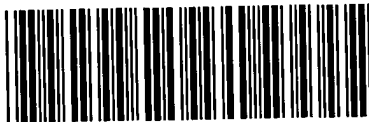


BADGER PROPERTY PARTNERS LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

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BADGER PROPERTY PARTNERS LLP

ANNUAL REPORT

FOR THE YEAR ENDED 5 APRIL 2019

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BADGER PROPERTY PARTNERS LLP

DESIGNATED MEMBERS AND ADVISERS

FOR THE YEAR ENDED 5 APRIL 2019

DESIGNATED MEMBERS

Mr. R.C. Desmond
LTS Partners Limited

REGISTERED NUMBER

OC 313362

AUDITOR

KPMG LLP
15 Canada Square
London
United Kingdom
E14 5GL

BANKERS

Barclays Bank
27 Soho Square
London
United Kingdom
W1D 3QR

Deutsche Pfandbriefbank AG
London Branch
20 Fenchurch Street, 23rd Floor
London
United Kingdom
EC3M 3BY

Bank of Scotland
PO Box 54873
London
United Kingdom
SW1 5WX

Lloyds Bank Plc
9th Floor
Princess House
London
United Kingdom
EC4R 0AX

REGISTERED OFFICE

The Northern & Shell Building
Number 10 Lower Thames Street
London
United Kingdom
EC3R 6EN

MEMBERS' REPORT

FOR THE YEAR ENDED 5 APRIL 2019

The members present their annual report and the audited financial statements for the year ended 5 April 2019.

PRINCIPAL ACTIVITIES

The principal activity of Badger Property Partners LLP is the business of acquiring freehold or leasehold interests in commercial property, the management and exploitation thereof and receiving rental income therefrom.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The profit and loss account is set out on page 9.

The members consider the results for the year to be satisfactory. The members sought professional advice on the valuation of the property as at 5 April 2019 and based on that advice do not consider that a change to the carrying value of £142,250,000 (2018: £142,250,000) is necessary.

During the year, the LLP repaid its bank loan and discounted security facilities, refinancing with a new bank loan of £77,000,000 and discounted security facility of £32,500,000 (notes 10, 11 and 12).

The LLP continues to consider commercial property transactions with a view to increasing its portfolio.

RESULTS FOR THE YEAR

The profit for the year available for distribution to members was £827,424 (2018: £270,525). During the year, the LLP made a distribution to its members of £9,000,000 (2018: £nil) (note 14).

DESIGNATED MEMBERS

The following were designated members during the year:

Mr. R.C. Desmond
LTS Partners Limited

POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND REPAYMENT OF MEMBERS' CAPITAL

The members participate in the LLP's profit.

The members have subscribed to capital in set percentages per the partnership agreement. The members shall contribute any further capital which the designated members determine as being required for the purpose of the LLP based on the same percentages.

There is no opportunity for appreciation of capital subscribed. Members introduce their capital at 'par' and retiring members are repaid their capital at 'par'. An outgoing member will be paid the amount of any capital which they are entitled to be credited by the LLP to their capital account.

The profits of the LLP may be divided between the members in the set percentages per the partnership agreement as soon as the annual accounts for the relevant accounting year are approved by the members.

All payments are made subject to the cash requirements of the LLP and must be approved by the designated members.

GOING CONCERN

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

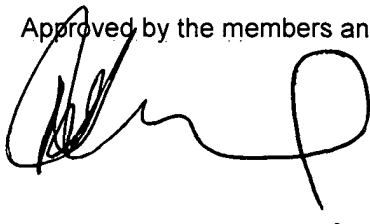
MEMBERS' REPORT

FOR THE YEAR ENDED 5 APRIL 2019

AUDITOR

KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint KPMG LLP as the auditor will be considered at the next members' meeting.

Approved by the members and signed on their behalf



Mr. R. C. Desmond
Designated Member

Date: 23 September 2019



LTS Partners Limited
Designated Member

Date: 23 September 2019

The Northern & Shell Building
Number 10 Lower Thames Street
London,
United Kingdom
EC3R 6EN

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2019

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.



15 Canada Square
London
E14 5GL
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BADGER PROPERTY PARTNERS LLP

Opinion

We have audited the financial statements of Badger Property Partners LLP ("the LLP") for the year ended 5 April 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 5 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the members, such as the carrying value of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the LLP's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an LLP and this is particularly the case in relation to Brexit.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model, including the impact of Brexit, and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BADGER PROPERTY PARTNERS LLP

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the LLP will continue in operation.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 5, the members are responsible for the preparation of the financial statements and for 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 LLP'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 LLP 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BADGER PROPERTY PARTNERS LLP

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
United Kingdom
E14 5GL

Date: 23 September 2019

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 5 APRIL 2019**

	Notes	2019 £	2018 £
TURNOVER	2	7,275,956	6,942,364
Other operating expenses		<u>(164,535)</u>	<u>(145,531)</u>
OPERATING PROFIT	3	7,111,421	6,796,833
Interest receivable and similar income	6	-	53,380
Interest payable and similar expenses	7	<u>(6,283,997)</u>	<u>(6,579,688)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES	13	827,424	270,525
Members' remuneration charged as an expense		<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>827,424</u>	<u>270,525</u>

There are no recognised gains and losses other than those stated above and therefore no separate statement of other comprehensive income has been presented.

The results for the current and preceding year arose from continuing operations.

The notes on pages 13 to 18 form an integral part of these financial statements.

BALANCE SHEET AS AT 5 April 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Investment property	8	142,250,000	142,250,000
CURRENT ASSETS			
Debtors	9	1,524,450	35,735
Cash at bank and in hand		<u>2,859,711</u>	<u>10,857,067</u>
		4,384,161	10,892,802
CREDITORS: amounts falling due within one year	10	<u>(6,454,495)</u>	<u>(110,383,710)</u>
NET CURRENT LIABILITIES		<u>(2,070,334)</u>	<u>(99,490,908)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		140,179,666	42,759,092
CREDITORS: amounts falling due after more than one year	11	<u>(105,593,150)</u>	<u>-</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>34,586,516</u>	<u>42,759,092</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as a liability	13	150,000	150,000
MEMBERS' OTHER INTERESTS			
Other reserves	13	<u>34,436,516</u>	<u>42,609,092</u>
		<u>34,586,516</u>	<u>42,759,092</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	13	150,000	150,000
Members' other interests	13	<u>34,436,516</u>	<u>42,609,092</u>
		<u>34,586,516</u>	<u>42,759,092</u>

The financial statements were approved by the members on 23 September 2019 and signed on their behalf by:



Mr. R.C. Desmond
Designated Member

The notes on pages 13 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 5 APRIL 2019**

	Members' other interests £
Balance at 6 April 2017	42,338,567
Total comprehensive income for the year:	
Profit for the financial year available for discretionary division among members	270,525
	<hr/>
Total comprehensive income for the year	270,525
	<hr/>
Balance at 5 April 2018	42,609,092
	<hr/>
	Members' other interests £
Balance at 6 April 2018	42,609,092
Total comprehensive income for the year:	
Profit for the financial year available for discretionary division among members	827,424
	<hr/>
Total comprehensive income for the year	827,424
	<hr/>
Transactions with the members of the LLP:	
Distribution to members (note 14)	(9,000,000)
	<hr/>
Transactions with the members of the LLP	(9,000,000)
	<hr/>
Balance at 5 April 2019	34,436,516
	<hr/>

The notes on pages 13 to 18 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 5 APRIL 2019

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year available for discretionary division among members	827,424	270,525
Adjustments for:		
Interest receivable and similar income	-	(53,380)
Interest payable and similar charges	6,283,997	6,579,688
Increase in creditors	218,032	-
	<u>7,329,453</u>	<u>6,796,833</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in current asset investments	-	(13,667,512)
Proceeds from current asset investments	-	30,927,781
Interest received	-	69,831
	<u>-</u>	<u>17,330,100</u>
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	(54,000,000)	(12,000,000)
Issue of bank loan facility	77,000,000	-
Repayment of discounted security	(58,000,000)	-
Issue of discounted security	32,500,000	-
Financing costs	(1,906,537)	-
Distribution to members	(9,000,000)	-
Interest paid	(1,920,272)	(1,859,252)
	<u>(15,326,809)</u>	<u>(13,859,252)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(7,997,356)</u>	<u>10,267,681</u>
CASH AND CASH EQUIVALENTS AT 6 APRIL	<u>10,857,067</u>	<u>589,386</u>
CASH AND CASH EQUIVALENTS AT 5 APRIL	<u>2,859,711</u>	<u>10,857,067</u>

The notes on pages 13 to 18 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2019

1. ACCOUNTING POLICIES

Company information

Badger Property Partners LLP is a limited liability partnership incorporated in England and Wales. The registered office is The Northern & Shell Building, Number 10 Lower Thames Street, London, United Kingdom, EC3R 6EN.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in January 2017. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the LLP. Monetary amounts in these financial statements are rounded to the nearest £ (unless stated otherwise).

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £2,070,334 (2018: £99,490,908) and net assets of £34,586,516 (2018: £42,759,092) at the year end, which the members believe to be appropriate for the following reasons. During the year, the LLP repaid its bank loan facility with a new bank loan and discounted security facilities (notes 10, 11 and 12). The members have prepared cash flow projections for the period to the end of the facility terms which indicate that the business is expected to be cash generative. On the basis of this cash flow, the members consider it will continue in operational existence by meeting its liabilities as they fall due. However, there is no certainty in relation to these matters. The financial statements do not include any adjustments that would result from the partnership not achieving its cash flow projections.

Turnover

Turnover represents rental income receivable in respect of the LLP's property interests.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

BADGER PROPERTY PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2019

1. ACCOUNTING POLICIES (Continued)

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Investment properties

In accordance with FRS 102 S16, investment properties are initially recognised at its purchased price and any directly attributable expenditure. Investment property is subsequently measured at fair value at each reporting date with changes in fair value recognised in the profit and loss account.

Leases

Rental income is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where a lease incentive does not enhance the property, it is amortised on a straight line basis over the period from the date of the lease commencement to the earlier of the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the earlier of the first rent review and the lease end date.

Taxation

Taxation on all LLP profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in respect of the LLP are accounted for in these financial statements.

Classification of members' capital of the partnership

Members' capital of the partnership is treated as equity only to the extent that the partnership has an unconditional right to avoid repaying the capital. If the partnership is liable to repay the capital, it should be classified as debt.

Where the profit share of members is pre-determined, without the need for any further decision on the division of those profits, and not at the discretion of the partnership, the profit is classified as a liability of the partnership and shown as a charge to the profit and loss account under members' profit allocation. Where the profit share of members is not pre-determined, the profit is classified as equity and there is no charge to the profit and loss account.

Allocation of profits

The allocation of the profit to those who are members during the period occurs following the finalisation of the annual financial statements as per the LLP agreement. Unallocated profits are shown in 'members' other interests'.

2. TURNOVER

The LLP's turnover and profit arises solely from its commercial property interests.

There is no significant turnover and profit arising in geographical locations other than the United Kingdom.

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

	2019 £	2018 £
Operating profit is stated after charging/(crediting):		
Auditor's remuneration - audit services	10,632	9,948
Operating income - rental income	<u>(7,275,956)</u>	<u>(6,942,364)</u>

BADGER PROPERTY PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2019

4. MEMBERS' REMUNERATION

The average number of members of the Limited Liability Partnership for the financial year was 2 (2018: 2).

There was no remuneration or drawings allocated to the members during the year (2018: £nil).

5. STAFF NUMBERS AND COSTS

There were no employees during the current or preceding year.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

2019
£

2018
£

Bank and term deposit interest receivable

-

53,380

7. INTEREST PAYABLE AND SIMILAR EXPENSES

2019
£

2018
£

Bank loans

1,969,926

1,809,688

Discount unwind on discounted security (note 11)

3,501,095

4,700,000

Other financing costs

812,976

70,000

6,283,997

6,579,688

8. INVESTMENT PROPERTY

2019
£

2018
£

Valuation:

At 6 April and 5 April

142,250,000

142,250,000

The property is being leased under an operating lease and the year end net book value is shown above. In October 2013, the LLP entered into a new lease with Express Newspapers (note 15). The lease is for a term of 20 years. On 31 January 2018, the lease was transferred from Express Newspapers to Northern & Shell Plc (formerly Northern & Shell Media Group Limited) (note 15). On 26 July 2018, the investment property was valued at £142,250,000 by CBRE Limited, chartered surveyors, on a market value basis and in accordance with the RICS Appraisal and Valuation Manual. The members sought professional advice on the valuation of the property as at 5 April 2019 and based on that advice do not consider that a change to the carrying value of £142,250,000 (2018: £142,250,000) is necessary.

9. DEBTORS

2019
£

2018
£

Prepayments and accrued income

1,524,450

35,735

BADGER PROPERTY PARTNERS LLP**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 5 APRIL 2019****10. CREDITORS: amounts falling due within one year**

	2019 £	2018 £
Accruals and deferred income	2,059,344	1,791,655
Bank loan (note 12)	4,000,000	53,000,000
Fair value of interest rate swap (note 12)	395,151	-
Discounted security (note 11)	-	55,592,055
	<u>6,454,495</u>	<u>110,383,710</u>

The fair value of interest rate swaps is based on mark to market calculations prepared by Deutsche Pfandbriefbank AG.

11. CREDITORS: amounts falling due after more than one year

	2019 £	2018 £
Bank loan (note 12)	72,000,000	-
Discounted security	33,593,150	-
	<u>105,593,150</u>	<u>-</u>

A discounted security was previously issued in the year ended 5 April 2014 for £34,500,000. The security had a nominal value of £58,000,000 and was redeemable on 10 October 2018. The discounted security was secured against the investment property (note 8) and the assets of the LLP.

During the year, the LLP's discounted security was repaid in full at its nominal value of £58,000,000. A new discounted security was also issued during the year for £32,500,000, with a nominal value of £50,000,000 and is redeemable on 13 December 2023. The discounted security is secured against the investment property (note 8) and the assets of the LLP.

12. BANK LOAN OBLIGATION

	2019 £	2018 £
The LLP's bank loan obligations are due:		
Within one year (note 10)	4,000,000	53,000,000
Between two and five years (note 11)	72,000,000	-
	<u>76,000,000</u>	<u>53,000,000</u>

The LLP previously held a loan facility with Lloyds Bank which totalled £65,000,000. The term loan was interest only, repayable in full on 10 October 2018 and carried interest at LIBOR plus a margin of 2.5%. The term loan was secured against the investment property (note 8) and assets of the LLP. During the year, the LLP repaid its remaining £53,000,000 (as at 5 April 2018) bank loan facility, refinancing with a new £77,000,000 bank loan facility with Deutsche Pfandbriefbank AG.

The £77,000,000 loan is repayable in quarterly instalments of £1,000,000 each over 5 years with a final balancing payment due on 11 December 2023. The loan carries interest at 3-month LIBOR plus a margin of 2.25%.

Interest rate swaps are used to manage interest rate exposure. Any amounts payable or receivable in respect of the arrangements in place are recognised as finance income/expense in the profit and loss account in the accounting period in which they arise. The LLP has entered into an interest rate swap facility which has the affect of fixing the interest rate on 50% of the loan at 1.36%, plus a margin of 2.25%. In addition, the LLP also has a cap in place with a strike rate of 2.00% plus a margin of 2.25% on 30% of the loan. The fair value of the derivatives as at 5 April 2019 had a mark to market value of £395,151 – liability (2018: £nil) (note 10).

BADGER PROPERTY PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2019

12. BANK LOAN OBLIGATION (Continued)

The loan is secured against the investment property (note 8) and assets of the LLP. During the year, the LLP repaid £1,000,000 of its bank loan facility with Deutsche Pfandbriefbank AG.

13. MEMBERS' OTHER INTERESTS

	Members' other interests	Loans and other debts due to members	Total members' interests
	£	£	£
At 6 April 2018	42,609,092	150,000	42,759,092
Profit for the financial year available for discretionary division among members	827,424	-	827,424
Distribution to members (note 14)	(9,000,000)	-	(9,000,000)
At 5 April 2019	34,436,516	150,000	34,586,516

In the event of a winding-up the amounts included in 'Loans and other debts due to members' will rank equally with other unsecured creditors. No protection is afforded to creditors in the event of a winding-up.

14. DIVIDENDS PAID

	2019 £	2018 £
Distribution to members	9,000,000	-

15. RELATED PARTY TRANSACTIONS

The LLP leases the property to Northern & Shell Plc (formerly Northern & Shell Media Group Limited), a company of which Mr. R.C. Desmond is also a director, for a rental of £7,975,249 per annum (2018: £6,879,520). No amounts remained outstanding at 5 April 2019 (2018: £nil).

The LLP previously leased the property to Express Newspapers, a company of which Mr. R.C. Desmond was also a director, for a rental of £6,879,520 per annum. The lease was transferred to Northern & Shell Plc on 31 January 2018. No amounts remained outstanding at 5 April 2019 (2018: £nil).

During the year, the LLP issued a discounted security to SGH Collectives Fund PCC for an issue price of £32,500,000, with a nominal value of £50,000,000. The terms of the security are set out in note 11. The value of SGH Collectives Fund PCC is reflected in assets of The Northern & Shell Richard Desmond Funded Unapproved Retirement Benefit Scheme, of which Mr. R.C. Desmond is the beneficiary.

In the year ended 5 April 2014, the LLP issued a discounted security to SGH Collectives Fund PCC for an issue price of £34,500,000, with a nominal value of £58,000,000. The discounted security facility was repaid in full during the year. The terms of the security are set out in note 11. The value of SGH Collectives Fund PCC is reflected in assets of The Northern & Shell Richard Desmond Funded Unapproved Retirement Benefit Scheme, of which Mr. R.C. Desmond is the beneficiary.

BADGER PROPERTY PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS

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15. RELATED PARTY TRANSACTIONS (Continued)

During the year, the LLP made a distribution to its members of £9,000,000 (2018: £nil) (note 14).

The designated members control the LLP.