

## **Anglo Scandinavian Estates 4 LLP**

Report and Financial Statements

Year Ended

31 December 2016

Registered Number OC390365

Registered in England and Wales



# **Anglo Scandinavian Estates 4 LLP**

**Annual report and financial statements  
for the year ended 31 December 2016**

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## **Designated Members**

Anglo Scandinavian Estates Company Limited  
Anglo Scandinavian Estates LLP

## **Registered office**

Sloane Square House, 1 Holbein Place, London SW1W 8NS

## **Registered number**

OC390365

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Anglo Scandinavian Estates 4 LLP**

## **Members' report for the year ended 31 December 2016**

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The limited liability partnership ("LLP") members ("members") present their report together with the audited financial statements for the year ended 31 December 2016. The previous financial period was between 1 February 2015 and 31 December 2015.

### **Results and members' capital**

The statement of comprehensive income is set out on page 6 and shows the profit for the period.

The members do not propose the withdrawal of capital.

### **Principal activity**

The LLP's principal activity is that of owning and renting investment property in the UK.

### **Review of business, key performance indicators and future developments**

The LLP was established on 15 January 2014 with the purpose of investing in UK investment property, with one acquisition being made since that date.

During the financial year ended 31 December 2016, the LLP made a profit of £2,929,141 (period ended 31 December 2015: loss of £1,957,280) mainly due to a surplus on revaluation of investment properties of £3,993,531 (2015: £608,303).

Subsequent to year end the HSBC facility has been renegotiated for a 5 year term fixed at 2.10% plus LIBOR. The net drawdown was £16.5 m occurred in April 2017. The drawdown will be used to fund operating CAPEX as well as fund investor distributions. In April 2017 the LLP made a distribution of £12,000,000 to Anglo Scandinavian Estates LLP, a fellow member of the group headed by ASE Holdings S.A.R.L.

Following the Referendum held on 23 June 2016, we are operating in a period of increased economic and political uncertainty. We therefore believe values are likely to be negatively affected, at least short to medium term. In a weaker economy it will be harder to let space. As a consequence the members are re-appraising projects and are seeking to defer capital expenditure. Priority will be given to expenditure in support of new lettings. The uncertainty is however likely to generate opportunities for the business.

### **Principal risks, uncertainties and financial instruments**

The LLP's income derives from a wide tenant base. This diversifies the principal risks which arise in the LLP's business.

The LLP's current borrowings are at fixed rates therefore interest rate risk is substantially mitigated.

The members monitor the business performance of the group of which the LLP is a member on a quarterly basis in detail. This includes 5 year rolling cash flow forecasts, detailed management information for the rental business and banking covenants reports. This allows the members to ensure that appropriate facilities and internal resource are available, and where necessary further funds are made available from members.

# **Anglo Scandinavian Estates 4 LLP**

## **Members' report for the year ended 31 December 2016 (*Continued*)**

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### **Designated Members**

The following were Designated Members, (as defined by the Limited Liability Partnerships Act 2000) during the period:

Anglo Scandinavian Estates Company Limited  
Anglo Scandinavian Estates LLP

### **Statement of members' responsibilities in respect of the financial statements**

The members are responsible for preparing the members' report and financial statements in accordance with applicable laws and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial period. Under these regulations the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under these regulations 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 the profit or loss of the LLP 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Policies in relation to drawings, capital and profits**

The policy for members' drawings is that they are determined by the members on a quarterly basis in line with the terms of the Limited Liability Partnership Deed dated 5 February 2014. These drawings are determined by taking into account the need to retain sufficient funds to finance the working capital and other needs of the business. Drawings will only be taken after these requirements have been met.

Individual members' capital contributions are also determined on a quarterly basis by the members' having regard to the short, medium and long term needs of the business.

Profits and losses of the LLP which are not yet divided among the members are reflected under 'Other reserves'. These reserves are allocated once all criteria have been met in accordance with the Limited Liability Partnership Deed.

# **Anglo Scandinavian Estates 4 LLP**

## **Members' report for the year ended 31 December 2016 (*Continued*)**

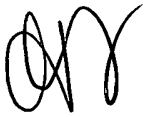
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### **Auditors**

BDO LLP have been appointed as auditors to the LLP and have expressed their willingness to continue in office.

Both of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

### **On behalf of the members**



**Jaysal Atara**  
**For and on behalf of Anglo Scandinavian Estates Company Limited**

Date: 5 July 2017

# **Anglo Scandinavian Estates 4 LLP**

## **Report of the independent auditors**

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### **To the members of Anglo Scandinavian Estates 4 LLP**

We have audited the financial statements of Anglo Scandinavian Estates 4 LLP for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of changes in members' interests, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of members and auditors**

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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 the Companies Act 2006) Regulations 2008.

### **Opinion on other matters**

In our opinion the information given in the members' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Anglo Scandinavian Estates 4 LLP

### Report of the independent auditors (*Continued*)

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership 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.



**Russell Field (senior statutory auditor)**  
**For and on behalf of BDO LLP, statutory auditor**  
55 Baker Street  
London  
W1U 7EU  
United Kingdom

Date: 10 July 2017

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

# Anglo Scandinavian Estates 4 LLP

## Statement of comprehensive income for the year ended 31 December 2016

		Year ended 31 December 2016 £	Period ended 31 December 2015 £
	Note		
<b>Revenue</b>	4	<b>948,912</b>	609,954
Operating expenses	5	(975,086)	(1,143,756)
Other operating income		1,000	6,183
<b>Gross loss</b>		<b>(25,174)</b>	(527,619)
Administrative expenses		(237,592)	(121,882)
Change in fair value of investment property	10	3,993,531	608,303
<b>Operating profit/(loss)</b>	6	<b>3,730,765</b>	(41,198)
Finance revenue	7	2,305	227
Finance costs	8	(767,873)	(1,916,309)
<b>Profit/(Loss) and total comprehensive income/(loss) for the financial period attributable to members</b>		<b>2,965,196</b>	(1,957,280)

The notes on pages 10 to 22 form part of these financial statements.



# Anglo Scandinavian Estates 4 LLP

## Statement of changes in members' interests for the year ended 31 December 2016

	Members' capital £	Other reserves £	Total £
Balance at 1 January 2016	2,090,000	(1,877,729)	212,271
Comprehensive profit for the year	-	2,965,196	2,965,195
<b>Amounts due to members on 31 December 2016</b>	<b>2,090,000</b>	<b>1,087,467</b>	<b>3,177,467</b>

	Members' capital £	Other reserves £	Total £
Balance at 1 February 2015	2,090,000	79,551	2,169,551
Comprehensive loss for the period	-	(1,957,280)	(1,957,280)
<b>Amounts due to members on 31 December 2015</b>	<b>2,090,000</b>	<b>(1,877,729)</b>	<b>212,271</b>


The notes on pages 10 to 22 form part of these financial statements.

# Anglo Scandinavian Estates 4 LLP

## Statement of financial position at 31 December 2016

	Note	31 December 2016 £	31 December 2016 £	31 December 2015 £	31 December 2015 £
<b>ASSETS</b>					
<b>Non current assets</b>					
Investment properties	10		25,500,000		19,000,000
<b>Current assets</b>					
Trade and other receivables	11	623,762		421,820	
Cash and cash equivalents	14	789,844		241,900	
			1,413,606		663,720
<b>Total assets</b>			<b>26,913,606</b>		<b>19,663,720</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	(940,956)		(774,140)	
Loans and borrowings	12	(5,733,013)		-	
			(6,673,969)		(774,140)
<b>Non current liabilities</b>					
Loans and borrowings	12		(17,062,170)		(18,677,309)
<b>Total liabilities</b>			<b>(23,736,139)</b>		<b>(19,451,449)</b>
<b>NET ASSETS</b>			<b>3,177,467</b>		<b>212,271</b>
<b>Represented by:</b>					
Members' other interests			3,177,467		212,271
<b>TOTAL MEMBERS' INTERESTS</b>			<b>3,177,467</b>		<b>212,271</b>

The financial statements were approved by the members and authorised for issue on 5 July 2017.



Jaysal Atara

For and on behalf of Anglo Scandinavian Estates Company Limited

Registered Number OC390365

The notes on pages 10 to 22 form part of these financial statements.

# Anglo Scandinavian Estates 4 LLP

## Statement of cash flows for the year ended 31 December 2016

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
<b>Operating activities</b>		
(Loss)/profit for the financial period	2,929,141	(1,957,280)
Adjustments for:		
Movement in rent smoothing adjustment	15,993	339,655
Change in fair value of investment property	(3,993,531)	(608,303)
Finance revenue	(2,305)	(227)
Finance costs	803,929	1,916,309
Changes in working capital:		
Trade and other receivables	(201,942)	1,025,102
Trade and other payables	(637,113)	(1,038,302)
<b>Net cash outflows from operating activities</b>	<b>(1,085,828)</b>	<b>(323,046)</b>
<b>Investing activities</b>		
Capital expenditure on/purchase of investment properties	(2,522,462)	(1,049,338)
Finance revenue	2,305	227
<b>Net cash outflows from investing activities</b>	<b>(2,520,157)</b>	<b>(1,049,111)</b>
<b>Financing activities</b>		
Drawdown of borrowings	4,153,929	1,585,000
<b>Net cash inflows from financing activities</b>	<b>4,153,929</b>	<b>1,585,000</b>
Net movement in cash and cash equivalents	547,944	212,843
Cash and cash equivalents at the beginning of the period	241,900	29,057
<b>Cash and cash equivalents at the end of the period</b>	<b>789,844</b>	<b>241,900</b>

The notes on pages 10 to 22 form part of these financial statements

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016

### 1 Accounting policies

#### 1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the period presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS").

The financial statements have been prepared on the historical cost basis except that investment properties are stated at fair value.

The LLP's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the members to exercise their judgement in the most appropriate application in applying the LLP's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

These financial statements have been prepared on a going concern basis, which assumes that the LLP will continue to meet its liabilities, as they fall due, for the foreseeable future. Whilst the LLP is in a net current liability position as at 31 December 2016, it is reliant on the continued support of ASE Finance S.A.R.L, which will be provided for the foreseeable future. With the continued support of this group undertaking, the members have prepared cash flow forecasts which indicate that the LLP can continue as a going concern.

#### 1.2 Changes in accounting policies

##### *New standards, interpretations and amendments effective for the current year*

There have been no new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) during the current year that have an impact on the financial statements of the Company.

##### *Standards and interpretations in issue not yet adopted*

The IASB and IFRIC have issued or amended the following standards and interpretations that are mandatory for later accounting periods and which have not been adopted early:

	<b>Mandatory effective date (periods commencing from)</b>
• IAS 7 (Amendment): Disclosure Initiative	01-Jan-17*
• IFRS 15: Revenue from Contracts with Customers	01-Jan-18
• IFRS 9: Financial Instruments	01-Jan-18
• IAS 40 (Amendment): Transfers of Investment Property	01-Jan-18*
• IFRS 16: Leases	01-Jan-19*

\* Subject to endorsement for use in the EU

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (*Continued*)

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### 1.2 Changes in accounting policies (*Continued*)

Having undertaken a high level review of these new standards and amendments it is not anticipated that, based on the current operations of the company, they will result in a material change to the company's accounting policies for the recognition and measurement of assets, liabilities and items affecting profit and loss.

The principal impact of adoption is therefore expected to be in relation to financial statement presentation and disclosure. The company intends to undertake a detailed impact assessment of each new standard or amendment in advance of the relevant mandatory effective date.

The IASB and IFRIC have also issued or made other amendments to IFRS 2, IFRS 4, IFRS 10, IFRS 14, IAS 12, IAS 28 and IFRIC 22, but these are not relevant to the current operations of the company.

### 1.3 Revenue recognition

Revenue represents rental income receivable from external customers at invoiced amounts less value added tax or other taxes on sales.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the LLP provides incentives to customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Income from property, which is derived from the rental of property held in Great Britain, is accounted for on an accruals basis.

Interest revenue and costs are recognised in the statement of comprehensive income for all interest-bearing instruments on an accruals basis, unless collectability is in doubt.

### 1.4 Borrowing costs

Interest costs are charged against income without restriction. The LLP does not incur any other interest costs that qualify for capitalisation under IAS 23 Borrowing costs.

### 1.5 Investment property

Property held for long term rental yields which is not occupied by the LLP is classified as investment property. Investment property principally comprises land and buildings. Investment property is treated as a long term investment and is carried at fair value, determined annually. Fair value is the estimated price that should be received for selling an investment property in an orderly transaction between market participants at the measurement date and is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Under IAS 40: Investment Property, changes in fair values are recorded in the statement of comprehensive income.

When the LLP decides to dispose of an investment property without development it continues to treat the property as an investment property. Similarly, if the LLP begins to redevelop or refurbish an existing investment property for continued future use as investment property, it remains an investment property.

Depreciation is not provided in respect of investment properties.

Acquisitions and disposals of investment properties are recognised on unconditional exchange of contracts where it is reasonable to assume at the balance sheet date that completion of the acquisition or disposal will occur. Gains on disposal are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous published balance sheet adjusted for any subsequent capital expenditure or capital receipts.

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (*Continued*)

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### 1.6 Financial assets

The LLP classifies its financial assets into the categories listed below, depending on the purpose for which the asset was acquired. The LLP has not classified any of its financial assets as held to maturity.

The LLP's accounting policy for each category is as follows:

#### *Receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through rental and service charge income from tenants (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the LLP will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The LLP's receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the period end. Bad debts are written off during the period in which they are identified.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at face value. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

### 1.7 Impairment of assets

Assets including land that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose of assigning impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (*Continued*)

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### 1.8 Financial liabilities

The LLP classifies its financial liabilities into the category listed below:

#### *Other financial liabilities*

Other financial liabilities include the following items:

- Other loans are initially recognised at fair value net of any transaction costs directly attributable to the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs as well as any interest payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### 1.9 IFRS 13 fair value measurement hierarchy

IFRS 13: Fair Value Measurement requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see notes 3 and 10). The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs)(Level 3).

The level in the fair value hierarchy within which the fair value asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair value assets and liabilities are classified in their entirety into only one of the three levels.

### 1.10 Members' capital

Financial instruments issued by the LLP are treated as equity only to the extent that they do not meet the definition of a financial liability.

### 1.11 Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP. The relevant income tax is the responsibility of the members of the LLP.

### 1.12 Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risk specific to the liability.

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (*Continued*)

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### 2 Critical accounting estimates and judgements

The LLP makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

#### *Estimates and assumptions*

##### (a) Valuation of investment properties

The LLP obtains valuations performed by external valuers or its managing agent, Commercial Estates Group Limited, in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

Further information in relation to the valuation of investment property is disclosed in note 10.

##### (b) Fair value of loans and borrowings

The LLP determines the fair value of its loans and borrowings at the date of drawdown using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 12.

### 3 Financial instruments - Risk management

#### 3.1 Financial risk factors

The LLP is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the LLP is exposed to risks that arise from its use of financial instruments. This note describes the LLP's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the LLP's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure during the course of the period unless otherwise stated in this note.

#### *Principal financial instruments*

The principal financial instruments used by the LLP, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash at bank
- Trade and other payables
- Other loans



# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 3.1 Financial risk factors (Continued)

A summary of the financial instruments held by category is provided below:

#### Financial assets

	2016 £	2015 £
Loans and receivables:		
Trade and other receivables – maturity within one year	169,402	80,986
Cash and cash equivalents – maturity within one year	789,844	241,900
	<b>959,246</b>	<b>322,886</b>

#### Financial liabilities at amortised cost

	2016 £	2015 £
Trade and other payables – maturity within one year	723,296	524,140
Other loans – maturity after five years	22,795,183	18,677,309
	<b>23,518,479</b>	<b>19,201,449</b>

The members have overall responsibility for the determination of the LLP's risk management objectives and policies. The members receive quarterly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the members is to set policies that seek to reduce risks as far as possible without unduly affecting the LLP's competitiveness and flexibility. Further details regarding these policies are set out below:

#### (i) Credit risk

The LLP's exposure to credit risk arises from the potential financial loss if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the LLP's receivables from tenants and other third parties.

#### Trade and other receivables

The LLP's activities focus exclusively in Great Britain and its exposure to credit risk, arising from trade and other receivables, is influenced by the individual characteristics of each tenant. The LLP operates a policy whereby the credit worthiness of each tenant is assessed prior to lease or pre-lease terms being agreed. The process includes reviewing financial information in the public domain. In certain cases, the LLP will require collateral in order to support these lease obligations. This usually takes the form of a rent deposit, parent company guarantee or bank guarantee. The LLP regularly receives reports on payment performance and intelligence on the continuing financial viability of tenants where rent collections are outsourced to managing agents. Arrears are monitored on a weekly basis and a strategy for dealing with significant potential defaults is presented on a timely basis to the members. Outstanding tenant balances are reviewed on a quarterly basis for impairment.

#### (ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The LLP aims to maintain flexibility in funding by keeping committed credit lines available.

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 3.1 Financial risk factors (Continued)

The LLP's liquidity position is monitored on a daily basis. The liquidity position is reviewed quarterly by the members.

31 December 2016	Carrying amounts	Contractual cash flows	Due in 2017	Due in 2018	Due in 2019	Due after 2020
	£	£	£	£	£	£
Related party loans	22,795,183	37,907,413	2,774,630	2,774,630	2,774,630	26,808,894
Trade and other payables	723,296	723,296	723,296	-	-	-
	<b>23,518,479</b>	<b>38,630,709</b>	<b>3,497,926</b>	<b>2,774,630</b>	<b>2,774,630</b>	<b>26,808,894</b>

#### (iii) Interest rate risk

The LLP uses fixed rate borrowings to manage its exposure to interest rate fluctuations.

### 3.2 Capital risk management

The members monitor the capital needs of the LLP on an ongoing basis and formally on a quarterly basis the equity, debt and overall capital position of the LLP.

## 4 Segmental information and revenue

During the period, the LLP operated in and was managed as one business segment, being property investment, with all investment properties located in Great Britain. The members review quarterly reports which are prepared on a basis that aggregates the performance of all properties and focuses on total returns on members' capital. Revenue consists of rental income receivable from third parties in Great Britain.

	2016 £	2015 £
Income from property	<b>948,912</b>	609,954

## 5 Operating expenses

	2016 £	2015 £
Property expenses	<b>858,251</b>	1,075,204
Marketing	<b>26,606</b>	20,889
Repairs and maintenance	<b>30,464</b>	26,042
Professional fees	<b>72,726</b>	21,621
Bad debt expense	<b>(12,961)</b>	-
	<b>975,086</b>	1,143,756

## 6 Operating profit

The auditors' remuneration for audit services has been borne by a fellow group undertaking.

The LLP had no employees during the period. Other than a £20,000 (2015: £20,000) management fee paid to Anglo Scandinavian Estates Company Limited, no member received any remuneration during the period. The average number of members in the period was 2 (2015: 2).

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (*Continued*)

### 7 Finance revenue

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Bank interest receivable	2,305	227

### 8 Finance costs

	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Interest on loans from group undertakings (see note 17)	767,873	1,916,309

### 9 Taxation

The financial statements do not include any charges or liabilities for taxation on the results of the LLP as the relevant income tax and any tax on capital gains is the responsibility of the individual partners.

### 10 Investment properties

	Freehold £
<b>Year ended 31 December 2016</b>	
Carrying value at 1 January 2016	19,000,000
Additions	2,522,462
Change in fair value	3,977,538
	<hr/>
Carrying value at 31 December 2016	25,500,000
	<hr/>
	Freehold £
<b>Period ended 31 December 2015</b>	
Carrying value at 1 February 2015	16,903,361
Additions	1,049,338
Change in fair value	1,047,301
	<hr/>
Carrying value at 31 December 2015	19,000,000
	<hr/>

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 10 Investment properties (Continued)

Included within the carrying value of investment properties at 31 December 2016 is £423,006 (2015 - £438,998) in respect of the smoothing of lease incentives over the contractual lease term. The difference between rents on a straight line basis and rents actually receivable is included within, but does not increase, the carrying value of investment properties. The effect of this adjustment on the revaluation movement is as follows:

	2016 £	2015 £
Revaluation movement	3,977,538	1,047,301
Rent smoothing adjustment	15,993	(438,998)
<b>Revaluation movement in the income statement</b>	<b>3,993,531</b>	<b>608,303</b>

Investment properties held at 31 December 2016 have been valued at fair value by Allsops LLP. As at 31 December 2016, the total fair value of the property was estimated to amount to £25,500,000 (2015: £19,000,000).

The investment property has been valued using a yield methodology approach using unobservable inputs (level 3). The significant unobservable inputs used in the valuation at 31 December 2016 and 31 December 2015 are the estimated rental value (ERV) of the property and the market capitalisation rate (yield). The ERV has been determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region. The market capitalisation rate has been determined by reference to actual market transactions for properties in that region, with adjustment made to reflect the particular characteristics of the LLP's property. The resulting valuations are then cross checked against the initial yields and the fair market values per square foot derived from these actual market transactions.

A decrease in the ERV or an increase in the market capitalisation rate will decrease the fair value of the investment property.

### 11 Trade and other receivables

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	128,930	204,572
Less provision for impairment	(42,798)	(138,678)
Trade receivables - net	86,132	65,894
Other debtors	83,270	15,092
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>169,402</b>	<b>80,986</b>
Tax and social security	378,461	110,565
Prepayments	75,899	230,269
<b>Total trade and other receivables</b>	<b>623,762</b>	<b>421,820</b>

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 11 Trade and other receivables (Continued)

Fair value approximates to book value at 31 December 2016 and 31 December 2015 as credit risk has been addressed as part of the impairment provisioning and due to the receivables not being subject to ongoing fluctuations in market rates as a result of their short term nature.

As at 31 December 2016, trade receivables of £86,132 (2015: £65,894) were past due but not impaired. They relate to tenants with no default history. The ageing analysis of these receivables is as follows:

	2016 £	2015 £
Up to 3 months	86,132	65,894

As at 31 December 2016, trade receivables of £42,798 (2015: £138,678) were past due and impaired:

	2016 £	2015 £
Up to 3 months	42,798	138,678

### 12 Loans and borrowings

The book value of loans and borrowings are as follows:

	31 December 2016 £	31 January 2015 £
<b>Current</b>		
Loans from group undertakings	5,733,013	-
<b>Non-current</b>		
Loans from group undertakings	17,062,170	18,677,309
<b>Total loans and borrowings</b>	22,795,183	18,677,309

The ageing analysis of these loans and borrowings is as follows:

	2016 £	2015 £
After five years	22,795,183	18,677,309
	22,795,183	18,677,309

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 12 Loans and borrowings (Continued)

Fair value approximates to book value at 31 December 2016 and 31 December 2015 as the interest payments on the loans and borrowings are based on commercial terms and market rates which are not considered to have substantially changed since the loan agreements were entered into. The loans from group undertakings attract interest at a fixed rate of 12.172% and are repayable on 12 June 2022.

### 13 Trade and other payables

	2016 £	2015 £
Trade payables	632,892	348,406
Other payables	60,001	162,955
Accruals	30,403	12,779
	<hr/>	<hr/>
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost</b>	<b>723,296</b>	524,140
Deferred income	217,660	250,000
	<hr/>	<hr/>
<b>Total trade and other payables</b>	<b>940,956</b>	774,140
	<hr/>	<hr/>

Due to the short term nature of the payables, they are not subject to ongoing fluctuations in market rates, and so the fair value approximates to book value at 31 December 2016 and 31 December 2015.

Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash flows):

	31 December 2015 £	31 January 2015 £
Up to one year	723,296	524,140
	<hr/>	<hr/>

Trade payables are interest free and have settlement dates within one year.

### 14 Cash and cash equivalents

	2016 £	2015 £
Cash available on demand	789,844	241,900
	<hr/>	<hr/>

### 15 Reserves

Reserves	Description and purpose
Members capital	Amount subscribed for capital in line with the LLP agreement.
Other reserves	Other cumulative net gains and losses recognised in the statement of comprehensive income less amounts distributed to members.

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 16 Leases

#### Operating leases - lessor

The LLP earns rental income by leasing its investment properties to tenants under non-cancellable operating leases. The properties are let to tenants for a fixed period at a market rate. Standard lease provisions include service charge recovery and rent reviews. On review, rents are increased either by contractual formulae or to current market rent (estimated rental value or ERV). Typically, single let properties are leased on terms where the tenant is responsible for repairs, insurance and running costs, while multi-let properties are leased on terms which include recovery of share of service charge, expenditure and insurance.

Future minimum lease payments receivable by the LLP under such leases were as follows:

	2016 £	2015 £
Minimum rents receivable:		
Within one year	1,067,687	656,955
From one to five years	4,022,517	1,174,422
After five years	3,517,180	384,313
	<b>8,607,384</b>	<b>2,215,690</b>

### 17 Related party transactions

Entities forming part of the group headed by ASE Holdings S.A.R.L, the ultimate parent company of the LLP, are considered by the members to be related parties.

Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions. The following significant transactions were carried out by the LLP with related parties during the current period:

	Interest payable to related parties during the period ended 31 December 2016 £	Amounts owed to related parties as at 31 December 2016 £
ASE Finance S.A.R.L (Incorporated in Luxembourg)	767,873	22,831,238
Anglo Scandinavian Estates Company Limited (Incorporated in England & Wales)	-	60,000

# Anglo Scandinavian Estates 4 LLP

## Notes to the financial statements for the year ended 31 December 2016 (Continued)

### 17 Related party transactions (Continued)

	Interest payable to related parties during the period ended 31 December 2015 £	Amounts owed to related parties as at 31 December 2015 £
ASE Finance S.A.R.L (Incorporated in Luxembourg)	1,916,309	18,677,309
Anglo Scandinavian Estates Company Limited (Incorporated in England & Wales)	-	40,000
	<hr/>	<hr/>

During the year the LLP incurred management fees of £20,000 (2015: £20,000) from Anglo Scandinavian Estates Company Limited.

The entities listed above are all members of the group headed by ASE Holdings S.A.R.L. (see note 18).

### 18 Controlling party information

The immediate controlling member is Anglo Scandinavian Estates LLP, an LLP incorporated in England and Wales. There is no single ultimate controlling party.

ASE Holdings S.A.R.L is the parent of the largest and smallest group for which consolidated accounts are publically available and in which the results of the LLP are consolidated. These accounts are available from that company's registered address which is 7, Rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand-Duchy of Luxembourg .

### 19 Subsequent events

Subsequent to year end the LLP has entered into a joint loan facility from HSBC with ASE RE A LLP and ASE RE B LLP, fellow subsidiaries within the group headed by ASE Holdings S.A.R.L. The HSBC facility has been renegotiated for a 5 year term fixed at 2.10% plus LIBOR. The drawdown by the LLP was £16.7m and occurred in April 2017 which has been secured on the LLP's investment property. The drawdown will be used to fund operating CAPEX as well as fund investor distributions. The LLP is now party to a guarantee of loans amounting to £69.0m.

In April 2017 the LLP made a distribution of £12,000,000 to Anglo Scandinavian Estates LLP, a fellow member of the group headed by ASE Holdings S.A.R.L.