

PARENT ACCOUNTS OF:

FIRSTPORT BESPOKE PROPERTY SERVICES LIMITED
Company Number: 1623496

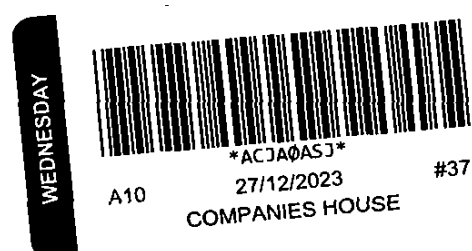
EMERIA RES UK LIMITED

Annual Report and Financial Statements

Period Ended

31 December 2022

Company Number 13718546



EMERIA RES UK LIMITED

Company Information

Directors	Phillippe Salle Hodlon Limited
Registered number	13718546
Registered office	2 Snowhill 7th Floor Birmingham United Kingdom B4 6GA
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London United Kingdom WC2N 6RH
Bankers	NatWest Group 156 High Street Southampton Hampshire SO14 2NP

EMERIA RES UK LIMITED

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EMERIA RES UK LIMITED

Group Strategic Report For the Period Ended 31 December 2022

A strong period of growth and resilience supported by tech enabled capabilities

The directors present the Strategic Report together with the audited financial statements for the period ended 31 December 2022.

Principal activities

Emeria RES UK Limited ("Company") is a holding company that heads up the UK division of the Emeria Group ("Emeria"). Emeria is the world's leading provider of real estate services and technologies, providing services to both individuals and businesses. Emeria operates mainly in Europe in 8 countries and provides competitive and comprehensive services in block management, sales, leasing & renting. On 18 August 2022, Emeria RES UK Newco Limited, a direct subsidiary of Emeria RES UK Limited, acquired 100% of the share capital of Drive Topco Limited ("FirstPort Group" and now collectively, "Emeria UK" and the "Group"). The financial statements therefore reflect the 13 month period from incorporation which includes trading for the 4-and-a-half-months period since the acquisition of the Emeria UK Group on 18 August 2022.

This report will mainly provide commentary on the 2022 full year performance of the Emeria UK Group which includes the 7-and-a-half-months pre-acquisition period of the FirstPort Group, being 1st January – 18th August 2022, along with the 4-and-a-half-months period since the acquisition. This is to allow for meaningful analysis and demonstrate the strength of the business as the financial statements are not a full year set of results of the trading business.

Review of business

Emeria UK is one of the UK's largest residential property service businesses with over 40 years' experience and a large, well-served customer base. Our principal activity can be segmented into four key divisions:

- **FirstPort** - Our residential offering encompasses procuring and delivering services to residential customers in communal developments – from blocks of apartments to estates of houses. FirstPort exited 2022 managing 325,000 homes across 5,900 developments.
- **Mainstay** - Our client-based offering encompasses the management of residential and commercial assets for our investor client base. These services include but are not limited to asset management, ground rent collection, consulting, and surveying.
- **Campions** – Our lettings and estate agency offering encompasses the management of landlords' property. We provide a professional and hassle-free service to landlords wishing to let out their property. We currently manage 3,500 properties on behalf of landlords.
- **Knight Square** – Our specialist insurance broker offering encompasses procuring a range of insurance products that have been designed specifically with leaseholders, landlords, tenants, and management companies in mind.

All four divisions are supported by a centralised professional back-office team that provide their expertise across a wide range of areas to ensure customers and clients receive the exceptional service required.

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Group Strategic Report (continued) For the Period Ended 31 December 2022

Five-star Health and Safety and ISO45001

The Group has achieved a five-star Health and Safety rating from the British Safety Council for six consecutive years, in addition to the British Safety Council's prestigious Sword of Honour in 2019. 2022 was no different and the Group was awarded a seventh consecutive five-star Health and Safety rating. The Group also achieved ISO 45001 certification for the second year in a row, further establishing its commitment to Health and Safety. The awards demonstrate not only that the Group has strong safety management systems and processes in place, but also has a company-wide culture of recognising and responding well to the risks of managing complex home environments along with many users and stakeholders. Everyone in the company is proud of this 'safety first' culture and remains committed to it.

We take our safety obligations across office, operational, and development sites very seriously, along with the risks to staff travelling between locations. These obligations extend to staff, residents, visitors, contractors, and members of the public. Risks are mitigated by our strong policies and health and safety culture, a safety risk register, continuous training and monitoring, and reporting of accidents and near misses.

Developments

2022 was again a challenging year. The year began by slowly coming out of the lockdown induced by the COVID-19 pandemic. As the economy and supply chains recovered, Russia invaded Ukraine in March 2022. The war continues to evolve and is increasingly affecting economic and global financial markets, exacerbating ongoing economic challenges and inflation. Management has considered the rising inflation in the latest forecasts for 2023 and beyond.

Acquisitions

The Group continued to grow acquisitively after being acquired by Emeria on 18 August 2022. On 12 October 2022, the Group acquired 100% of the share capital of Kavanaghs (Residential and Commercial Agents) Limited ("Kavanaghs") and on 13 December 2022, the Group acquired 100% of the share capital of Chase Buchanan Limited ("Chase Buchanan"). The combined acquisitions added approximately 1,500 properties to our Champions lettings division, further strengthening our lettings offering.

On 1 November 2022, the Group acquired 100% of the share capital of DJC Property Management Limited and DJC Secretarial and Maintenance Limited (together "DJC"). This added approximately 7,000 homes to the FirstPort division, and we aim to ensure that their residents benefit from the combined skills that will be nurtured together to deliver their service.

In a fragmented market needing investment to support increasing safety and regulatory standards, along with consumers requiring 24x7 and on-line service, further industry consolidation to secure access to key skills is a logical way forward. Our strategy combines the local talent and knowledge of smaller managers with the scale benefits and expertise of a nation-wide organisation able to invest in the future.

Our People

We recognise that our people play a leading role in our service delivery and are central to how our brand is experienced in homes and in society. We are proud that our people bring diverse skills and experiences yet are united in their professionalism and dedication to caring for customers' home environments in shared living communities. The growth in our business brings ever more diversity to celebrate and that growth saw the number of colleagues expand to almost 4,000 employees, all of whom have helped us become the business we are today.

We truly believe in the people we employ and, to support that belief, offer a wide range of tools and options to help them develop and progress their careers in the Group. We place great importance on ensuring colleagues are trained and able to realise their potential. Our management process helps identify any additional training required to help colleagues pursue and remain competent in their roles. Our e-learning platform includes modules designed to make sure we all act in a lawful and compliant way while conducting day-to-day duties including data privacy, anti-bribery and anti-money laundering, modern slavery, and health and safety legislation.

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Group Strategic Report (continued) For the Period Ended 31 December 2022

Our people (continued)

To support employee growth, online training modules also include a range of personal development topics, from presentation and time-management skills, through to becoming a supervisor, to how to lead, mentor and coach others. Other routes to develop our people include a well-regarded graduate scheme, face-to-face training, involvement in projects and assignments, and webinars. Additionally, we operate a robust and active equal opportunity policy and pride ourselves on our diverse workforce. Our employees successfully bring together different competencies, skills and specialisms, educational backgrounds, ethnicity, religious beliefs, and physical abilities, and we judge performance without prejudice or discrimination. All colleagues are welcomed and supported in our inclusive culture that also enables and supports the recruitment of disabled workers. We continue to support our employees to pursue relevant professional qualifications, particularly with the Institute of Residential Property Management (IRPM). Should an existing employee's circumstance change or in the event of employees becoming disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, support, career development and promotion wherever possible.

Our commitment to our employees is unwavering and we have again seen that recognised by the Top Employers Institute. Following a rigorous assessment in late 2022, the Group has been named one of the UK's 2022 Top Employers – a prestigious certification that we have now achieved for five consecutive years.

As a business we consult and discuss with colleagues, both individually and collectively, about any matters likely to impact their interests. We value open communication, with important information and updates shared with employees through regular news bulletins, as well as monthly UK CEO and executive updates, to ensure all our colleagues are aware of changes affecting our business. The Group also operates an annual bonus plan to encourage the involvement of employees.

We understand the importance of physical and mental wellbeing, and this is more important than ever in the unprecedented circumstances that the UK and the World have faced. Our employees' health and wellbeing are supported through our Employee Assistance Programme, as well as colleagues trained as Mental Health First Aiders.

Group financial performance

	Four and half month trading period ended 31 December 2022	Pro Forma 12 month ended 31 December 2022
	£'000	£'000
Revenue	40,205	107,930
Adjusted EBITDA	11,065	28,755

The table above shows the Key Performance Indicators and alternative performance measures used by management to monitor the performance of the Group.

Pro forma figures include the acquisition of the FirstPort Group as if it had been acquired on 1 January 2022 to show what a full year's result would look like. The acquisition completed on 18 August 2022.

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Group Strategic Report (continued) For the Period Ended 31 December 2022

Revenue

Group revenues for the four and a half month trading period were £40.2m. and £107.9m on a pro forma 12 month basis. This was in line with management expectations across all four divisions. FirstPort division revenues were £29.8m in the four and a half month trading period. The Business Development function had a strong end to the period adding 2,000 wins in homes between October and December 2022. The order book closed in 2022 to 101,500 homes which is expected to largely unwind in the next 5 years.

Mainstay revenues were £8.2m for the four and a half month trading period, as per management expectations. Our two main contracts for our asset management and facilities management clients performed as expected.

Revenues for Knight Square Insurance and Campions were £0.9m and £1.3m respectively in the four and a half month trading period.

Loss for the year

After interest, other operating expenses and tax, the Group made a loss of £22.5m.

Adjusted EBITDA

The Group's adjusted EBITDA* for the four and a half month trading period was £11.1m, a breakdown of which is shown in note 6. On a pro forma 12 month basis, adjusted EBITDA was £28.8m. The Group has a strong ability to absorb organic and acquisitive growth due to a scalable cost base in the back office. We are also seeing that our acquisitive growth is bringing in broader and specialised skillsets providing opportunities for growth in the future.

**Adjusted EBITDA excludes all costs that do not reflect the underlying performance of the business: interest expense, taxation, depreciation, amortisation, gain / loss on disposal of assets, exceptional items, group management charges & share based payments.*

Financial Position

The Group carefully monitors cashflow and has robust cash forecasting processes in place. At 31 December 2022, the Group had cash balances of £10.1m. Borrowings (excluding preference shares) totalled £299.4m. These loans are long-term intercompany debt owed to parent Emerica companies. The loans are made up of €337.5m denominated in euros (translated at the end of 2022 to £299.4m) and £7.2m denominated in pound sterling. The loans are a bullet loan and are not due for repayment until 25 March 2028. The interest for this loan is based on EURIBOR plus a margin that varies from 3.75% - 5.25% based on the Emerica Group's net leverage ratio.

EMERIA RES UK LIMITED

Group Strategic Report (continued) For the Period Ended 31 December 2022

Principal Risks and Uncertainties

The Group's principal risks and uncertainties are set out in the table below together with their potential impact on our business and the measures we take to manage and mitigate them.

Risk	Risk Description	Mitigation
Health and safety ("H&S")	The risk of breaches of H&S standards resulting in injuries, environmental damage or physical damage to property leading to financial penalties, reputational damage and delays to site related activities	<ul style="list-style-type: none"> Dedicated H&S team under the guidance of skilled H&S Director Robust H&S culture with safety risk register
Contract retention	The risk associated to the dependency on key client/customer contracts and the loss of contracts	<ul style="list-style-type: none"> Delivery of high-quality customer service under standardised 'four pillars' approach Maintaining a regular dialogue with individual and business customers Commitment to the principles set out in its Customer Charter
Reputation	The risk of damage to brand name or reputation either through our people, our behaviours or third parties acting on our behalf	<ul style="list-style-type: none"> Improvement in customer service and clear complaints processes reduce the risk of issues escalating Monitoring and responding to customer feedback on employees and third party supplier services Policies and whistle-blower hotline
Economic risks and changes in market dynamics	Failure to respond effectively to developments in the broader economy, competition and other market or fiscal dynamics, including rising inflation, Brexit and the COVID-19 pandemic	<ul style="list-style-type: none"> Resilient UK based business model Significant experience and expertise in chosen markets Frequent review of competition Market insight and intelligence Most of our contracts are either subject to an annual pricing assessment or contain inflation adjustment mechanisms, which allow us to effectively pass-through inflationary impact to our customers
Financial management	Failure to maintain appropriate financial controls throughout the business, including the management of debt covenants, our exposure to interest rate increases (most of our indebtedness bears a floating rate of interest), credit risk, fraud risk and taxation	<ul style="list-style-type: none"> Experienced finance team Financial control environment Close monitoring of financial performance, debt covenants and credit risk by senior management Board oversight of financial performance
Systems dependence and business continuity	The risk associated with the non-delivery and future-proofing of our technology, including the potential impact of business interruption through systems and facilities	<ul style="list-style-type: none"> Investment in appropriate technology and staff IT governance structure IT resilience and disaster recovery plans designed to restore service Business continuity plan for each business operational office Cyber security accreditation

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Group Strategic Report (continued) For the Period Ended 31 December 2022

Risk	Risk Description	Mitigation
Principal Risks and Uncertainties (Continued)		
Legal and regulatory compliance	The risk of failing to comply with relevant laws, regulations and Standards including Anti-Money Laundering, Corporate Criminal Offences, Gender Pay Reporting and Modern Slavery	<ul style="list-style-type: none"> • Employment of qualified advisors both internally and externally who report regularly to the Board about all significant legislative changes in the UK • Development of internal policies and procedures to ensure adequate capture of legal and regulatory compliance issues • Maintenance of risk register for all current regulatory issues • Training programmes for staff
People Risk	The risk that we fail to attract and retain high calibre employees in order to deliver on all aspects of our strategy	<ul style="list-style-type: none"> • HR strategy encompassing recruitment, reward, retention, talent development and performance management • Succession planning for middle and senior management • Regular review of top talent in the organisation regardless of level by all executive members
Data protection and privacy risk	The risk of the loss or misuse of customer or employee data	<ul style="list-style-type: none"> • Information security policies encompassing data protection • Investment in appropriate technology and staff • General data protection regulation (GDPR) steering committee • Breach register and ICO registration

Environmental

We are always looking for ways to manage the impact our operations have on our environment and continue to seek methods to neutralise our carbon emissions. Our approach actively manages, and looks to continuously improve, our emissions, energy, waste management, recycling and any other aspect that touches our colleagues, customers, clients and suppliers. For example, we use video and telephone conferencing facilities rather than travel to meetings, where possible, and we take time to identify practical ways to reduce the environmental impact of our communications to our customers through our newly deployed digital capabilities.

In 2022, we obtained ISO 14001, the international standard for the environment which is an important standard to help us increase environmental awareness and minimise our impact on Earth. Being certified to ISO 14001 illustrates to our customers, suppliers and external stakeholders that the Group is committed to being an environmentally sustainable organisation, which can inspire both increased sales, as well as overcoming regulatory barriers. Regulators and customers alike are increasingly demanding environmental impacts be taken into account by the organisation they're purchasing from or working with.

EMERIA RES UK LIMITED

Group Strategic Report (continued) For the Period Ended 31 December 2022

Streamlined Energy and Carbon Reporting

We have worked tirelessly to reduce our carbon footprint to support the delivery of a sustainable, low carbon economy. The Group have an ESG committee to support not only its environmental objectives but also social awareness and overall good governance. The ESG committee look at ways to reduce emissions and one of the key actions has been to promote flexible working to reduce travel and therefore related carbon emissions.

We measured our total greenhouse gas emissions across our offices, directly and indirectly, to cover a 12-month period between 1 January 2022 to 31 December 2022. This ensured compliance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) regime.

The Group's energy use and associated GHG emissions from electricity and fuel across our UK offices can be found in the table below, along with scope calculations aligned to the Greenhouse Gas Protocol. Within this protocol, we have chosen an operational control approach and have used the UK government emission factors for 2022 for all our emission sources.

	2022 Energy Usage (kWh)	2022 Emissions (tCO2e)
Natural Gas (scope 1)	14,272	4.4
Electricity (scope 2)	264,621	49.6
Transport fuels - company vehicles (scope 1)	4,602	1.2
Transport fuels - grey fleet (scope 3)	559,425	248.4
	842,920	303.5

2022 carbon emission intensity

Intensity benchmark	Number of employees	Emissions intensity
Carbon emissions intensity per employee	3,621	0.08

Financial risk management

The Group's operations expose us to a variety of financial risks that include the effects of credit, liquidity, cashflow and interest rate risk. There are robust controls in place to limit any adverse impact on our Group's performance by monitoring potential financial risks.

The Group's interest rate risk exposure arises mainly on the intercompany loan between Emerica RES UK Newco Limited (as borrower) and Emerica (as Lender) set up for the purpose of financing the acquisition of Drive Topco Limited and which is indexed to three-month EURIBOR. To the extent that interest rates were to increase significantly, as a result of changing macro-economic conditions, the interest expense could correspondingly increase, thereby reducing cash flows. We have a large base of UK residential and commercial customers, which reduces the concentration of credit risk. Where we transact with corporate customers, our credit control teams follow strict processes for managing and mitigating the risk of non-payment of charges.

The Group has cash management and forecasting processes in place to manage cashflow and liquidity within our existing financing.

EMERIA RES UK LIMITED

Group Strategic Report (continued) For the Period Ended 31 December 2022

Corporate governance and reputation of high standards of business conduct

The Wates Corporate Governance Principles (the "Wates Principles") for large private companies have been used to benchmark the Group's governance structure. The Group will continue to work towards improving its corporate governance practices in line with the Wates Principles and drive to meet these standards.

During the year, the Group received ISO 9001 certification. ISO 9001 is the international standard for quality. It gives our customers confidence that we are working to systems and procedures that will provide them with a high standard of customer service. Implementing an effective and robust ISO 9001 Quality Management System (QMS) will help the Group to focus on the important areas of our business and improve efficiency. The 9001 quality management processes that are established throughout the Group will provide a sound foundation, leading to increased productivity and profit.

Statement on the Directors' performance of their statutory duties in accordance with s172 (1) Companies Act 2006

The Director of the Company act in accordance with a set of general duties, which are detailed in the UK Companies Act 2006. These include a duty to promote the success of the Group for the benefit of its members as a whole and to consider (amongst other matters):

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Group.

The following paragraphs summarise how the Director fulfils their duties:

Decision-making

Decision making for the Group is delegated to the Emerica UK Chief Executive Officer and the UK senior executive management team. The UK CEO has monthly meetings with Emerica's Group Chief Executive Officer and Chief Financial Officer to ensure that strategic plans are followed. The plan and strategy form the basis for financial budgets, resource plans and investment decisions. When making decisions relating to the business plan and future strategy, various stakeholders are considered along with the consequences of decisions to the Group's reputation.

Key actions are taken and communicated to the senior management team regularly along with the wider business to ensure transparency and to maintain focus on the business' key strategic goals. Monthly communication emails are sent by the UK CEO and the group intranet is constantly updated with company updates, news and other media to keep our people engaged.

Employees

Employees are the Group's most valuable asset and are central to the success of the Group. For the business to succeed, it needs to manage employees' careers, offer opportunities for learning and development and ensure success is recognised.

The Group continues to focus on wellbeing, whilst also placing an emphasis on employee communications. Initiatives include: a monthly communication round up, a number of roadshows scheduled across the four divisions, and regular updates to the Group's intranet site.

The Group has a Workstars platform where employees can be recognised for their success. This provides real-time recognition which is central to the way we work. In addition, the Group held its first annual Emerica UK awards ceremony in October 2023, which gave the opportunity for the business to recognise our people across all divisions for their hard work, service and dedication.

EMERIA RES UK LIMITED

Group Strategic Report (continued) For the Period Ended 31 December 2022

Employees (continued)

We understand from surveys undertaken that our people want flexibility in how and where they work. The Group has a hybrid working practice across the business to give our people that flexibility. In regards to career progression and learning and development, one of our focus areas has been to introduce comprehensive leadership development programs for every level of our managers and leaders. These are twelve month programs which are designed to enhance management and leadership skills, improve communication, and foster a culture of collaboration.

As we have a dispersed employee population, we recognise that our management and leadership capability is paramount in our employee engagement, which our last engagement survey reinforced and this is why this has been a significant focus for us. We launched three programmes during the year and we currently have 30 managers on these programmes. We aim to have a further 50-60 join the programmes over the next couple of years, with our continued ambition to have approximately 80 of our managers & leaders participating in these programmes in any given year.

M&A opportunities are generally confidential by nature, however management gains assurance of these decisions from an employee perspective through a senior due diligence team that are close to the operations. An assessment on culture and long term fit of any potential M&A opportunities is also carried out to gain comfort that no major conflicts will arise. Following a detailed due diligence process, a presentation and report is submitted to the UK CEO and senior executive management team summarising findings thereby allowing an informed decision to be made based on what is best for both the Group and its employees.

The Group aims to ensure everyone is treated fairly and equitably and there are arrangements in place to prevent discrimination in the workplace. A dedicated HR team is available to support employees and there is a dedicated whistleblowing hotline if an employee wishes to raise a serious matter, this can be done anonymously. Any matters arising from any whistleblowing is recorded in our whistleblowing register and reviewed by the Risk & Governance Committee, a sub-committee of the Executive Management Board.

Our employees have access to our Employee Assistance Programme, which is managed by an independent third party, as well as internal colleagues trained as Mental Health First Aiders.

Our e-learning platform is well utilised from an induction and training compliance perspective. Training subjects include data privacy, anti-bribery and anti-money laundering, modern slavery and health and safety legislation.

Corporate Social Responsibility, Community and Environment

We are strongly aware of our social responsibility and the impact we have on the environment and the communities we serve. The Group has partnered with mental health charity, Mind, and their equivalent in Scotland, SAMH and we actively encourage employees to support the communities and charities they are close to.

For further details on our environmental responsibility, please see page 7.

Stakeholder Engagement

The Group ensures that positive stakeholder engagement exists at all levels across the business, and that decisions put customers first. However, with a wide stakeholder base that includes customers, clients, suppliers, employees and society more widely, decisions also take all of these audiences into account. The size and distribution of our stakeholders and our Group means that stakeholder engagement often takes place at an operational level.

Senior management hold monthly meetings with key clients to review our services in their respective portfolios. This enables us to highlight any issues raised by our clients and act transparently.

EMERIA RES UK LIMITED

Group Strategic Report (continued) For the Period Ended 31 December 2022

Stakeholder Engagement (continued)

Due to the nature of the services we offer, we have a diverse mix of large national suppliers and local suppliers. Whilst engagement with our suppliers mainly takes place at an operational level through our centralised procurement team, any developments which could materially impact the organisation are reported back to the UK CEO and senior executive management team. Management will also review and approve key material contracts with its supply chain.

Customer research is conducted with both residential customers and resident management company directors to ensure the business understands what's important to these stakeholders.

Engagement in Action

Throughout 2022, we held:

- Internal staff committee meetings to discuss health and safety and the ways it can be improved across both the business and the developments in our care. The findings were presented back to the UK CEO and senior executive management team who discussed the requirements to attain ISO 45001 certification.
- A formal ESG committee which meets once a quarter. Informal meetings between ESG committee members are held every two weeks. Updates to the UK CEO are provided and approval sought where appropriate.
- Regular engagement between our senior executive members and all employees through monthly emails and internal social media system / intranet accessible for all employees to view and provide feedback on.
- The Group introduced comprehensive leadership development programmes for every level of managers and leaders and we currently have 30 leaders on these programmes. This was a key piece of feedback from an employee survey carried out at the end of 2021 to improve career pathways for the Group's employees.
- Monthly meetings with key clients with their progress reported back to the senior executive management team. The meetings have allowed our service model and proposition to evolve with our customers' needs and continue to improve our service offering in the market.
- Meetings with key suppliers to review service levels to ensure good service delivery. These provided a better understanding for suppliers around our business and goals, enabling a mutually beneficial sustainable relationship. They also gave suppliers the opportunity to showcase where else they may be able to support us.
- We shared the findings of our second annual Resident Director Survey. The report provided an insight into the role of Resident Directors and explored what the future may hold for resident managed developments. In late November 2022, we launched our third survey, inviting Resident Directors to comment on their experiences, expectations, and priorities in the role. The results and insights from this survey were published in March 2023.

EMERIA RES UK LIMITED

Group Strategic Report (continued)
For the Period Ended 31 December 2022

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



.....
Philippe Sale
Director

Date: 13/12/2023

EMERIA RES UK LIMITED

Directors' Report For the Period Ended 31 December 2022

The directors present their report and the audited consolidated financial statements for the period from incorporation on 2 November 2021 to 31 December 2022.

Principal activities and business review

A review of the business and its principal risks and uncertainties is set out in the Strategic Report on pages 1-11 of these financial statements.

Results and dividends

The loss for the period, after taxation, amounted to £22,490k.

The directors do not recommend payment of a dividend in the current period.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Phillippe Salle (appointed 2 November 2021)
Hodlon Limited (appointed 2 November 2021)

Future developments

The future developments of the business are discussed in the Strategic Report on page 2.

Going Concern

The Group is the UK division of the Emerica Group ("Emerica") & manages its day-to-day working capital requirements through Emerica. The Group does have long term loans due to Emerica which are not due for repayment until March 2028. The Group has considered the key factors that could have an impact on trading and whether an adverse change in these factors could affect the Group's ability to meet its liabilities. The Group has a considerable number of on-going management contracts in FirstPort, and accordingly the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its own means for a period of at least 12 months from the signing date of these accounts.

As part of assessing the ability to continue as a going concern, the Group has also considered any related potential downturn on its business. During this assessment, the Group conducted an alternative forecast considering a severe but plausible change in trading performance to the end of December 2024. The model assumed a significant reduction in its transactional revenue lines with no cost reduction methods projected to offset the impact. In this "severe" scenario, sufficient liquidity and cash generation was demonstrated. The Group operates a resilient business and has the capabilities to continue to operate for the foreseeable future and for at least a period of twelve months following the date of approval of these financial statements.

Financial risk management

Information on financial risk management is included in the Strategic Report on page 6.

Employees

Information on employees is included in the Strategic Report on pages 8-9. Further information on employee engagement is included in the s172 (1) statement in the Strategic Report on page 10.

EMERIA RES UK LIMITED

Directors' Report (continued) For the Period Ended 31 December 2022

Stakeholder engagement and principal decisions

Information on stakeholder engagement and principal decisions is included in the s172 (1) statement in the Strategic Report on pages 8-9.

Disabled employees

Information on disabled persons is included in the Strategic Report on page 3.

Qualifying third party indemnity provisions

The Group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Group. This is a qualifying third party indemnity provision made for the benefit of its directors during the period. These provisions remain in force at the date of approval of the financial statements.

Statement of corporate governance arrangements

Please refer to 'Corporate governance and reputation of high standards of business conduct' within the Group Strategic Report.

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 and the Group'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 and the Group's auditors are aware of that information.

EMERIA RES UK LIMITED

Directors' Report (continued) For the Period Ended 31 December 2022

Post balance sheet events

On 2nd February 2023, the Group made an asset purchase from PR Bradford on Avon Ltd (formerly Kingstons Lettings Limited) for a cash consideration of £228k.

On 6th March 2023, the Group acquired 100% of the issued share capital of Alexander Faulkner Partnership Limited for a cash consideration of £5,672k.

On 31st March 2023, The Group made an asset purchase from Capital Block Management London Limited (formerly Hawk Block Management Limited) for a cash consideration of £800k.

On 31st March 2023, the Group acquired 100% of the issued share capital of Stuart Mackenzie Residential Limited for a cash consideration of £388k.

On 15th May 2023, the Group acquired 100% of the issued share capital of MP Estate Agents Limited and MP Sales and Lettings Limited for an initial cash consideration of £292k and £1,332k respectively.

On 23rd May 2023, the Group acquired 100% of the issued share capital of Matthews of Chester Holdings Ltd for a cash consideration of £511k.

On 16th October 2023, the Group acquired 100% of the issued share capital of Featherstone Leigh Limited for an initial cash consideration of £7,181k.

On 23rd October 2023, the Group acquired 100% of the issued share capital of Chesterton UK Services Limited for an initial cash consideration of £99,602k.

On 31st October 2023, the Group acquired 100% of the issued share capital of Stewart Hunter Ltd for an initial cash consideration of £417k.

On 6th November 2023, the Group acquired 100% of the issued share capital of Now Survey (Southern) Ltd for an initial cash consideration of £598k.

During 2023, the Group commenced a review of its IT systems, considering the increased volume of acquisitions and to integrate these acquisitions more efficiently. Management decided to achieve a simpler and reduced stack of IT systems to enable, improve and increase the agility of integrating acquisitions at pace onto the Group's systems. As a result, the Group decided to write off the full amount of its internally generated software asset as some of the systems that form part of this asset will no longer be used. As those systems are integrated with one another and the asset recognised was related to time spent and third-party costs in relation to coding and enabling the integration of those systems, reducing the number of systems being used results in the asset having no further value to the Group. As at the balance sheet date, 31 December 2022, the net book value of this asset was £16,412k which has subsequently been written off in 2023.

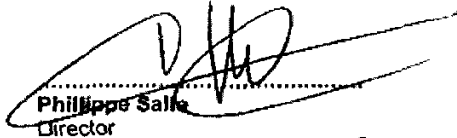
Independent auditors

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

EMERIA RES UK LIMITED

Directors' Report (continued)
For the Period Ended 31 December 2022

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


Philippe Salla
Director

Date: 13/12/2023

EMERIA RES UK LIMITED

Directors' Responsibilities Statement For the Period Ended 31 December 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

EMERIA RES UK LIMITED

Independent Auditors' Report to the Members of EMERIA RES UK LIMITED

Opinion

In our opinion, Emerica RES UK Limited's Group financial statements and Parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2022 and of the Group's loss and the Group's cash flows for the 13 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process by which the forecasts were prepared and confirmed that they had been approved by appropriate individuals within the finance function;
- Evaluating the key assumptions in the forecasts by performing sensitivities and looking at the trends and relationships;
- Testing the forecast revenue and EBITDA figures with reference to the assumptions made in relation to price and churn;
- Comparing the prior year forecasts of the legacy Drive Topco Limited Group against current year actual performance to assess management's ability to forecast accurately;
- Considering the impact of key changes in the business during the Going Concern period of assessment and evaluating the financial impact of these; and
- Assessing the disclosures provided relating to the going concern basis of preparation. We found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

EMERIA RES UK LIMITED

Independent Auditors' Report to the Members of EMERIA RES UK LIMITED (continued)

Conclusions relating to going concern (continued)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

EMERIA RES UK LIMITED

Independent Auditors' Report to the Members of EMERIA RES UK LIMITED (continued)

Responsibilities for the financial statements and the audit (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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of employment laws, health and safety regulations and data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in relation to areas of judgement and significant accounting estimates; including the classification of costs as exceptional, and the valuation of identified intangibles arising from the acquisition accounting for the acquisitions made within the year;
- Testing journal entries meeting set risk criteria, in particular any journal entries posted with unexpected account combinations resulting in a credit to revenue or cost, or journal entries containing unusual words;
- Incorporating elements of unpredictability into the audit procedures performed; and
- Review of board minutes throughout the period and legal costs incurred to understand if these are indicative of any wider non-compliance or fraud matters.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

EMERIA RES UK LIMITED

Independent Auditors' Report to the Members of EMERIA RES UK LIMITED (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 December 2023

EMERIA RES UK LIMITED

Consolidated Statement of Comprehensive Income For the Period Ended 31 December 2022

	Note	For the period from 2 November 2021 to 31 December 2022 £000
Turnover	4	40,205
Cost of sales		(2,078)
Gross profit		38,127
Administrative expenses		(51,743)
Operating loss	5	(13,616)
Interest receivable and similar income	10	14
Interest payable and similar expenses	11	(9,269)
Loss before taxation		(22,871)
Taxation	12	381
Loss for the financial period		(22,490)
Loss for the period attributable to:		
Owners of the parent company		(22,490)
		(22,490)

There were no recognised gains and losses for 2022 other than those included in the Consolidated Statement of Comprehensive Income

The notes on pages 29 to 71 form part of these financial statements.

EMERIA RES UK LIMITED

Registered number:13718546

**Consolidated Statement of Financial Position
As at 31 December 2022**


	Note	2022 £000
Fixed assets		
Intangible assets	13	449,204
Tangible assets	14	2,249
		<u>451,453</u>
Current assets		
Debtors, amounts falling due within one year	18	16,279
Cash and cash equivalents	19	10,132
		<u>26,411</u>
Current liabilities		
Creditors, amounts falling due within one year	20	(46,796)
Net current liabilities		<u>(20,385)</u>
Non-current liabilities		
Creditors, amounts falling due after more than one year	21	(304,021)
Provisions for liabilities		
Deferred taxation	23	(49,355)
Other provisions	24	(611)
		<u>(49,966)</u>
Net assets		<u><u>77,081</u></u>
Capital and reserves		
Share capital	25	100,408
Profit and loss account	26	(23,327)
Total equity		<u><u>77,081</u></u>

EMERIA RES UK LIMITED

Registered number:13718546

Consolidated Statement of Financial Position (continued)
As at 31 December 2022

The financial statements on pages 21 - 71 were approved and authorised for issue by the board and were signed on its behalf by:


.....
Philippe Sale
Director

Date: 13/12/2023

The notes on pages 29 to 71 form part of these financial statements.

EMERIA RES UK LIMITED

Registered number:13718546

**Company Statement of Financial Position
As at 31 December 2022**

	Note	2022 £000
Non-current assets		
Investments	15	1,734
Debtors: amounts falling due after more than one year	18	100,444
Current assets		
Debtors: amounts falling due within one year	18	6,269
Cash and cash equivalents	19	88
		<u>6,357</u>
Current liabilities		
Creditors: amounts falling due within one year	20	<u>(4,921)</u>
Net current assets		1,436
Creditors: amounts falling due after more than one year	21	(832)
Net assets		<u>102,782</u>
Capital and reserves		
Share capital	25	100,408
Profit and loss account	26	2,374
Total equity		<u>102,782</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the period was £2,374k.

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



Philippe Saffa
 Director

Date: 13/12/2023

The notes on pages 29 to 71 form part of these financial statements.

EMERIA RES UK LIMITED

Consolidated Statement of Changes in Equity For the Period Ended 31 December 2022

	Share capital £000	Profit and loss account £000	Total equity £000
At 2 November 2021	-	-	-
Comprehensive loss for the period			
Total comprehensive loss for the period	-	(22,490)	(22,490)
Contributions by and distributions to owners			
Shares issued during the period (See note 25)	100,408	-	100,408
Assumption of minority interest	-	(837)	(837)
At 31 December 2022	100,408	(23,327)	77,081

The notes on pages 29 to 71 form part of these financial statements

EMERIA RES UK LIMITED

Company Statement of Changes in Equity For the Period Ended 31 December 2022

	Share capital £000	Profit and loss account £000	Total equity £000
At 2 November 2021	-	-	-
Comprehensive income for the period			
Total comprehensive income for the period	-	2,374	2,374
Contributions by and distributions to owners			
Shares issued during the period (See note 25)	100,408	-	100,408
At 31 December 2022	<u>100,408</u>	<u>2,374</u>	<u>102,782</u>

The notes on pages 29 to 71 form part of these financial statements.

EMERIA RES UK LIMITED

Consolidated Statement of Cash Flows For the Period Ended 31 December 2022

	2022 £000
Cash flows from operating activities	
Loss for the financial period	(22,490)
Adjustments for:	
Amortisation of intangible assets	9,124
Depreciation of tangible assets	391
Interest paid	9,269
Interest received	(14)
Taxation charge	(381)
Decrease in debtors	3,865
Increase in creditors	3,232
Increase in provisions	217
Corporation tax paid	(33)
Net cash generated from operating activities	<u>3,180</u>
Cash flows from investing activities	
Purchase of intangible fixed assets	(602)
Purchase of tangible fixed assets	(586)
Interest received	14
Purchase of subsidiary undertaking net of cash acquired	(192,742)
Acquisition related costs paid	(2,409)
Cash received from third party shareholders	16
Net cash from investing activities	<u>(196,309)</u>

EMERIA RES UK LIMITED

Consolidated Statement of Cash Flows (continued) **For the Period Ended 31 December 2022**

	2022 £000
Cash flows from financing activities	
Issue of ordinary shares	100,408
Interest paid	(2,761)
Repayment of bank loan	(191,845)
Purchase of preference shares	(1,917)
New group loan	299,376
Net cash used in financing activities	<u>203,261</u>
Net increase in cash and cash equivalents	<u>10,132</u>
Cash and cash equivalents at the end of period	<u><u>10,132</u></u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	10,132
	<u><u>10,132</u></u>

The notes on pages 29 to 71 form part of these financial statements

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

1. General information

Emeria Res UK Limited is a private company limited by shares, registered in England and Wales, under the Companies Act 2006. The registered office address is 2 Snowhill 7th Floor, Birmingham, England, B4 6GA.

The principal activity of the Company is that of a holding company. The activities of the Group is the provision of residential property management and related services within the UK, and that of the company is investment management. Activities in its trading business, FirstPort, has been explained in the Strategic Report on pages 1-11.

These financial statements are presented in Pound Sterling (GBP) and are presented to the nearest £000. They comprise the financial statements of the Company for the 13 month period from incorporation to 31 December 2022 and includes trading for the 4-and-a-half month period since the acquisition of the Emeria UK Group on 18 August 2022.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- i. from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes any cash flows of the Company;
- ii. from the financial instrument disclosures required under FRS 102 paragraphs 11.41(b), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- iii. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures;
- iv. the Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

2.4 Going concern

The Group is the UK division of the Emerica Group ("Emerica") & manages its day-to-day working capital requirements through Emerica. The Group does have long term loans due to Emerica which are not due for repayment until March 2028. The Group has considered the key factors that could have an impact on trading and whether an adverse change in these factors could affect the Group's ability to meet its liabilities. The Group has a considerable number of on-going management contracts in FirstPort, and accordingly the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its own means for a period of at least 12 months from the signing date of these accounts.

As part of assessing the ability to continue as a going concern, the Group has also considered any related potential downturn on its business. During this assessment, the Group conducted an alternative forecast considering a severe but plausible change in trading performance to the end of December 2024. The model assumed a significant reduction in its transactional revenue lines with no cost reduction methods projected to offset the impact. In this "severe" scenario, sufficient liquidity and cash generation was demonstrated. The Group operates a resilient business and has the capabilities to continue to operate for the foreseeable future and for at least a period of twelve months following the date of approval of these financial statements.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the business operates (the functional currency). The consolidated financial statements are presented in GBP, which is the Group's presentational currency and the Parent company's functional and presentational currency.

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 that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within interest payable or interest receivable. All other foreign exchange gains and losses are presented in profit or loss within administrative expenses.

2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement in or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met as described below.

Revenue for the key services provided by the Group is recognised as follows:

(i) Residential and commercial property management services

Fees for residential and commercial property management services, including maintenance, are recognised as the Group's obligations under the applicable contracts are delivered to the customer which is typically on a straight-line basis over the period of the contract.

Residential and commercial property management services provided to the client which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income. The deferred element of the services are included in creditors as deferred income.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.6 Revenue (continued)

(ii) Other revenue

Commissions earned on the placing of insurance products on behalf of third parties are recognised when the Group has completed its services under the arrangements which is the inception date of the underlying insurance policy. Any commission adjustments for additional and return premiums are recognised as they occur. Fees for real estate agency and property transfer services are recognised on completion of the related property sale. Fees for residential lettings arranged by the Group are recognised on execution of binding rental contracts between landlord and tenant.

(iii) Recharge of house managers' employment cost

Amounts collected from customers in relation to the employment of house managers and deputies to oversee individual developments managed by the Group are recognised as net of cost, where recharges equal costs incurred. The Group is considered to be an agent as it does not have exposure to significant risks and rewards associated with the rendering of these services.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

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

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Interest receivable

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Consolidated 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.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Current and deferred taxation

Tax is recognised in the Consolidated 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 and the Group operate and generate income.

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

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

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

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.13 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short-term benefits including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised at the balance sheet date for any material remaining obligations to employees.

(ii) Defined contribution pension plans

The Group operates a number of country specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Annual bonus plan

The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

2.14 Exceptional items

Exceptional items are transactions that do not fall within the ordinary activities of the Group and are non-recurring and presented separately due to their size or incidence

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill, being the difference between the fair value of consideration paid and the net assets acquired in a business combination is being amortised evenly over its estimated useful life of 20 years. Goodwill is reviewed for impairment at the end of the financial period if events or changes in circumstances indicate that the carrying value may not be recoverable. Subsequent to the initial recognition, goodwill is adjusted for any the additional consideration paid or where estimates have been revised as a result of changes in future events.

Other intangible assets

Intangible assets acquired in a business combination - computer software, customer lists and brands

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight line basis over their estimated useful lives at the following rates:

Customer relationships	-	3 - 20 years
Goodwill	-	over 20 years
Brand name	-	16 years
Internally generated software	-	over 10 years

2.16 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.

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:

Property, plant and equipment	- over 3 - 5 years
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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 Consolidated Statement of Comprehensive Income.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable and other long-term debtors 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.

2.19 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.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities and long-term creditors, 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.

2.21 Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are measured based on the Group's best estimate at the reporting date of the expenditures expected to be required to settle the obligation discounted to the present value, where material.

2.22 Financial instruments

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

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

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

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

2.23 Put and call options on non-controlling interests

Third party shareholders hold shares in the Company's subsidiary, that are subject to put and call options. Analysing these options contracts is often complex and requires a good understanding of the economics of the transaction carried out, along with the substance of the commitments binding the different categories of shareholder concerned. Options are therefore accounted for on a case-by-case basis in light of all known facts and circumstances.

In granting a put option to non-controlling interests, the Group sells those non-controlling interests an option under which they can sell their shares back to the Group. The non-controlling interests can exercise their put option, thereby requiring the Group to purchase the underlying shares at a specified exercise price and future date or specified event. Through the call option, the Group can require the non-controlling interests to sell the underlying shares back to the Group at a specified exercise price and future date or specified event.

In the absence of specific guidance under FRS 102, these options are accounted for by the Group as follows:

- The present value of the Group's commitment to repurchase the shares at the reporting date is included within long-term liabilities and
- The corresponding non-controlling interests within equity are not recognised.

For the Company, the initial present value of expected future payments to settle the put/call options has been recognised as a cost to its investment in subsidiary companies.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

2. Accounting policies (continued)

2.24 Dividends on preference shares recognised as liabilities

Dividends on preference shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors consider the following areas to involve considerable degree of estimation uncertainty:

Fair value of acquisitions

The fair value of tangible and intangible assets acquired on the acquisitions (see note 27 and 32) involve the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes, rental values and increases and customer attrition rates. In addition the use of discount rates requires judgement.

Impairment of intangible assets and goodwill

The Group considers annually whether an indicator of goodwill & intangible assets impairment exists. Where an indication of impairment exists management are required to estimate the recoverable value of the cash-generating units (CGUs) or assets. This requires estimation of the future cash flows from the CGUs or assets and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Useful life of intangible assets and goodwill

Management have exercised judgement to determine the useful life of goodwill and other intangible assets

Put and call options on non-controlling interests

The Group considers that the exercise price of the put and call options over third party share ownership does not deprive it of the returns associated with owning the underlying shares and therefore that a "present ownership interest" exists. Accordingly, the Group has continued to fully consolidate the subsidiaries' shares. As a result, no non-controlling interests appear in the Consolidated Statement of Financial Position (the shares in these companies are shown in creditors).

Other key sources of estimation uncertainty:

Calculation of the put and call option liability

The payouts expected in respect of management have been calculated using a Probability-Weighted Expected Return Method ("PWERM"), which uses management's forecasts and weighting probabilities in respect of expected cash payouts. The expected future cash flows have then been discounted to present value using a rate that management have deemed to be most appropriate, given the nature of the transaction and the business.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

4. Turnover

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

	2022 £000
Residential property management services	29,761
Firstport property management	8,236
Knight square insurance	925
Campions 'ellings	1,283
	<u>40,205</u>

Analysis of turnover by country of destination:

	2022 £000
United Kingdom	<u>40,205</u>

5. Operating loss

The operating loss is stated after charging:

	2022 £000
Exchange differences	6,154
Operating lease expense	1,604
Depreciation	391
Exceptional items	8,385
Amortisation	<u>9,124</u>

Exceptional items of £8,385k relate to M&A costs, restructure costs and transformation costs.

M&A costs of £6,232k relate to costs incurred on the acquisition and integration of Drive Topco Limited, Kavanagrs, DJC and Chase Buchanan and are non-underlying and one-off in nature.

Further M&A costs of £1,673k relate to an aborted acquisition during the period.

Restructure costs of £337k incurred as a result of the acquisitions and are non-underlying in nature.

Transformation costs of £143k are costs relating to the roll out of software and other technologies and are one-off in nature.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

6. Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure and represents the basis on which the Management review the performance of the Group.

Adjusted EBITDA is a measure of the underlying profit. The measure excludes depreciation, amortisation, exceptional costs, foreign exchange, bank charges, interest and taxation. This measure is in line with management reporting and is consistent with our reporting to our shareholders and lenders

It may be reconciled as follows:

	2022 £000
Operating loss	(13,616)
Depreciation of owned tangible assets	391
Amortisation of intangible assets	9,124
Exceptional costs	8,385
Fore'gn exchange	6,154
Management charges	300
Bank charges	327
Adjusted EBITDA	<u>11,065</u>

7. Auditors' remuneration

During the period the Group obtained the following services from the Company's auditors and their associates:

	2022 £000
Fees for audit of parent and consolidated financial statements	461
Fees payable to the Company's auditors and their associates in respect of:	
Taxation advisory services	72
Other non-audit services	761
	<u>1,294</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

8. Employees

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

	Group 2022 £000	Company 2022 £000
Wages and salaries	16,008	169
Social security costs	2,068	33
Other pension costs	659	3
	<u>18,735</u>	<u>205</u>

The average monthly number of employees, including the directors, during the period was as follows.

	2022 No.
Office staff	1,223
Site staff	2,398
	<u>3,621</u>

The Company has 1 employee in the addition to the director.

9. Directors' remuneration

	2022 £000
Directors' emoluments	52
Amounts paid to third parties in respect of directors' services	1,050
	<u>1,102</u>

The total amount payable to the highest paid director in respect of emoluments was £1,102k.

The value of the Group's contributions paid to a pension scheme in respect of the highest paid director amounted to £Nil.

Key management personnel remuneration is disclosed within the related party transactions note.

10. Interest receivable and similar income

	2022 £000
Bank interest receivable	<u>14</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

11. Interest payable and similar expenses

	2022 £000
Other loan interest payable	5
Loan fee amortisation	2,889
Group interest payable	6,159
Preference share dividends	216
	<u>9,269</u>

12. Tax on loss

	2022 £000
Corporation tax	
Current tax on profits for the period	192
Adjustments in respect of previous periods	(73)
Total current tax	<u>119</u>
Deferred tax	
Origination and reversal of timing differences	(427)
Changes to tax rates	(73)
Total deferred tax	<u>(500)</u>
Taxation on loss on ordinary activities	<u>(381)</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

12. Tax on loss (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £000
Loss on ordinary activities before tax	(22,871)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(4,345)
Effects of:	
Fixed asset differences	1,327
Expenses not deductible for tax purposes	2,828
Adjustments to tax charge in respect of prior periods	(73)
Remeasurement of deferred tax for changes in tax rates	(118)
Total tax charge for the period	(381)

Factors that may affect future tax charges

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.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

13. Intangible assets

Group

	Customer relationships £000	Brand name £000	Computer software £000	Goodwill £000	Total £000
Cost					
At 2 November 2021	-	-	-	-	-
Additions	-	-	602	-	602
Acquisition of subsidiaries (see note 27)	176,600	18,800	16,820	245,506	457,726
At 31 December 2022	176,600	18,800	17,422	245,506	458,328
Amortisation					
At 2 November 2021	-	-	-	-	-
Charge for the period	3,407	441	873	4,403	9,124
At 31 December 2022	3,407	441	873	4,403	9,124
Net book value					
At 31 December 2022	173,193	18,359	16,549	241,103	449,204

The Company has no intangible fixed assets as at 31 December 2022

The computer software acquired via the acquisition of subsidiaries represented the net book value of intangibles of Drive Topco Limited at the date of acquisition.

Goodwill arising on consolidation is being amortised over the Director's estimate of its useful life of 20 years. This estimate is based on a variety of factors such as the expected use of the acquired businesses. More details can be found in note 3.

Goodwill on acquisition of subsidiaries of £245,506k relates to the acquisition of:

- Drive Topco Limited group: £230,951k;
- DJC Property Management Limited: £6,032k;
- DJC Secretarial and Maintenance Limited: £180k;
- Kavanaghs (Residential and Commercial Agents) Limited: £465k; and
- Chase Buchanan Limited: £7,878k

Please see note 27 for further details.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

14. Tangible assets

Group

	Property, plant and equipment £000
Cost	
At 2 November 2021	-
Additions	586
Acquisition of subsidiaries (see note 27)	2,054
	<hr/>
At 31 December 2022	2,640
	<hr/>
Depreciation	
At 2 November 2021	-
Charge for the period	391
	<hr/>
At 31 December 2022	391
	<hr/>
Net book value	
At 31 December 2022	2,249
	<hr/> <hr/>

The Company has no tangible fixed assets as at 31 December 2022.

15. Investments

Company

	Investments in subsidiary companies £000
Cost	
At 2 November 2021	-
Additions	1,734
	<hr/>
At 31 December 2022	1,734
	<hr/> <hr/>

Additions in investment in subsidiary companies relate to Emera Res UK Newco Limited which was incorporated during the period

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries

Company Name	Company No.	Nature of Business	Registered Address	Holding
Amenity Property (Avon Meadows Bidford) Limited	No. 08641151	Dormant	*1	100%
Amenity Property (Britannia Mews Telford) Limited	No. 09361899	Dormant	*1	100%
Amenity Property (Cally Blue Fields Stockton) Limited	No. 10461397	Dormant	*1	100%
Amenity Property (Entech House Woolmer Green) Limited	No. 12063981	Dormant	*1	100%
Amenity Property (Hinley View Dudley) Limited	No. 08368398	Dormant	*1	100%
Amenity Property (Hugesleah Place Highley) Limited	No. 09792989	Dormant	*1	100%
Amenity Property (Levett Grange Rugeley) Limited	No. 07639525	Dormant	*1	100%
Amenity Property (Lockside Walk Brierley Hill) Limited	No. 09043198	Dormant	*1	100%
Amenity Property (Mellent Gardens Bedworth) Limited	No. 12695871	Dormant	*1	100%
Amenity Property (Millbrook Park London Phase 4A) Limited	No. 10385756	Dormant	*1	100%
Amenity Property (Millbrook Park London Phase 4C) Limited	No. 11824467	Dormant	*1	100%
Amenity Property (Mille's Reach Stone) Limited	No. 09245116	Dormant	*1	100%
Amenity Property (Oakleigh Grove Whetstone) Limited	No. 10704287	Dormant	*1	100%
Amenity Property (Pennywell Walk Upton Upon Severn) Limited	No. 10030643	Dormant	*1	100%
Amenity Property (Postmark London) Limited	No. 12002086	Dormant	*1	100%
Amenity Property (Preedy Place Badsey) Limited	No. 09155288	Dormant	*1	100%
Amenity Property (Priory Gardens Market Drayton) Limited	No. 07639333	Dormant	*1	100%
Amenity Property (Saddlers Brook Walsall) Limited	No. 07639422	Dormant	*1	100%
Amenity Property (Scarlett Oaks Shifnal) Limited	No. 10900315	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel B) Limited	No. 10839931	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel F) Limited	No. 10839976	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel G) Limited	No. 10535172	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel J) Limited	No. 11454909	Dormant	*1	100%

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries (continued)

Company Name	Company No.	Nature of Business	Registered Address	Holding
Amenity Property (Sherford Plymouth Parcel L) Limited	No. 11454877	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel M) Limited	No. 11923138	Dormant	*1	100%
Amenity Property (Sherford Plymouth Parcel S) Limited	No. 10535353	Dormant	*1	100%
Amenity Property (The Hathaways Stratford) Limited	No. 09361834	Dormant	*1	100%
Amenity Property (Thomas Beddoes Court Shifnal) Limited	No. 07639356	Dormant	*1	100%
Amenity Property (Walmley Croft Sutton Coldfield) Limited	No. 10147213	Dormant	*1	100%
Amenity Property (Woodland View Coventry) Limited	No. 07639369	Dormant	*1	100%
Amenity Property Holdings Limited	No. 07635509	Dormant	*1	100%
Arcturus Corporation Limited	No. 05503540	Property Management	*1	100%
Arcturus Group Limited	No. 10773717	Dormant	*1	100%
Atlantis Estates Limited	No. 06805193	Property Management	*1	100%
Atlantis Secretaries Limited	No. 06410737	Dormant	*1	100%
Baker Sinclair Limited	No. 10306297	Dormant	*1	100%
Balfour Homes Management Limited	No. 01986825	Non-trading	*1	100%
Beresford Ward Limited	No. 05298531	Property Management	*1	100%
Blenheims Estate and Asset Management Group Limited	No. 05391407	Dormant	*1	100%
Blenheims Payroll Services Limited	No. 08892118	Dormant	*1	100%
Brook Farm Court Management Limited	No. 02368738	Dormant	*1	100%
Cavendish Management (Norwich) Limited	No. 01831847	Dormant	*1	100%
CE Anthony Nolan (Fairstead) Limited	No. 06354199	Dormant	*1	100%
CE Blenheim Grange Walton Limited	No. 06067570	Dormant	*1	100%
CE Churchill Gardens Cambourne Limited	No. 06453105	Dormant	*1	100%
CE Cobbler's Mews Romany Road Limited	No. 06022591	Dormant	*1	100%
CE Lock Mill Blackburn Limited	No. 06346923	Dormant	*1	100%
CE Oakfield Gardens Hyde Limited	No. 06406964	Dormant	*1	100%
CE Poppy Fields (Benwick) Limited	No. 06353915	Dormant	*1	100%
CE The Hawthorns Blackley Limited	No. 06443043	Dormant	*1	100%

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries (continued)

Company Name	Company No.	Nature of Business	Registered Address	Holding
CE Willow Grange Ely Limited	No. 06067392	Dormant	*1	100%
Chamonix Estates Developments Limited	No. 10821470	Dormant	*1	100%
Chamonix Group Limited	No. 05856372	Property Management	*1	100%
Chamonix Holdings Limited	No. 12500321	Property Management	*1	100%
Chase Buchanan Group Limited (formerly Champions Property Letting and Management Limited)	No. 05393722	Property Management	*1	100%
Chase Buchanan Limited	No. 03672060	Property Management	*1	100%
Consort Property Management Limited	No. 03479620	Dormant	*1	100%
DJC Secretarial and Maintenance Limited	No. 06574082	Company Secretarial	*1	100%
Drive Bidco Limited	No. 12043128	Provision of Shared Services	*1	100%
Drive Midco Limited	No. 12043082	Holding company	*1	100%
Edgewood Management Services Limited	No. 02948602	Non-trading	*1	100%
Edgewood Retirement Developments Limited	No. 02086525	Non-trading	*1	100%
Emeria RES UK Newco Limited	No. 13778359	Holding Company	*1	100%
Estate & Asset Management Limited	No. 08294501	Dormant	*1	100%
Ferndale Retirement Management Limited	No. 01709679	Dormant	*1	100%
FirstPort Bespoke Property Services Limited	No. 01623496	Property Management	*1	100%
FirstPort HMF Limited	No. 06776392	Investment Property	*1	100%
FirstPort Investment Properties Limited	No. 04352393	Dormant	*1	100%
FirstPort Group Limited (formerly FirstPort Limited)	No. 04352396	Provision of shared services	*1	100%
FirstPort Operations PD Limited	No. 06277828	Investment Property	*1	100%
FirstPort Property Services Limited	No. 02061041	Property Management	*1	100%
FirstPort Property Services No.2 Limited	No. 02231168	Property Management	*1	100%
FirstPort Property Services No.3 Limited	No. 04352415	Dormant	*1	100%
FirstPort Property Services No.4 Limited	No. 07299764	Property Management	*1	100%
FirstPort Property Services No.5 Limited	No. 05876680	Property Management	*1	100%

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries (continued)

Company Name	Company No.	Nature of Business	Registered Address	Holding
FirstPort Property Services No.6 Limited (formerly Chamonix Estates Limited)	No. 05851267	Property Management	*1	100%
FirstPort Property Services No 7 Limited (formerly Mainstay Residential Limited)	No. 04052477	Property Management	*1	100%
FirstPort Property Services No 8 Limited (formerly AG (AEL) Limited)	No. 09586423	Dormant	*1	100%
FirstPort Property Services No 9 Limited (formerly Freemont Property Managers Limited)	No. 08918100	Property Management	*1	100%
FirstPort Property Services No.10 Limited (formerly DJC Property Management Limited)	No. 06243275	Property Management	*1	100%
FirstPort Property Services No.11 Limited (formerly Blenheims Estate & Asset Management (SW) Limited)	No. 03837047	Property Management	*1	100%
FirstPort Property Services No.12 Limited (formerly Blenheims Estate and Asset Management Limited)	No. 05398647	Property Management	*1	100%
FirstPort Secretarial Limited	No. 05806647	Dormant	*1	100%
FirstPort Services Limited	No. 09142979	Dormant	*1	100%
Ground Rent Services Limited	No. 09804654	Dormant	*1	100%
Innovus Company Secretaries Limited (formerly Fairfield Company Secretaries Limited)	No. 05988785	Property Management	*1	100%
Innovus Payments Limited (formerly Mainstay Payments Limited)	No. 04771082	Dormant	*1	100%
Intire Limited	No. 06395985	Letting Agents	*1	100%
JAL Estates Limited	No. 04590981	Dormant	*1	100%
Kavanaghs (Residential and Commercial Agents) Limited	No. 05316910	Letting Agents	*1	100%
King George Court Management Limited	No. 03175135	Non-trading	*1	100%
Knight Midco Limited	No. 07927619	Holding Company	*1	100%
Knight Square Holdings Limited	No. 07925023	Holding Company	*1	100%
Knight Square Insurance Brokers Limited (formerly FirstPort Insurance Services Limited)	No. 03479579	Insurance Services	*1	100%
Knight Square Limited	No. 07925019	Provision of Shared Services	*1	100%
Lets Move (UK) Limited	No. 07672066	Letting Agents	*1	100%
Longhurst Drive Management Company Limited	No. 11416290	Dormant	*1	100%
Maclaren Management Services Limited	No. 02142118	Dormant	*1	100%

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries (continued)

Company Name	Company No.	Nature of Business	Registered Address	Holding
Innovus Asset Management Limited (formerly Mainstay Group Limited)	No. 04002715	Property Management	*1	100%
Mainstay Facilities Management Limited	No. 03340310	Property Management	*1	100%
Matterdale Gardens Management Limited	No. 02405973	Non-trading	*1	100%
Maybeck Collections Limited	No. 04052424	Dormant	*1	100%
Meridian Homes Limited	No. 01972727	Dormant	*1	100%
Meridian New Homes Limited	No. 02682974	Dormant	*1	100%
Meridian Property Group Limited	No. 02306958	Non-trading	*1	100%
Meridian Retirement Homes Limited	No. 01885186	Dormant	*1	100%
Meridian Retirement Housing Services Limited	No. 01833177	Dormant	*1	100%
Mint Property Management Limited	No. 05643630	Non-trading	*1	100%
MRML Limited	No. 03904173	Dormant	*1	100%
OM Nominee Services Limited	No. 06695871	Dormant	*1	100%
OM Property Management Limited	No. 09143096	Dormant	*1	100%
OM Property Management No.2 Limited	No. 09375984	Dormant	*1	100%
Pegasus Court (Abergavenny) Management Limited	No. 02285749	Dormant	*1	100%
Pegasus Court (Barnwood) Management Limited	No. 02311505	Dormant	*1	100%
Pegasus Court (Bourton-on-the-Water) Management Limited	No. 02285752	Dormant	*1	100%
Pegasus Court (Broadway) Management Limited	No. 02392014	Dormant	*1	100%
Pegasus Court (Fleet) Management Limited	No. 02318677	Dormant	*1	100%
Pegasus Court (Paignton) Management Limited	No. 02392342	Dormant	*1	100%
Pegasus Court Cheltenham (Management) Limited	No. 01867554	Dormant	*1	100%
Pegasus Court Hartley Wintney (Management) Limited	No. 02129138	Dormant	*1	100%
Pegasus Court Management Limited	No. 02516929	Dormant	*1	100%
Pegasus Thamesnorth Management Limited	No. 02636137	Dormant	*1	100%
Pembertons Maintenance Trustees (Aldford House) Limited	No. 05111218	Dormant	*1	100%
Pembertons Residential Limited	No. 09375969	Dormant	*1	100%
Peverel Building Technologies Limited	No. 09221891	Dormant	*1	100%
Peverel Management Services Limited	No. 09142759	Dormant	*1	100%
Peverel Property Management Limited	No. 09146176	Dormant	*1	100%
Peverel Scotland Limited	No. 09145223	Dormant	*1	100%
R.C. (Holdings) Limited	No. 02968054	Holding Company	*1	100%

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

16. Subsidiaries (continued)

Company Name	Company No.	Nature of Business	Registered Address	Holding
R.C. Housing Limited	No. 11012025	Property Management	*1	100%
Renaissance Management Services Limited	No. 03404510	Non-trading	*1	100%
Retirement Care (Southern) Limited	No. 02486317	Non-trading	*1	100%
Retirement Care Group Ltd	No. 02195300	Investment Property	*1	100%
Retirement Care Limited	No. 01706784	Dormant	*1	100%
Retirement Homeseach Limited	No. 03829469	Specialist Estate Agent	*1	100%
Retirement Marketing Services Limited	No. 02196442	Dormant	*1	100%
Sonata Insurance Services Limited	No. 06704179	Dormant	*1	100%
Stonedale (2012) Limited	No. 06544398	Dormant	*1	100%
TMS Director Services Limited	No. 07329927	Dormant	*1	100%
TMS Group Limited	No. 05239338	Dormant	*1	100%
TMS South Limited	No. 08294547	Dormant	*1	100%
TMS South West Limited	No. 09814083	Dormant	*1	100%
Torbay Management Services Limited	No. 05230621	Dormant	*1	100%

*1 The registered address for subsidiaries is Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.

All dormant companies are exempt from preparing individual financial statements in accordance with s394A of Companies Act 2006.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

17. Audit exemption of subsidiaries

Emeria RES UK Limited has provided a legal guarantee under s479A-C of the Companies Act 2006 to the below subsidiaries for audit exemption:

Company	Registration number
Emeria RES UK Newco Limited	13778359
Drive Topco Limited	12043031
Drive Midco Limited	12043082
Drive Bidco Limited	12043128
Knight Square Holdings Limited	07925023
Knight Midco Limited	07927619
Knight Square Limited	07925019
FirstPort Group Limited (formerly FirstPort Limited)	04352396
FirstPort Bespoke Property Services Limited	01623496
Knight Square Insurance Brokers Limited (formerly FirstPort Insurance Services Limited)	03479579
FirstPort Property Services Limited	02061041
FirstPort Property Services No 2 Limited	02231168
FirstPort Property Services No 4 Limited	07299764
FirstPort Property Services No 5 Limited	05876680
FirstPort Property Services No 6 Limited	05851267
FirstPort Property Services No 7 Limited (formerly Mainstay Residential Limited)	04052477
FirstPort Property Services No 9 Limited (formerly Freemont Property Managers Limited)	09804654
FirstPort Property Services Scotland Limited	03829468
FirstPort Retirement Property Services Limited	01614866
Retirement Homesearch Limited	03829469
Innovus Asset Management Limited (formerly Mainstay Asset Management Limited)	04002715
Mainstay Facilities Management Limited	03340310
Chamonix Holdings Limited	12500321
Chamonix Group Limited	05856372
Innovus Company Secretaries Limited (formerly Farfield Company Secretaries Limited)	05988785
Arcturus Group Limited	10306297
FirstPort Property Services No.12 Limited (formerly Blenheims Estate and Asset Management Limited)	05398647
FirstPort Property Services No.11 Limited (formerly Blenheims Estate & Asset Management (SW) Limited)	03837047
Chase Buchanan Group Limited (formerly Campions Property Letting and Management Limited)	05393722
Intire Limited	06395985
FirstPort Property Services No.8 Limited (formerly Atlant's Estates Limited)	06805193
Lets Move (UK) Limited	07672066
Beresford Ward Limited	05298531
FirstPort Property Services No.10 Limited (formerly DJC Property Management Limited)	06243275
DJC Secretarial and Maintenance Limited	06574082

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

17. Audit exemption of subsidiaries (continued)

Company	Registration number
Kavanaghs (Residential and Commercial Agents) Ltd	05316910
Chase Buchanan Limited	03672060

18. Debtors

	Group 2022 £000	Company 2022 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	100,444

During the period the Company subscribed for 98,527,065 Preference A shares issued by Emerica Res Newco Limited on 18 August 2022. Also during the period, the Company purchased 1,917,334 Preference B shares in Emerica Res UK Newco Limited from management. The nominal value of the Preference A and B shares was £1. Details of the preference shares are set out in note 25 and the rights attached to the Preference A and B shares are the same.

	Group 2022 £000	Company 2022 £000
Amounts falling due within one year		
Trade debtors	7,501	-
Amounts owed by group undertakings	-	5,846
Other debtors	1,903	196
Prepayments and accrued income	6,875	-
Deferred taxation	-	227
	<u>16,279</u>	<u>6,269</u>

Amounts due from group undertakings are made up of amounts due from the Company's subsidiary, which are interest free and repayable on demand and accrued interest on the preference shares.

Included in trade debtors is a provision for bad debts of £223k, (Company: £Nil).

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

19. Cash at bank and in hand

	Group 2022 £000	Company 2022 £000
Cash at bank and in hand	10,132	88

Client monies

Residents' net cash balances held in trust accounts at 31 December 2022 totalled £426,390k; this amount is not presented on the Consolidated Statement of Financial Position as it does not represent cash of the business. Cash balances held in joint accounts at 31 December 2022 totalled £13,830k which are held with the client and the Group's subsidiary entities however these funds are client cash and are also therefore not represented within cash of the business on the Consolidated Statement of Financial Position.

20. Creditors: Amounts falling due within one year

	Group 2022 £000	Company 2022 £000
Trade creditors	10,207	1,507
Amounts owed to group undertakings	-	1,275
Amounts owed to parent company	8,663	1,480
Corporation tax	116	116
Other taxation and social security	4,102	93
Other creditors	4,287	8
Accruals and deferred income	15,828	442
Deferred consideration	3,593	-
	46,796	4,921

Included within amounts owed to group undertakings at Company level is a loan due to Emerica Res UK Newco Limited, which attracts interest at 3 month LIBOR + 5.25% and is repayable on the termination of the senior facilities agreement entered into by Emerica. Accrued interest on this loan is recognised within accruals.

Amounts owed to the parent company are interest free and repayable on demand for both the Company and the Group.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

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

	Group 2022 £000	Company 2022 £000
Amounts owed to parent company	299,376	-
Share capital treated as debt	3,813	-
Liability relating to put and call options on non-controlling interests	832	832
	<u>304,021</u>	<u>832</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

During the period Emeria Res UK Newco limited issued B preference shares with a nominal value of £1. As at the period end 3,812,869 were held by management.

Amounts owed to the parent Company are denominated in Euros. The loans are bullet loans and are not due for repayment until 25 March 2028. The interest for this loan is based on EURIBOR plus a margin that varies from time to time.

A financial liability has been recognised in respect of Emeria Res UK Limited's obligation to re-purchase ordinary shares of its subsidiary, Emeria Res UK Newco Limited, from third parties under put and call options that are attached to the shares. The liability is calculated as the present value of the future, expected cash flows and is re-measured if underlying assumptions change.

22. Financial instruments

	Group 2022 £000
Financial assets	
Financial assets measured at amortised cost	<u>21,694</u>
Financial liabilities	
Financial liabilities measured at amortised cost	<u>(345,766)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to the parent company, deferred consideration, other creditors, accruals and share capital treated as debt

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

23. Deferred taxation

Group

**2022
£000**

At 2 November 2021	-
Charged to profit or loss	(461)
Arising on business combinations	(49,855)
Utilised	961
At 31 December 2022	(49,355)

Company

**2022
£000**

At 2 November 2021	-
Charged to profit or loss	227
At 31 December 2022	227

	Group 2022 £000	Company 2022 £000
<i>Fixed assets timing differences</i>	(49,355)	227
	(49,355)	227

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

24. Other provisions

Group

	Total £000
At 2 November 2021	-
Charged to profit or loss	(371)
Arising on business combinations	(394)
Utilised	154
At 31 December 2022	(611)

The Group manages a large number of commercial and residential property developments, which give rise to some disputes and claims by customers under the management contracts that govern them. These claims can take many years to emerge, so management considers it appropriate to recognise a provision. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cashflows and the discount rates used to establish net present value of the obligations require management's estimation.

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, a provision of £611k has been recognised at the period end.

The Company has no other provisions.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

25. Share capital

	2022 £000
Equity shares	
Allotted, called up and fully paid	
100,407,838 Ordinary shares of £1.00 each	100,408
	<u>2022</u> <u>£000</u>
Shares classified as debt	
Allotted, called up and fully paid	
3,812,859 Preference B shares of £1.00 each	3,813
	<u>3,813</u>

On 18 August 2022, the Company issued 100,407,838 ordinary shares with a nominal value of £1 each.

Ordinary shares have full voting rights and full entitlement to profit and capital distribution.

The Preference B shares of Emeria Res UK Newco Limited have no voting rights, are redeemable and are entitled to dividend or other distribution payments in priority to the Ordinary share holders of Emeria Res UK Newco Limited. The amount shown above is the number of Preference B shares held by third parties as at 31 December 2022.

26. The Company's capital and reserves are as follows:

Share capital

Share capital represents the nominal value of the shares issued.

Profit and loss account

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

Third party holders of the Company's direct subsidiary's (Emeria Res UK Newco Limited) share capital are subject to a put and call option whereby the shares will be re-purchased by the Company on the occurrence of a specified event for a price that is not linked to the market value of the shares. As such, management consider that the Company holds full, present ownership interests over Emeria Res UK Newco Limited which, in turn, holds 100% of all of its subsidiaries and therefore no non-controlling interest is presented in these financial statements. Through the put and call option, the Group has assumed all risks and rewards in connection with the ownership of these shares held by third parties.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations

Drive Group

On 18 August 2022, the Group acquired 100% of Drive Topco Limited ("Drive Group"), a UK-based group which provides residential property services and management of residential and commercial assets in the UK for total consideration of £201m. The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and goodwill arising on acquisition.

	Book value	Fair value adjustment	Fair value 2022
	£000	£000	£000
Fixed assets			
Tangible	1,904	-	1,904
Intangible	16,820	195,400	212,220
	<u>18,724</u>	<u>195,400</u>	<u>214,124</u>
Current assets			
Trade and other receivables	17,867	-	17,867
Cash and cash equivalents	10,226	-	10,226
Corporation tax recoverable	257	-	257
Deferred tax asset	677	-	677
Total assets	<u>47,751</u>	<u>195,400</u>	<u>243,151</u>
Creditors			
Trade and other payables	(30,755)	-	(30,755)
Long term debt (inc interest)	(191,845)	-	(191,845)
Provisions	(394)	-	(394)
Deferred tax liability	(1,654)	(48,850)	(50,504)
Total identifiable net assets	<u>(176,897)</u>	<u>146,550</u>	<u>(30,347)</u>
Net assets acquired	(176,897)	146,550	(30,347)
Goodwill	377,501	(146,550)	230,951
Total purchase consideration			<u><u>200,604</u></u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Consideration

	2022 £000
Cash	192,587
Subsidiary share capital treated as debt, issued to third parties	5,730
Directly attributable costs	2,287
Total purchase consideration	200,604

Cash outflow on acquisition

	2022 £000
Cash consideration	192,587
Directly attributable costs	2,287
	194,874
Less: Cash and cash equivalents acquired	(10,226)
Net cash outflow on acquisition	184,648

	Current period since acquisition £000
Turnover	39,882
Result for the period	3,855

The fair value adjustments consist of:

- Brand and trade name intangibles of £18,800k;
- Residential property management customer contract intangibles of £175,700k; and
- Asset management intangibles of £900k.

Recognising the above intangibles on acquisition resulted in an additional deferred tax liability arising on acquisition of £48,500k.

The changes in fair value set out above, reduced the goodwill recognised on the acquisition of the Drive Topco Limited group by £146,550k.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

DJC Property Management Limited

On 1 November 2022, the Group acquired 100% of DJC Property Management Limited, a UK-based company which provides residential property services and management of residential and commercial assets in the UK for total consideration of £6,287k. The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and goodwill arising on acquisition.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book and fair value 2022 £000
Fixed assets	
Tangible	11
	<u>11</u>
Current assets	
Trade and other receivables	36
Cash and cash equivalents	586
	<u>633</u>
Total assets	
Creditors	
Trade and other payables	(308)
Corporation tax payable	(67)
Deferred tax liability	(3)
	<u>255</u>
Total identifiable net assets	<u>255</u>
Net assets acquired	255
Goodwill	6,032
	<u>6,287</u>
Total purchase consideration	<u>6,287</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Consideration

	2022 £000
Cash	4,103
Deferred consideration	2,152
Directly attributable costs	32

Total purchase consideration	6,287
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Cash outflow on acquisition

	2022 £000
Cash consideration	4,103
Directly attributable costs	32

4,135

Less: Cash and cash equivalents acquired	(586)
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Net cash outflow on acquisition	3,549
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Current
period
since
acquisition

	2022 £000
Turnover	219

Result for the period	32
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EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

DJC Secretarial and Maintenance Limited

On 1 November 2022, the Group acquired 100% of DJC Secretarial and Maintenance Limited, a UK-based company which provides residential property services and management of residential and commercial assets in the UK for total consideration of £194k. The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and goodwill arising on acquisition.

	Book and fair value 2022 £000
	<hr/>
Current assets	
Trade and other receivables	12
Cash and cash equivalents	38
	<hr/>
Total assets	50
Creditors	
Trade and other payables	(22)
Corporation tax payable	(14)
	<hr/>
Total identifiable net assets	14
	<hr/>
Net assets acquired	14
Goodwill	180
	<hr/>
Total purchase consideration	194
	<hr/>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Consideration

	2022 £000
Cash	127
Deferred consideration	67

Total purchase consideration	194
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Cash outflow on acquisition

	2022 £000
Cash consideration	127
Less: Cash and cash equivalents acquired	(38)
Net cash outflow on acquisition	89

	Current period since acquisition 2022 £000
Turnover	3
Result for the period	5

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Kavanaghs (Residential and Commercial Agents) Limited

On 12 October 2022, the Group acquired 100% of Kavanaghs (Residential and Commercial Agents) Limited, a UK-based company which provides residential property services and management of residential and commercial assets in the UK for total consideration of £561k. The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and goodwill arising on acquisition

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book and fair value
	2022 £000
Fixed assets	
Tangible	12
	<u>12</u>
Current assets	
Trade and other receivables	38
Cash and cash equivalents	123
	<u>173</u>
Total assets	
	<u>173</u>
Creditors	
Trade and other payables	(37)
Corporation tax payable	(38)
Deferred tax liability	(2)
	<u>(77)</u>
Total identifiable net assets	<u>96</u>
	<u>96</u>
Net assets acquired	96
Goodwill	465
	<u>561</u>
Total purchase consideration	<u>561</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Consideration

	2022 £000
Cash	389
Deferred consideration	161
Directly attributable costs	11
Total purchase consideration	561

Cash outflow on acquisition

	2022 £000
Cash consideration	389
Directly attributable costs	11
	400
Less: Cash and cash equivalents acquired	(123)
Net cash outflow on acquisition	277

Current period since acquisition

	2022 £000
Turnover	101
Result for the period	(1)

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Chase Buchanan Limited

On 12 December 2022, the Group acquired 100% of Chase Buchanan Limited, a UK-based company which provides residential property services and management of residential and commercial assets in the UK for total consideration of £11.7m. The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and goodwill arising on acquisition.

	Book and fair value 2022 £000
Fixed assets	
Tangible	127
	<u>127</u>
Current assets	
Trade and other receivables	2,128
Cash and cash equivalents	2,504
	<u>4,759</u>
Total assets	
Creditors	
Trade and other payables	(774)
Corporation tax payable	(105)
Deferred tax liability	(23)
	<u>3,857</u>
Total identifiable net assets	<u>3,857</u>
Net assets acquired	3,857
Goodwill	7,878
	<u>11,735</u>
Total purchase consideration	<u>11,735</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

27. Business combinations (continued)

Consideration

	2022 £000
Cash	9,013
Deferred consideration	1,153
Non-cash consideration	1,490
Directly attributable costs	79

Total purchase consideration	11,735
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Cash outflow on acquisition

	2022 £000
Cash consideration	9,013
Directly attributable costs	79

	9,092
Less: Cash and cash equivalents acquired	(2,504)

Net cash outflow on acquisition	6,588
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	Current period since acquisition £000
Turnover	-
Result for the year	-

28. Contingent liabilities

Bank accounts maintained for developments under management (and included in Client Monies described in note 19) that were overdrawn at 31 December 2022 amounting to £1,922. The Group has given unlimited guarantees on these amounts in the event of default

29. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £659k. Contributions totalling £489k were payable to the fund at the reporting date and are included in creditors.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

30. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000
Not later than 1 year	2,214
Later than 1 year and not later than 5 years	1,602
Later than 5 years	498
	<u>4,314</u>

31. Related party transactions

The Company has taken exemption under FRS 102 section 33.1A from disclosing transactions with group companies, on the grounds that each company party to the transactions is wholly owned within the Group.

During the year Hodlon Limited, a company appointed as a director of the Company (Emeria RES UK Limited), charged the Company for management services. Hodlon Limited are a company controlled by a director of the Company, as such these charges have been included within the directors' remuneration note.

Remuneration of key management personnel

The remuneration of key management personnel, which includes those directors remunerated by the Group is as follows:

	2022 £000
Aggregate emoluments (including service fees)	1,550
Other pension cost	46
	<u>1,596</u>

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

32. Post balance sheet events

On 2nd February 2023, the Group made an asset purchase from PR Bradford on Avon Ltd (formerly Kingstons Lettings Limited) for a cash consideration of £228k.

On 6th March 2023, the Group acquired 100% of the issued share capital of Alexander Faulkner Partnership Limited for a cash consideration of £5,672k.

On 31st March 2023, The Group made an asset purchase from Capital Block Management London Limited (formerly Hawk Block Management Limited) for a cash consideration of £800k.

On 31st March 2023, the Group acquired 100% of the issued share capital of Stuart Mackenzie Residential Limited for a cash consideration of £388k.

On 15th May 2023, the Group acquired 100% of the issued share capital of MP Estate Agents Limited and MP Sales and Lettings Limited for an initial cash consideration of £292k and £1,332k respectively.

On 23rd May 2023, the Group acquired 100% of the issued share capital of Matthews of Chester Holdings Ltd for a cash consideration of £511k.

On 16th October 2023, the Group acquired 100% of the issued share capital of Featherstone Leigh Limited for an initial cash consideration of £7,181k.

On 23rd October 2023, the Group acquired 100% of the issued share capital of Chesterton UK Services Limited for an initial cash consideration of £99,602k.

On 31st October 2023, the Group acquired 100% of the issued share capital of Stewart Hunter Ltd for an initial cash consideration of £417k.

On 6th November 2023, the Group acquired 100% of the issued share capital of Now Survey (Southern) Ltd for an initial cash consideration of £598k.

During 2023, the Group commenced a review of its IT systems, considering the increased volume of acquisitions and to integrate these acquisitions more efficiently. Management decided to achieve a simpler and reduced stack of IT systems to enable, improve and increase the agility of integrating acquisitions at pace onto the Group's systems. As a result, the Group decided to write off the full amount of its internally generated software asset as some of the systems that form part of this asset will no longer be used. As those systems are integrated with one another and the asset recognised was related to time spent and third-party costs in relation to coding and enabling the integration of those systems, reducing the number of systems being used results in the asset having no further value to the Group. As at the balance sheet date, 31 December 2022, the net book value of this asset was £16,412k which has subsequently been written off in 2023.

33. Controlling party

The immediate parent company is Emerica Europe, a company incorporated in France. The largest group for which consolidated accounts are drawn up is Emerica S.A.S. and the accounts are not publicly available. The smallest group for which consolidated accounts are drawn up is Emerica Res UK Limited. These group accounts are available from the Company's registered office 2 Snowhill, 7th Floor, Birmingham, B4 6GA.

In the opinion of the directors, the controlling party are funds managed by affiliates that are ultimately controlled by Partners Group Holding AG, a Company registered in Switzerland and listed on the SIX Stock Exchange in Zurich.

EMERIA RES UK LIMITED

Notes to the Financial Statements For the Period Ended 31 December 2022

34. Analysis of net debt

	At 2 November 2021 £000	Cash flows £000	On acquisition of subsidiaries £000	Other non- cash changes £000	At 31 December 2022 £000
Cash at bank and in hand	-	(3,345)	13,477	-	10,132
Debt due after 1 year	-	(105,614)	(197,575)	-	(303,189)
Debt due within 1 year	-	-	-	(6,507)	(6,507)
	-	(108,959)	(184,098)	(6,507)	(299,564)

Debt due after more than one year includes amounts due to the parent company and Preference B shares. Debt due within one year represents the interest accrual in respect of the aforementioned debt. Other non-cash changes are the accrual of interest over the period.