



The London Resort Development Consent Order

BC080001

Funding Statement

Document reference: 4.2

Revision: 00

December 2020

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009
Regulation 5(2)(h)

[This page is intentionally left blank]

Revisions

Revision	Description	Issued by	Date	Approved by
00	Issue for DCO submission	RM	24/12/2020	LRCH/BDBP

BDB Pitmans LLP

One Bartholomew Close
London
EC1A 7BL

[This page is intentionally left blank]

Executive Summary

This Funding Statement (Statement) relates to an Application made by London Resort Company Holdings Limited (LRCH; the Applicant) to the Secretary of State for Housing, Communities and Local Government (the SoS) via the Planning Inspectorate (PINS) under the Planning Act 2008 (the 2008 Act). The Application is for development consent for the construction, operation and maintenance of the London Resort, a nationally significant visitor attraction and leisure resort.

This Funding Statement is required because the *draft Development Consent Order* (draft DCO) for the Proposed Development (document reference 3.1), would authorise the compulsory acquisition of land or interests in land. As required by the APFP Regulations, this Statement explains how the acquisition of land and rights to be acquired pursuant to the draft DCO, as well as the implementation of the Proposed Development, is to be funded, as well as providing further company details in respect of the Applicant. The Statement also concludes that development of the London Resort could not be achieved without the use of compulsory acquisition powers.

[This page is intentionally left blank]

Contents

Revisions	i
Executive Summary	iii
Contents	v
Glossary	vii
1 Section One ◆ Introduction	1
2 Section Two ◆ The Applicant	2
3 Section Three ◆ Land Acquisition	3
4 Section Four ◆ Funding the Proposed Development	4
5 Section Five ◆ Guidance relating to compulsory acquisition of land	6
6 Section Six ◆ Conclusions	7
Appendices	9
Appendix A – Corporate Structure of LRCH	11
Appendix B – Accounts for LRCH	13

[This page is intentionally left blank]

Glossary

For ease of reference, the following glossary provides a few key terms that are used throughout this Funding Statement:

2008 Act	Planning Act 2008
APFP Regulations	Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009
Applicant	London Resort Company Holdings Limited
Compensation Code	The collective term used to describe the legislation and case law which regulates the procedures for compensation following compulsory acquisition of land interests
DCO	Development Consent Order
EIA	Environmental Impact Assessment
ES	Environmental Statement
Guidance	means Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land (Department for Communities and Local Government, 2013)
LRCH	London Resort Company Holdings Limited
NSIP	Nationally Significant Infrastructure Project
Order Land	means the land in respect of which the Applicant is seeking powers in the DCO to enable it to permanently acquire that land and rights over, in and under that land necessary for the construction, operation and maintenance of the London Resort
PINS	Planning Inspectorate
SoS	Secretary of State

[This page is intentionally left blank]

Section One ◆ Introduction

INTRODUCTION

- 1.1 London Resort Company Holdings Ltd (the Applicant) is applying to the Secretary of State (SoS) under the Planning Act 2008 (2008 Act) for powers to construct, operate and maintain the London Resort, to include, a Leisure Core notably comprising two theme park gates, four hotels, a ‘Conferention’ centre, a linked building hosting a range of eSports, video and gaming events known as the ‘Coliseum’ and a ‘Back of House’ area. This will involve land remediation works, terrain remodelling, highway works, the creation of car parks and transport links, utility works, flood defence and drainage works, residential accommodation for Resort staff and habitat creation (together referred to as the Proposed Development). Fuller details of the Proposed Development are set out in Chapter Three – *Project description* of the Environmental Statement (ES) (document reference 6.1.3).
- 1.2 This Funding Statement is required because the *draft Development Consent Order* (draft DCO) for the Proposed Development (document reference 3.1), would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under regulation 5(2)(h) of the Infrastructure Planning: Applications: Prescribed Forms and Procedure) Regulations 2009 (as amended) (APFP Regulations) for the Applicant to provide a statement indicating how the Order containing these powers is to be funded.
- 1.3 This Statement explains how the Applicant proposes to fund the acquisition of land and rights to be acquired, as well as the implementation of the Proposed Development. It forms part of a suite of documents accompanying the DCO Application, as set out in the *Guide to the Application* (document reference 1.4). This statement should therefore be read alongside, and is informed by, those documents. In particular, this Statement supplements the *Statement of Reasons* (document reference 4.1), which justifies the compulsory acquisition powers which the Applicant is seeking and explains why, in the Applicant’s opinion, there is a compelling case in the public interest for those powers.

Section Two ◆ The Applicant

THE APPLICANT

- 2.1 The Applicant is undertaking the development and securing funding for the Proposed Development. The Applicant is a privately-owned company incorporated in May 2011, with company number 07625574 and registered office 20 Berkeley Square, London W1J 6EQ. The largest shareholder in the Company is MS Al Humaidi Ltd (Isle of Man), a holding company for the international assets of the Al Humaidi family of Kuwait. A structure chart is attached at Appendix A.
- 2.2 The Chief Executive of the Applicant is PY Gerbeau, who has an unrivalled track record in making major leisure resorts profitable – first Disneyland Paris from 1991-97, ultimately as Vice President of Operations, and then the Millennium Dome during 2000 as Chief Executive. Since then he has been Chief Executive of X-Leisure, operator of the Xscape centres and other leisure facilities.
- 2.3 The Applicant is supported by Savills on planning and land acquisition, BDB Pitmans on legal matters, WSP on transport, Apt on master planning and a number of other consultants including Buro Happold on environmental assessment disciplines.

Section Three ◆ Land Acquisition

LAND ACQUISITION

- 3.1 The development of the Resort requires the acquisition of land (freehold) and rights (including the creation of rights and the imposition of restrictions) in, under and over land, and the temporary possession of land. The land affected can be seen on the *Land Plans* (document reference 2.2), where land coloured pink is subject to freehold acquisition, land coloured light blue is subject to the acquisition of permanent rights, and land coloured orange is subject to temporary possession (land subject to both temporary possession and the acquisition of rights is hatched light blue and orange). The owners and occupiers of the corresponding parcel numbers can be found in the *Book of Reference* (document reference 4.3).
- 3.2 It should be noted that the largest land ownership affected by compulsory acquisition powers within the Kent Project Site is owned by Swanscombe Development LLP (SD LLP) and its acquisition is covered by an option agreement with the Applicant whereby compulsory acquisition powers will only be exercised in the event of non-performance by SD LLP. Additionally, the Applicant has secured the ability to acquire by Option land in the ownership of the Ebbsfleet Development Corporation (EDC) in order to complete the access corridor for the Resort Access Road. Therefore, in excess of two thirds of the land required for the Kent Project Site has been secured.
- 3.3 The Applicant remains committed to securing the remaining necessary land and rights required for the Proposed Development through voluntary agreements and is in ongoing discussions with the landowners and business owners affected by the Proposed Development. It has developed a generous compensation package for those that reach agreement with it, substituting Basic Loss and Occupiers' Loss of 10% (capped at £100,000) with an uplift of 30% (capped at £500,000) per claim. Further details of this package are set out in the *Statement of Reasons* (document reference 4.1). Although the terms on offer are enhanced the Applicant does not expect every single claimant to be prepared to agree a sale of their interest therefore the Applicant will still require compulsory acquisition powers.
- 3.4 Compulsory acquisition powers are required to acquire the freehold of certain plots, acquire and create rights in land (including imposing restrictions), and temporarily possess land to ensure that the Proposed Development can proceed without impediment.

Section Four ◆ Funding the Proposed Development

FUNDING THE PROPOSED DEVELOPMENT

- 4.1 The cost of the full exercise of the compulsory acquisition and temporary possession powers in the application is estimated to be £200m as calculated in accordance with the Compensation Code. This figure has been provided by Savills, one of the Applicant's advisers.
- 4.2 The Proposed Development is estimated to cost approximately £1.8bn to bring into operation Gate One and the development associated with the initial opening of the park. Expansion of Gate One and the construction of Gate Two and additional hotel facilities totals approximately £0.7bn. These figures have been calculated by advisors to the Applicant, and includes the land compensation figure above. The estimate covers all aspects of the Proposed Development including construction costs, preparation costs, supervision costs, equipment purchase, installation, commissioning, necessary connections and power export, and includes an allowance for inflation and project contingencies.
- 4.3 The Applicant expects the costs of bringing the project into operation to be met in the medium term through property agreements and visitor income. Visitor income will only accrue once the Resort opens, so the Applicant will meet the initial project development cost through equity and debt financing following the confirmation of the DCO.
- 4.4 Investors to fund the equity and debt financing have been identified but have chosen to remain confidential at present. A detailed financial model that was originally produced by PwC. This supports the Applicant's business plan which has been validated by the Applicant's industry-leading consultant team and scrutinised by several global institutions on behalf of investors. The model demonstrates that the Proposed Development can deliver sufficient operating revenues to allow the required debt/equity to be secured. It has been demonstrated that the London Resort would meet the investment return hurdle rate required by investor and lenders. The precise final composition and structuring of the equity and debt will be driven by the commercial conditions prevailing at the relevant time but is likely to be in the approximate ratio of 50% equity to 50% debt. The investors' commitment to fund the project will be subject to it receiving development consent.
- 4.5 Article 54 of the *draft DCO* (document reference 3.1), based on previous made DCOs such as Rookery South and Manston Airport, obliges the Applicant to demonstrate to the Secretary of State that funding instruments are in place before compulsory acquisition powers can be exercised.
- 4.6 Although the project has sufficient external investor interest to go ahead fully funded by them, any shortfall in funding the exercise of compulsory acquisition powers will be met by the Applicant's shareholders. The significant commitment, of the Al Humaidi family

and other shareholders, to the project is evidenced by its expenditure of more than £75m on its development to date. For information, LRCH's latest audited company accounts (2018) are appended at Appendix B. It is noted that the 2019 accounts will appear on the Companies House website imminently and will be provided once available.

- 4.7 The SoS can therefore be satisfied that funds will be available to meet the capital expenditure for:
- the cost of the Proposed Development;
 - the cost of acquiring land identified in the DCO; and
 - the cost of compensation otherwise payable in accordance with the DCO.

Funding claims in statutory blight

- 4.8 The only category of compensation that may fall payable before the DCO is granted is if claims in blight are made. There are estimated to be 77 land interests that may qualify under the statutory blight provisions. In general, few and usually no, blight claims are made during consideration of DCO applications. For this specific project, blight claims are additionally discouraged by virtue of the generous compensation package that is being offered as mentioned above. The Applicant estimates that £10m may be required to meet any blight claims that may fall due before the DCO is confirmed and the main project financing is secured.

Section Five ◆ Guidance relating to compulsory acquisition of land

GUIDANCE RELATING TO COMPULSORY ACQUISITION OF LAND

- 5.1 This statement complies with paragraphs 17-18 of the Ministry of Housing, Communities and Local Government’s Guidance related to procedures for the compulsory acquisition of land¹ , as follows.
- 5.2 This statement sets out the estimated costs of acquiring the land and implementing the project for which the land is required. The project is intended to be independently financially viable but will need to raise funds in advance of that position, a shortfall it will meet with investors it has already secured.
- 5.3 In terms of timing, these funds will become available upon the grant of the DCO, well within the five-year limit before compulsory acquisition powers would expire (the standard period being used by this DCO). This statement thus demonstrates that adequate funding is likely to be available to enable the compulsory acquisition during this period. It also sets out how possible acquisition resulting from a blight notice would be resourced.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/236454/Planning_Act_2008_-_Guidance_related_to_procedures_for_the_compulsory_acquisition_of_land.pdf

Section Six ◆ Conclusions

CONCLUSIONS

- 6.1 As outlined in section 5 of this Statement, the Applicant is seeking a number of powers, including powers for the Applicant to compulsorily acquire all land and rights in land that are necessary to enable it to construct, operate and maintain the London Resort.
- 6.2 The development of the London Resort could not be achieved without the use of compulsory acquisition powers.

[This page is intentionally left blank]

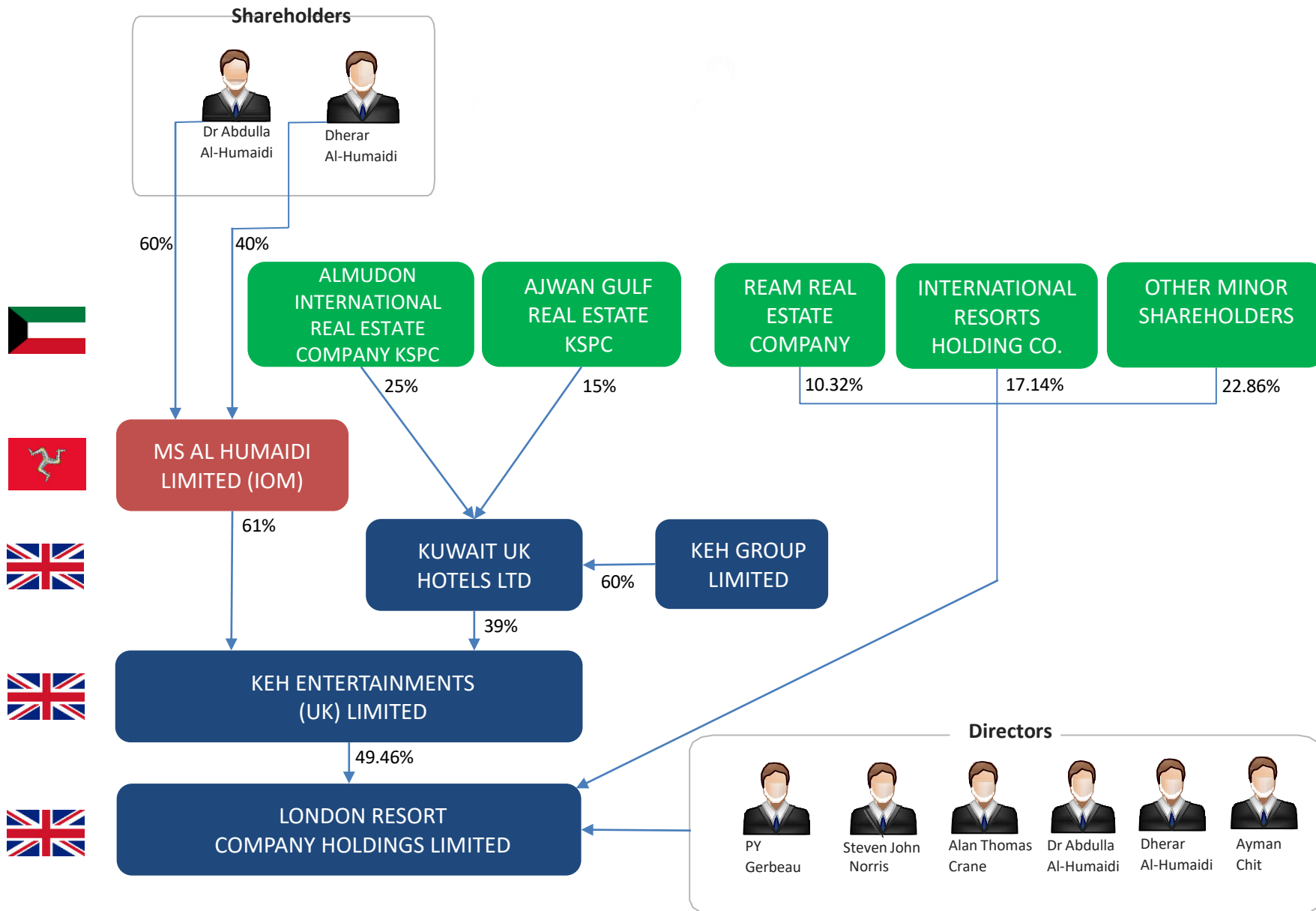
Appendices

[This page is intentionally left blank]

Appendix A – Corporate Structure of LRCH

[This page is intentionally left blank]

London Resort Company Holdings Limited structure chart



Appendix B – Accounts for LRCH

[This page is intentionally left blank]

Registered number: 07625574

LONDON RESORT COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



LONDON RESORT COMPANY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A Al-Humaidi S Norris D M S Al-Humaidi A Chit (appointed 28 August 2018) A T Crane (appointed 14 January 2019) P-Y C E Gerbeau (appointed 17 June 2019)
Registered number	07625574
Registered office	C/o Armila Capital 20 Berkeley Square London W1J 6EQ
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

LONDON RESORT COMPANY HOLDINGS LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 20

LONDON RESORT COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the company is to develop a global destination entertainment resort, which is currently in the pre-planning application phase.

Directors

The directors who served during the year were:

A Al-Humaidi
S Norris
D M S Al-Humaidi
H R Percy (resigned 5 November 2018)
A Chit (appointed 28 August 2018)

LONDON RESORT COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

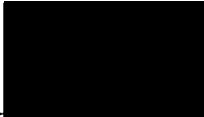
Auditors

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 DECEMBER 2019 and signed on its behalf.


A Al-Humaidi
Director

LONDON RESORT COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON RESORT COMPANY HOLDINGS LIMITED

Opinion

We have audited the financial statements of London Resort Company Holdings Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

LONDON RESORT COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON RESORT COMPANY HOLDINGS LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

LONDON RESORT COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON RESORT COMPANY HOLDINGS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Christopher Cork (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 23 DECEMBER 2019

LONDON RESORT COMPANY HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Administrative expenses		(1,702,017)	(7,929,295)
Other operating expenses		(5,912)	-
Operating loss	4	<u>(1,707,929)</u>	<u>(7,929,295)</u>
Income from fixed assets investments		-	2,980
Interest payable and expenses		(300)	(872)
Loss before tax		<u>(1,708,229)</u>	<u>(7,927,187)</u>
Loss for the financial year		<u><u>(1,708,229)</u></u>	<u><u>(7,927,187)</u></u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 9 to 20 form part of these financial statements.

LONDON RESORT COMPANY HOLDINGS LIMITED
REGISTERED NUMBER: 07625574

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	8	184,723	-
Tangible assets	9	515,455	515,455
Investments	10	100	100
		<u>700,278</u>	<u>515,555</u>
Current assets			
Debtors: amounts falling due within one year	11	4,037,033	3,656,726
Cash at bank and in hand		98,886	7,195
		<u>4,135,919</u>	<u>3,663,921</u>
Creditors: amounts falling due within one year	13	(29,864,200)	(37,499,250)
Net current liabilities		<u>(25,728,281)</u>	<u>(33,835,329)</u>
Total assets less current liabilities		<u>(25,028,003)</u>	<u>(33,319,774)</u>
Creditors: amounts falling due after more than one year	14	(1,000,000)	(1,000,000)
Net liabilities		<u><u>(26,028,003)</u></u>	<u><u>(34,319,774)</u></u>
Capital and reserves			
Called up share capital	15	165,280	109,725
Share premium account		28,608,735	18,664,290
Profit and loss account		(54,802,018)	(53,093,789)
		<u>(26,028,003)</u>	<u>(34,319,774)</u>

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

23 DECEMBER 2019


A Al-Humaidi
Director

The notes on pages 9 to 20 form part of these financial statements.

LONDON RESORT COMPANY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	109,725	18,664,290	(45,166,602)	(26,392,587)
Comprehensive income for the year				
Loss for the year	-	-	(7,927,187)	(7,927,187)
At 1 January 2018	109,725	18,664,290	(53,093,789)	(34,319,774)
Comprehensive income for the year				
Loss for the year	-	-	(1,708,229)	(1,708,229)
Shares issued during the year	55,555	9,944,445	-	10,000,000
At 31 December 2018	165,280	28,608,735	(54,802,018)	(26,028,003)

The notes on pages 9 to 20 form part of these financial statements.

LONDON RESORT COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

London Resort Company Holdings Limited is a privately owned company, limited by shares, incorporated in England and Wales.

The registered address and principle place of business is:
20 Berkeley Square
London
W1J 6EQ

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of KEHC (UK) Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a going concern basis, despite net current liabilities of £25,728,281 (2017 - £33,835,327) and net liabilities of £26,028,003 (2017 - £34,319,772).

The primary objective of the company is to, with the use of appropriate consultants and experts, secure planning permission in respect of the Entertainment Resort site, which it is seeking classification for as a National Significant Infrastructure Project. The Directors closely monitor costs required to complete the planning application, which the shareholders have agreed to support.

The company is reliant on its ultimate parent undertaking, Kuwaiti European Holding Company (K.S.C.), for continued financial support to allow it to meet its liabilities as and when they fall due.

Kuwaiti European Holding Company (K.S.C.) has confirmed that sufficient funds will be provided to finance the business for at least 12 months from the date of approval of the financial statements. On this basis the Directors continue to adopt the going concern basis in preparing the financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.6 Finance costs

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

LONDON RESORT COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Licenses are amortised over the life of the agreement.

2.10 Tangible fixed assets

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

Freehold land is not depreciated as it is deemed to have an unlimited useful life. Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Computer equipment	-	33% straight line
--------------------	---	-------------------

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

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

2.15 Financial instruments

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

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

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

LONDON RESORT COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

In preparing these financial statements, the Directors have had to make the following judgements and estimates, which are subject to uncertainty:

Recoverability of debtors

The Directors consider whether debtors are recoverable. Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that comes to attention of the Company or other factors which may also be evidence of impairment, including those arising from the course of the operations of the Company.

Contingent consideration

Contingent consideration is recognised in respect of payments due in respect of past acquisitions that are contingent on future events. The timing and likelihood of these events is subject to uncertainty and therefore subject to the judgement of the Directors.

4. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation of fixed assets	-	564
Amortisation of intangible assets	177,777	-
Impairment of fixed asset investment	-	44,736
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,500	12,083
Fees payable to company's auditor for other services	4,000	32,903
Exchange differences	3,554	(8,711)
	<u>195,831</u>	<u>80,575</u>

LONDON RESORT COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	86,737	228,063
Social security costs	9,663	28,991
Cost of defined contribution scheme	2,674	-
	<u>99,074</u>	<u>257,054</u>

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

	2018 No.	2017 No.
Employees	<u>2</u>	<u>2</u>

6. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	60,000	201,590
	<u>60,000</u>	<u>201,590</u>

LONDON RESORT COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25 %). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(1,708,229)	(7,927,187)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25 %)	(324,564)	(1,525,983)
Effects of:		
Expenses not deductible for tax purposes	43,020	9,242
Deferred tax not recognised	281,544	1,516,741
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The unrecognised deferred tax asset of £10,082,198 (2017: £8,600,388) relating to tax losses arising from trading losses carried forward will be recovered in due course if the company makes suitable taxable profits. No deferred tax asset has been recognised on the basis that the timing and level of such profits remains uncertain.

The UK Government have proposed to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020.

LONDON RESORT COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Intangible assets

	Licenses £
Cost	
Additions	362,500
At 31 December 2018	<u>362,500</u>
Amortisation	
Charge for the year	177,777
At 31 December 2018	<u>177,777</u>
Net book value	
At 31 December 2018	<u><u>184,723</u></u>
At 31 December 2017	<u><u>-</u></u>

9. Tangible fixed assets

	Freehold land £	Office equipment £	Total £
Cost or valuation			
At 1 January 2018	515,455	3,380	518,835
At 31 December 2018	<u>515,455</u>	<u>3,380</u>	<u>518,835</u>
Depreciation			
At 1 January 2018	-	3,380	3,380
At 31 December 2018	<u>-</u>	<u>3,380</u>	<u>3,380</u>
Net book value			
At 31 December 2018	<u><u>515,455</u></u>	<u><u>-</u></u>	<u><u>515,455</u></u>
At 31 December 2017	<u><u>515,455</u></u>	<u><u>-</u></u>	<u><u>515,455</u></u>

LONDON RESORT COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	100
At 31 December 2018	<u>100</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
London Resort Property Limited	Dormant	Ordinary	100%
LRCH Hotel 1 Ltd	Dormant	Ordinary	100%
LRCH Hotel 2 Ltd	Dormant	Ordinary	100%

All companies are registered at 20 Berkeley Square, London, W1J 6EQ.

11. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	-	94,736
Other debtors	643,742	204,173
Prepayments and accrued income	3,393,291	3,357,817
	<u>4,037,033</u>	<u>3,656,726</u>

Included within prepayments is £3,330,000 (2017: £3,300,000) which relates to a non-refundable long term deposit for an option the Company holds over the purchase of designated land from Swanscombe Development LLP. The company was not entitled to any of the interest accruing on this deposit. Fulfilment conditions associated with the option expired on 23 September 2018 but were extended on 22 March 2019 to 23 December 2019. The amount of £3,300,000 will be deducted from the ultimate purchase consideration.

LONDON RESORT COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	98,886	7,195
	<u>98,886</u>	<u>7,195</u>

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	4,481,989	4,550,492
Amounts owed to group undertakings	24,598,516	32,503,177
Other taxation and social security	13,599	5,404
Other creditors	399,110	100
Accruals and deferred income	370,986	440,077
	<u>29,864,200</u>	<u>37,499,250</u>

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

	2018 £	2017 £
Contingent consideration	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

Contingent consideration relates to the acquisition of Vision IP Limited. The planning conditions to which this contingent consideration is attached are expected to be fulfilled in more than one year's time.

LONDON RESORT COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
164,521,404 (2017 - 108,966,000) Ordinary shares shares of £0.001 each	164,521	108,966
758,705 (2017 - 759,000) Deferred ordinary share shares of £0.001 each	759	759
	<u>165,280</u>	<u>109,725</u>

Subject to the rights of the deferred ordinary shares, ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

On 30 July 2018 55,555,556 ordinary shares of nominal value £0.001 were issued. £0.18 per share was paid resulting in total consideration of £10,000,000.

Deferred ordinary shares on a return of capital on winding up or otherwise, entitle holders only to the repayment of the amounts paid up or credited as paid up on those shares after payment in respect of that share and £1,000,000,000. They do not otherwise entitle their holders to receive or participate in any way in any profits or assets of the company, participate in any pre-emptive offer for shares or rights to subscribe to purchase shares or confer any voting rights.

16. Reserves**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

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

17. Related party transactions

As at 31 December 2018 the company owed its parent company, KEH Entertainments (UK) Limited £Nil (2017 - £32,503,179).

As at 31 December 2018 the company owed its ultimate parent company, Kuwait European Holdings Company K.S.C. (Kuwait) £24,375,273 (2017: Nil).

Office costs of £364,906 (2017 - £365,193) were recharged on normal trading terms from Armila Capital Limited, a company under common control. As at 31 December 2018 £309,731 (2017 - £94,736) was owed by this company under normal trading terms.

Real Estate Asset Management (REAM) UK Ltd has loaned a total of £390,586 to the company in the year. The entity has a common director and the entity became a shareholder after the year end.

LONDON RESORT COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Post balance sheet events

Issue of shares

On 18 October 2019, the company issued new ordinary shares of 90,285 in exchange for consideration of £10,000,000.

Deed of variation regarding option to purchase land

On 22 March 2019, the Company paid £1m to Swanscombe Development LLP to extend an option agreement to purchase land until 2023, subject to fulfilment of certain conditions by 23 December 2019. A non-refundable prepayment in respect of this option agreement of £3,300,000 (2017: £3,300,000), which will be deducted from the eventual purchase consideration, is recognised by the Company within debtors due within one year.

Swanscombe Development LLP is entitled to terminate the option on or after 24 December 2019 should the fulfilment conditions not be met by 23 December 2019. The conditions required in the option agreement were not met at the date of approval of these financial statements.

License extinguished

On 2 May 2019, a license held by the Company with a net book value £55,556 as at 31 December 2019 was terminated.

19. Controlling party

The company is controlled by Dr A Al-Humaidi by virtue of his majority shareholding in Kuwaiti European holding Company (K.S.C.), the ultimate parent company.

The company is a subsidiary of KEH Entertainments (UK) Limited, which is the immediate parent company. KEH Entertainments (UK) is a subsidiary of KEHC (UK) Limited which prepares group accounts, incorporated in England and Wales. The ultimate parent company is Kuwaiti European Holding Company (K.S.C.) incorporated in Kuwait which contains the largest group accounts.

Copies of the consolidated accounts for KEHC (UK) Limited are available from Companies House. The registered office of KEHC (UK) Limited is the same as the company which is provided on the company information page.

Copies of the group accounts for Kuwaiti European Holding Company (K.S.C.) are available from Salhiya Complex, Entrance 8, 2nd floor, Mohammed Thunatan Al Ghanem Street, Kuwait City, Kuwait.