

**EPI SO 3 TYRE PROPERTY LIMITED**

**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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<b>EPISO 3 TYRE PROPERTY LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	Mark Terry Jean-Philippe Blangy
<b>Company secretary</b>	Mark Terry
<b>Registered number</b>	03542905
<b>Registered office</b>	8th Floor Berkeley Square House Berkeley Square London W1J 6DB

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their report and the financial statements for the year ended 31 December 2020.

**Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Principal activity**

The Company's principal activity is property investment in the West Midlands. There have not been any significant changes in the Company's principal activity in the year under review.

No separate strategic report has been presented as the Company is entitled to small company exemption.

**Results and dividends**

The profit for the year, after taxation, amounted to £11,803,521 (2019 - loss £2,634,033).

There were no dividends paid in the year under review (2019 - £NIL).

**Directors**

The Directors who served during the year and up to the date of signature of the financial statements were as follows:

Mark Terry (appointed 1 July 2014)  
Jean-Philippe Blangy (appointed 12 April 2018)

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**EPIISO 3 TYRE PROPERTY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Post balance sheet events**

On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 as a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and global economy.

The full extent of the COVID-19 economic impact is currently uncertain and the pandemic continues to impact many aspects of daily life and global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Management is in close contact with all of the Company's service providers to ensure the continuity of the Company's ongoing operations, assess liquidity, tenant obligations, lending arrangements and the basis of the values and estimates reported in the financial statements and accompanying notes. The Directors have assessed the impact on the financial statements as of 31 December 2020 and have concluded COVID-19 to be a non-adjusting event.

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Small companies note**

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

This report was approved by the board on 6th September 2021 and signed on its behalf.



**Mark Terry**  
Secretary

**EPISO 3 TYRE PROPERTY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	3,992,453	3,779,527
Cost of sales		(24,653)	(455,558)
<b>Gross profit</b>		<b>3,967,800</b>	<b>3,323,969</b>
Administrative expenses		11,495,655	(4,675,874)
Other operating income		141,964	31,073
<b>Operating profit/(loss)</b>	5	<b>15,605,419</b>	<b>(1,320,832)</b>
Interest receivable and similar income		596	803
Interest payable and expenses		(1,783,098)	(1,947,291)
<b>Profit/(loss) before tax</b>		<b>13,822,917</b>	<b>(3,267,320)</b>
Tax on profit/(loss)	7	(2,019,396)	633,287
<b>Profit/(loss) for the financial year</b>		<b>11,803,521</b>	<b>(2,634,033)</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 10 to 24 form part of these financial statements.

**EPIISO 3 TYRE PROPERTY LIMITED**  
**REGISTERED NUMBER: 03542905**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investment property	8	62,347,882	49,592,235
		<u>62,347,882</u>	<u>49,592,235</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	4,208,769	3,444,782
Cash at bank and in hand	10	1,986,506	1,407,399
		<u>6,195,275</u>	<u>4,852,181</u>
Creditors: amounts falling due within one year	11	(2,595,138)	(1,949,678)
<b>Net current assets</b>		<u>3,600,137</u>	<u>2,902,503</u>
<b>Total assets less current liabilities</b>		<u>65,948,019</u>	<u>52,494,738</u>
Creditors: amounts falling due after more than one year	12	(49,527,327)	(49,896,963)
<b>Provisions for liabilities</b>			
Deferred tax	15	(2,115,469)	(96,073)
		<u>(2,115,469)</u>	<u>(96,073)</u>
<b>Net assets</b>		<u><u>14,305,223</u></u>	<u><u>2,501,702</u></u>
<b>Capital and reserves</b>			
Called up share capital		1,000	1,000
Profit and loss account		14,304,223	2,500,702
		<u><u>14,305,223</u></u>	<u><u>2,501,702</u></u>

The Directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



**EPI SO 3 TYRE PROPERTY LIMITED**  
**REGISTERED NUMBER: 03542905**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**



**Mark Terry**  
Director

**EPISO 3 TYRE PROPERTY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	1,000	2,500,702	2,501,702
Profit for the financial year and total comprehensive income for the year	-	11,803,521	11,803,521
<b>At 31 December 2020</b>	<b>1,000</b>	<b>14,304,223</b>	<b>14,305,223</b>

The notes on pages 10 to 24 form part of these financial statements.

<b>EPI SO 3 TYRE PROPERTY LIMITED</b>
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,000	5,134,735	5,135,735
Loss for the period and total comprehensive loss for the period	-	(2,634,033)	(2,634,033)
<b>At 31 December 2019</b>	<u><u>1,000</u></u>	<u><u>2,500,702</u></u>	<u><u>2,501,702</u></u>

The notes on pages 10 to 24 form part of these financial statements.

**EPISO 3 TYRE PROPERTY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	11,803,521	(2,634,033)
<b>Adjustments for:</b>		
Interest paid	1,783,097	1,947,291
Interest received	(596)	(803)
Taxation charge	2,019,396	(633,287)
(Increase)/decrease in debtors	(763,984)	512,460
Increase/(decrease) in creditors	27,313	(453,433)
Net fair value (gains)/losses recognised in P&L	(12,222,208)	3,808,745
<b>Net cash generated from operating activities</b>	<u>2,646,539</u>	<u>2,546,940</u>
<b>Cash flows from investing activities</b>		
Capital expenditure	(533,439)	(104,840)
Interest received	596	803
<b>Net cash from investing activities</b>	<u>(532,843)</u>	<u>(104,037)</u>
<b>Cash flows from financing activities</b>		
Loans from group companies repaid	(276,829)	(911,661)
Interest paid	(1,257,760)	(2,163,824)
<b>Net cash used in financing activities</b>	<u>(1,534,589)</u>	<u>(3,075,485)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>579,107</u>	<u>(632,582)</u>
Cash and cash equivalents at beginning of year	1,407,399	2,039,981
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,986,506</u></u>	<u><u>1,407,399</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,986,506	1,407,399
	<u><u>1,986,506</u></u>	<u><u>1,407,399</u></u>

The notes on pages 10 to 24 form part of these financial statements.

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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

EPISO 3 Tyre Property Limited (the 'Company') is a private limited company and was incorporated in England on 8 April 1998. Its registered office address is 8th Floor, Berkeley Square House, Berkeley Square, London, W1J 6DB. The Company's principal activity is property investment in the West Midlands.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Going concern**

The Directors are required to make an assessment of the Company's ability to operate as a going concern when preparing these financial statements. In performing this assessment, the Directors have considered the financial position of the Company for the year ended 31 December 2020 and have noted that as at 31 December 2020, the Company is reporting net current assets of £3,600,136 (2019: £2,902,504 net current assets).

The Directors consider it appropriate to use the going concern basis in preparing these financial statements.

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## **EPIISO 3 TYRE PROPERTY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.3 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

##### **2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

###### **Rental income**

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned. The aggregate cost of incentives is allocated on a straight line basis over the lease term and is recognised as a reduction of rental income to reflect the true effective rental for the premises. Rental income also includes income from managed operations such as car-parking.

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## **EPI SO 3 TYRE PROPERTY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

Rental income received in advance is recognised as deferred income in the statement of financial position, and is only recognised as income at the date when it becomes due.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term, where material.

#### **2.5 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

#### **2.6 Finance costs**

Finance costs are charged to profit or loss 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.

#### **2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

#### **2.8 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

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## EPISO 3 TYRE PROPERTY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.10 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 2.11 Creditors

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

##### 2.12 Derivative financial instruments

The Company uses interest rate swaps to adjust interest rate exposures. The derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

##### 2.13 Financial instruments

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

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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at 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



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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

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 Company 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 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the date of statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Operating lease commitments**

The Company has entered into commercial property leases as a lessor on its investment property portfolio. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

**Valuation of investment property**

The fair value of the property is based on an external valuation and contains a number of assumptions upon which CBRE Ltd has based its valuation of the Company's property as at 31 December 2020.

Various assumptions as to tenure, letting, town planning and the condition and repair of buildings and sites - including ground water contamination have all been taken into account when determining the value of the property. If any of the information or assumptions are subsequently found to be incorrect the valuation figures may also be incorrect and should be reconsidered.

The valuation reflects the rental income as at the date of valuation. It also reflects any issues concerning anticipated cashflow. Given the uncertainties relating to COVID-19 virus and the current restrictions on business activities, it is likely there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income. Should this occur, there will be negative impact on the value of the property.

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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**4. Turnover**

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

	2020 £	2019 £
Rental income	3,992,453	3,779,527
	<u>3,992,453</u>	<u>3,779,527</u>

All turnover arose within the United Kingdom.

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Exchange differences	<b>3</b>	<b>3</b>
	<b>=====</b>	<b>=====</b>

**6. Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>2</b>	<b>2</b>
	<b>=====</b>	<b>=====</b>

**EPI SO 3 TYRE PROPERTY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Taxation**

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,019,396	(633,287)
<b>Total deferred tax</b>	<u>2,019,396</u>	<u>(633,287)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>2,019,396</u>	<u>(633,287)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 18%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>13,822,917</u>	<u>(3,267,320)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 18%)	2,626,355	(588,118)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(2,322,219)	685,574
Capital allowances utilised in period	(109,501)	(97,456)
Utilisation of tax losses	(194,635)	-
Provision for capital gains	2,019,396	(633,287)
Unrelieved tax losses carried forward	-	-
<b>Total tax charge/(credit) for the year</b>	<u>2,019,396</u>	<u>(633,287)</u>

**Factors that may affect future tax charges**

The Company has £2,116,446 of trading losses (deferred tax asset of £402,125) to offset against future trading profits.

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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2020	<b>49,592,235</b>
Additions at cost	<b>533,439</b>
Surplus on revaluation	<b>12,222,208</b>
<b>At 31 December 2020</b>	<b><u>62,347,882</u></b>

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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. Investment property (continued)**

The property is a landmark mixed-use building located at Fort Dunlop, Fort Parkway, Birmingham. A valuation has been carried out by CBRE Ltd on 31 December 2020, who have estimated the property's market value to be £63,550,000.

Various assumptions as to tenure, letting, town planning and the condition and repair of buildings and sites - including ground water contamination have all been taken into account when determining the value of the property. If any of the information or assumptions are subsequently found to be incorrect the valuation figures may also be incorrect and should be reconsidered.

The outbreak of the Coronavirus (COVID-19) declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020 continues to impact many aspects of daily life and global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and measures taken to tackle COVID-19 continue to affect economies and real estate globally. Nevertheless, as at the valuation date of 31 December 2020 some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where enough market evidence exists upon which to base opinions of value. Accordingly the valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

The valuation reflects the rental income as at the date of valuation. It also reflects any issues concerning anticipated cashflow. Given the uncertainties relating to COVID-19 virus and the current restrictions on business activities, it is likely there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income. Should this occur, there will be negative impact on the value of the property.

The Directors consider that this valuation remains an accurate estimate of the fair value of the property as at 31 December 2020. The value £63,550,000 includes £1,202,118 for lease incentives which are recognised separately in note 10 under debtors.

The market value reflects the following yield profile:

Net initial yield	6.03%
Reversionary yield	8.70%
Equivalent yield	8.00%

The valuation and Valuation Report were prepared in accordance with the RICS Valuation – Global Standards (issued November 2019, effective January 2020) which incorporate the International Valuation Standards (IVS) and where applicable the relevant RICS national or jurisdictional supplement (the "Red Book").

The 2020 valuations were made by CBRE Ltd, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £	2019 £
Historic cost	47,140,606	47,140,606
	<u>47,140,606</u>	<u>47,140,606</u>

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**EPI SO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**9. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,871,228</b>	<b>2,152,019</b>
Lease incentives	<b>1,202,119</b>	<b>1,257,765</b>
Prepayments and accrued income	<b>135,422</b>	<b>34,998</b>
	<b>4,208,769</b>	<b>3,444,782</b>

**10. CASH AT BANK AND IN HAND**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>1,986,506</b>	<b>1,407,399</b>
	<b>1,986,506</b>	<b>1,407,399</b>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>2,238</b>	<b>265,743</b>
Amounts owed to group undertakings	<b>789,443</b>	<b>264,105</b>
Other taxation and social security	<b>350,216</b>	<b>174,803</b>
Accruals and deferred income	<b>1,453,241</b>	<b>1,245,027</b>
	<b>2,595,138</b>	<b>1,949,678</b>



## EPISO 3 TYRE PROPERTY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans	27,515,000	27,515,000
Amortised bank loan costs	(92,807)	-
Amounts owed to group undertakings	22,105,134	22,381,963
	<u>49,527,327</u>	<u>49,896,963</u>

#### Bank loan

The Company entered into a loan facility agreement ('agreement') with The Royal Bank of Scotland International ('RBSI') Limited on 15 January 2015 securing a loan amount of £30,305,000. The purpose of the loan was to refinance the cost of acquisition of the investment property. Under clause 6 of the agreement the Company had to make quarterly principal repayment of £228,750 if certain conditions were met. The loan terminated on 14 January 2020. Interest per annum was charged at a rate of 1.85% (Margin) and LIBOR. The loan is secured against the assets of the Company.

The Company has drawdown a total amount of £30,305,000 and as at 31 December 2020 has an outstanding balance of £27,515,000 (2019: £27,515,000).

On 14 January 2020, the Company has entered into an amended and restated agreement with RBSI for the loan amount £27,515,000 and has agreed a termination date of 14 January 2022. The interest per annum remained unchanged at 1.85% (Margin) and LIBOR. An arrangement fee of £178,848 was paid on the date of this agreement.

#### Derivative financial instruments

The Company also entered into an interest rate swap agreement with RBSI on 15 January 2015 to adjust the interest rate exposure. The interest rate swap agreement terminated on 31 December 2019. The agreement fixed the LIBOR to 1.2725% whereby if LIBOR rises above 1.2725%, RBSI will pay the Company the difference between the interest expense for the period and the interest expense calculated using the fixed rate of 1.2725%. If LIBOR falls below 1.2725%, the Company will pay RBSI the difference the interest expense for the period and the interest expense calculated using the fixed rate of 1.2725%.

At 31 December 2019, the interest rate swap was fair valued at £nil.

There is no derivative instrument in place for the year 2020.

#### Amounts owed to group undertakings

- Loan totalling £10,478,062 (2019: £10,478,062) payable to EPISO 3 Tyre Holding S.à.r.l. Interest is charged at 10% per annum, unsecured and repayable on 1 October 2019. On the 30th January 2020, the loan repayment was extended to 1 October 2022. The interest payable at the year end amounts to £789,443 (2019: £264,105). EPISO 3 Tyre Holding S.à.r.l have provided confirmation to the Directors of the Company that the loan will not be called until the Company has sufficient cash to settle the loan amount.

- Loan totalling £11,627,072 (2019: £11,903,902) payable to EPISO 3 Tyre S.à.r.l. at 31 December 2020. The loan is unsecured, interest free and repayable on 1 October 2064.

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**EPISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. Loans**

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due 2-5 years</b>		
Bank loans	27,515,000	27,515,000
	<u>27,515,000</u>	<u>27,515,000</u>

**14. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,986,506	1,407,399
Financial assets that are debt instruments measured at amortised cost	4,073,347	3,409,785
	<u>6,059,853</u>	<u>4,817,184</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(50,549,925)</u>	<u>(50,800,374)</u>

Financial assets measured at fair value through profit or loss comprise of:

a. Cash at bank and in hand £1,986,506 (2019: £1,407,399)

Financial assets measured at amortised cost comprise of:

a. Trade debtors £2,871,227 (2019: £2,152,019)

b. Lease incentives £1,202,118 (2019: £1,257,765)

Financial liabilities measured at amortised cost comprise of:

a. Trade creditors and accruals £1,022,598 (2019: £903,411)

b. Amount owed to group undertakings £22,105,134 (2019: £22,381,963)

c. Bank loans £27,422,193 (2019: £27,515,000)

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**EPIISO 3 TYRE PROPERTY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**15. Deferred taxation**

	2020 £
At beginning of year	(96,073)
Charged to profit or loss	(2,019,396)
<b>At end of year</b>	<b>(2,115,469)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(2,517,594)	(265,974)
Tax losses carried forward	402,125	169,901
	<b>(2,115,469)</b>	<b>(96,073)</b>

**16. Related party transactions**

EPIISO 3 Tyre Holding S.à.r.l., the immediate parent of EPIISO 3 Tyre S.à.r.l., has provided an interest bearing loan of £10,478,062 (2019: £10,478,062) to the Company. Interest of £1,050,677 (2019: £1,047,806) was charged for the year. At 31 December 2020, the Company has £789,443 (2019: £264,105) payable for interest and £10,478,062 (2019: £10,478,062) for loan.

EPIISO 3 Tyre Holding S.à.r.l also provides investment management services to the Company. The Company has paid a total of £355,130 (2019: £353,796) as investment management fees for the year.

The Company has a total amount of £11,627,072 (2019: £11,903,902) as an interest free loan payable to EPIISO 3 Tyre S.à.r.l.

**17. Post balance sheet events**

There has been no other matter or circumstance that has arisen since the end of the financial year to the date of approving these financial statements for issue.

**18. Controlling party**

The immediate holding company is EPIISO 3 Tyre S.à.r.l., a company incorporated and registered in Luxembourg. The ultimate parent undertaking is European Property Investors Special Opportunities 3 L.P., a limited partnership registered in the United Kingdom.