, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. The group in which results of the Company are consolidated is that headed by Quintain Finance Limited. Group financial statements of Quintain Finance Limited are available on request from 180 Great Portland Street, London W1W 5QZ. The ultimate controlling party is Lone Star Real Estate Fund IV, an entity incorporated in Bermuda.