

The Unique Pub Finance Company PLC

Report and Accounts

52 week period ended 24 September 2023

Registered number: 03733088

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The Unique Pub Finance Company PLC

Registered No: 03733088

DIRECTORS

D A Ross
D McDowall
Wilmington Trust SP Services (London) Limited

SECRETARY

H F Harvey

AUDITOR

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

REGISTERED OFFICE

3 Monkspath Hall Road
Solihull
West Midlands
B90 4SJ

The Unique Pub Finance Company PLC

STRATEGIC REPORT

Registered No: 03733088

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Unique Pub Finance Company PLC ("the Company") is a wholly owned subsidiary within the group headed by the ultimate parent company Stonegate Pub Company Topco Sarl ("the Group"). The Company along with Unique Pub Properties Limited ("UPPL") form the Unique Securitisation and the principal activity of the Company continues to be the provision of loan finance to UPPL in connection with its ownership and operation of public houses. As part of the Unique Securitisation these public houses comprise the securitised estate, whereby restrictions exist over the generation and use of funds designed to provide a secure source of net funds to enable UPPL to meet both its capital and interest obligations under the intercompany loan due to the Company. The intercompany loan largely mirrors the terms of external debt held by the Company in the form of listed bonds.

The profit before tax for the year amounted to £47,000 (2022: £57,000), being the net of interest receivable from the onward loan finance to UPPL of the proceeds of the Company's securitised bonds and the interest on the securitised bonds. As the interest rates on the assets and liabilities are fixed, the level of profit is solely linked to the level of outstanding balances in the period. At 24 September 2023 the Company had net assets of £1,856,000 (2022: £1,816,000).

The securitisation documents entered into as part of the arrangement to issue bonds by the Company are inter alia:

- Estate Purchase Agreement
- Intercompany Loan Agreement
- Debenture
- Cash Management Agreement
- Asset Management Agreement
- Hedge Agreement
- Beer Supply Agreement
- Bank Account Agreement
- MBIA Guarantee (2002 Issue only)
- Intellectual Property Rights Assignment

These were issued in accordance with the terms of the securitisation and the key terms are set out in the Offering Circular dated 25 February 2005. The securitised Trustee is The Law Debenture Trust Corporation p.l.c. appointed to represent the interests of the holders of the Notes ("the Trustee").

The Unique Pub Finance Company PLC

STRATEGIC REPORT (CONTINUED)

Registered No: 03733088

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS (CONTINUED)

The £432,118,000 financial liability on the balance sheet represents £13,000 of preference shares, £6,360,000 of interest that falls due just after the balance sheet date and £425,745,000 of securitised bonds which are currently amortising and will be repaid in full by 2032 (with different note classes ending between 2024 and 2032) and attract a weighted average fixed interest rate of 6.29% until maturity. The Company made scheduled repayments on the bonds of £104,237,000 which resulted in the Company being £69,931,000 ahead of the amortisation schedule at the balance sheet date (2022: £76,324,000) set out in the bond prospectus and used for the purpose of the debt cover service ratio covenant. On 30 December 2022 the Company optionally redeemed £2,100,000 of principal amount outstanding of the class A4 Notes at a price of 106.268 per cent of their principal amount plus accrued interest and on 30 March 2022 the Company optionally redeemed a further £2,400,000 of principal amount outstanding of the class A4 Notes at a price of 105.319 per cent of their principal amount plus accrued interest.

The bonds are listed on the Bourse de Luxembourg. Please see note 12 for further details relating to the financing activities within the Company.

There are two covenants that relate to the Unique Securitisation which are tested at each quarter end and are based solely around the assets held within the Unique Securitisation, which are predominantly held in UPPL. There is a net asset covenant (the Net Worth covenant) and a debt service cover (DSCR) covenant.

The directors do not believe there to be any additional key performance indicators relevant to the Company.

RISKS AND UNCERTAINTIES

As the principal activity of the Company continues to be the provision of loan finance to UPPL in connection with its operation of pubs, the principal risks and uncertainties facing the Company are financial and are discussed in this section.

These risks are monitored on a group basis and there are formal management processes in place to identify and evaluate these risks.

General economy

As the Company's principal activity continues to be the provision of loan finance to UPPL in connection with its ownership and operation of public houses the sensitivity of UPPL's operations to economic conditions is a risk to the Company particularly whilst the general economic outlook remains uncertain.

Risks to the day-to-day trading in UPPL include deterioration in consumer spending prompted by the current downturn in the economy together with potential shifts in consumer spending patterns. The fundamental need for the UK consumer to socialise will always remain, however changes in consumer behaviour are often rapid. The wider Group's Segment Strategy teams, involving marketers, operators and finance, meet regularly to ensure segments respond quickly.

The hospitality industry is facing significant inflationary cost pressures across drink, food and wage lines as well as the impact of increased energy costs. Although these do not all directly affect the Company, they do impact publican profitability due to decreased consumer spending or an increase in the underlying cost base of publicans. The Group has a team of regional managers whose role is to support its publicans, staying close to their businesses, understanding the pressures and providing support where necessary.

Whilst the macroeconomic environment continues to have an impact on publican profitability and the cost of living crisis has led to lower profit and operating cashflows than would otherwise have resulted had these conditions not existed, overall the Group (including the Company and UPPL) has delivered a highly respectable performance, further demonstrating the resilience of its high quality pub portfolio.

The Unique Pub Finance Company PLC

STRATEGIC REPORT (CONTINUED)

Registered No: 03733088

RISKS AND UNCERTAINTIES (CONTINUED)

The Group remains well placed to protect the business during these uncertain times by providing support, scale and tools to enable publicans to be in the strongest position possible through turbulent times. The Board does not underestimate the fragility in market conditions but acknowledges the general earnings stability of the leased and tenanted model. The Board regularly reviews financial forecasts to assess the impact of economic conditions on its publicans and therefore on the security of the Company's income.

Regulatory risk

On 21 July 2016 a Statutory Code of Practice, introduced by the Small Business, Enterprise and Employment Act 2015, came into effect which has since been through a planned statutory review process which has not resulted in a material change to the fundamental basis of the Code. The Pubs Code applies to those companies with over 500 pubs operating under tied leased and tenancy agreements in England and Wales, and is overseen by an independent Adjudicator.

The legislation includes a tenant's right, under certain circumstances, to change the freely-negotiated commercial terms of their existing agreement to a new Market Rent Only (MRO) compliant agreement. This enables some occupational tenants to elect to opt-out of the supply tie at certain points or after certain exceptional events during the term of their lease agreement and therefore occupy the premises on a standard commercial property lease, paying rent only. In the event that a tenant elects to invoke this option, whilst our income derived from the supply of tied drinks products would be partially offset by increases in rent, it is possible that total income and property valuations in UPPL could be adversely affected by this element both of which form part of the covenant tests that relate to the Unique Securitisation.

Since the Code's introduction the Group has not experienced a material impact on its financial results, however the risk to income in UPPL remains which results in a potential increase in credit default by UPPL (see credit risk below).

Financial instrument risk

The Company's financial instruments include securitised bonds, intercompany loans and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Company's financial instruments are liquidity risk, credit risk and financial covenant risk. There is no currency exposure as all transactions are in sterling. The Board reviews and agrees policies for managing each of these risks on a group basis and they are summarised below:

Liquidity risk

The Company's direct exposure to liquidity risk is mitigated by the fact that the intragroup on-loans to UPPL mirror the terms of the securitised debt in all material aspects. The Company's liquidity risk is therefore indirect, being the risk that UPPL will be unable to make payments due under the terms of the on-loan.

UPPL's liquidity risk is subject to:

- Regular cash flow forecasting and reporting through the Group's treasury function
- Regular review of that company's debt portfolio including maturities and repayment profile

The exposure to liquidity risk in respect of the Securitisation is managed by a liquidity facility held in the Company. The liquidity facility is available to meet certain payment obligations falling due in the Unique Securitisation to the extent that insufficient funds are available to meet such payments.

The current liquidity facility of £89,000,000 was agreed on 30 June 2021, is renewable in June 2024 and expires in March 2032 or on the repayment of all outstanding Notes if earlier. Lenders can opt to not renew the facility prior to each renewal date at which point the facility provided by that lender would be drawn and the funds placed in a Liquidity Standby account therefore ensuring the funds remain available to the Company. See note 12 for further information on liquidity risk.

The Unique Pub Finance Company PLC

STRATEGIC REPORT (CONTINUED)

Registered No: 03733088

RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk

The Company's income and all material debtors are intercompany and are supported by a business that remains profitable and cash generative (before debt repayments) with securitised assets. As explained above the macroeconomic environment has affected income in UPPL and the regulatory risk in relation to the Statutory Code could result in a reduction in income in UPPL. However, the Company is currently £69,961,000 ahead of the bond amortisation schedule at the balance sheet date (which is mirrored in the intercompany loan receivable) and the collateral provided by UPPL's pub estate is far in excess of the intercompany loan balance, this along with the securitised nature of the relationship between the Company and UPPL together with the support to be provided to UPPL by the wider Group result in the risk of default being deemed as low.

Financial covenant risk

There are two covenants that relate to the Unique Securitisation which are tested at each quarter end and are based solely around the assets held within the Unique Securitisation, which are predominantly held in UPPL. There is a net asset covenant and a debt service cover covenant.

Throughout the year the Company tests all of the financial covenants and forecasts of future compliance are prepared during the annual budgeting process. Throughout the year the Board regularly reviews updated detailed financial forecasts to ensure there is sufficient headroom on all covenants and this is monitored by a variety of measures which are reported to debt providers on a quarterly basis.

DIRECTORS DUTIES UNDER SECTION 172 OF THE COMPANIES ACT 2006

Given the principal activity of the Company, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term the Board considers any decision with regard to the Unique Securitisation and therefore the Company. Due to the nature of the Company being a financing company all matters that relate to the financing structure are reserved for decision by the Directors at Board meetings in which briefings include the potential impacts and risks for all stakeholders. A record of the meetings are kept through minutes to ensure all relevant factors have been considered and documented.
- With reference to subsection (c) concerning the need to foster business relationships with the Noteholders and the Trustee by making available the Unique Investor Report quarterly within 30 days of the quarter end accompanied by an investor call in which any Noteholder or their nominated proxy has direct access to listen to and engage with the Chief Financial Officer including a question and answer section.
- Due to the nature of the Company's activities, there being no employees and all significant decisions being governed by the bond agreements, the matters set out in subsections (b), and (d)-(f) have limited strategic importance to the Company have not been commented on further.

The most significant matters considered by the Board in the current year related to the challenges faced by the business due to deterioration in consumer spending prompted by the cost of living crisis and the ability of the securitised assets of the Company and UPPL to maintain covenant compliance and meet amortisation requirements.

The Unique Pub Finance Company PLC

STRATEGIC REPORT (CONTINUED)

Registered No: 03733088

DIRECTORS DUTIES UNDER SECTION 172 OF THE COMPANIES ACT 2006 (CONTINUED)

Throughout these periods of uncertainty the Board remain committed to making decisions that protected the financial viability of the Company whilst safeguarding the wider Group's employees and customers. The main issue faced by the Board has been to preserve cash and ensure that the debt repayments could be met which meant making decisions at a Group level about the timing of various payments but ensuring that working relationships with our valued suppliers and publicans were maintained including supporting publicans where necessary. The Board is confident that each decision was made in the best interests of the long-term success of the Company and the wider Group whilst also weighing up and considering the interests of the identified stakeholder groups.

In accordance with s. 426B Companies Act 2006 a copy of this statement is available at:
www.stonegategroup.co.uk



On behalf of the Board

D A Ross

Director

24 January 2024

The Unique Pub Finance Company PLC

DIRECTORS' REPORT

Registered No: 03733088

The directors present their report and accounts for the 52 week period ended 24 September 2023.

DIRECTORS

The directors of the Company during the 52 week period ended 24 September 2023 and since the end of the year were as follows:

D A Ross
S D Longbottom (resigned 24 February 2023)
D McDowall (appointed 24 February 2023)
Wilmington Trust SP Services (London) Limited

Group Chief Financial Officer
Group Chief Executive Officer
Group Chief Executive Officer

The directors in office have no beneficial interest in the shares of the Company.

ENVIRONMENT

The Company as part of the wider Group headed by Stonegate Pub Company Topco Sarl recognises its responsibility to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. Our approach is to work towards continuous improvement through education, communication and direct action where applicable. Details of the Group's environmental policies are discussed in the Stonegate Pub Company's Annual Report and Accounts.

As the principal activity of the Company is a financing entity, with no employees or operations the energy consumed directly by the entity during the year is less than 40,000kWh and therefore the directors have taken an exemption from the SECR disclosures.

EMPLOYEES

The Company had no employees during the current or prior year.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the current or prior year.

DIVIDENDS

During the year no dividend was paid to the Company's immediate parent undertaking, Unique Pub Investments Limited (2022: £nil). The directors do not recommend the payment of a final dividend (2022: £nil).

FUTURE DEVELOPMENTS

The Company will continue to provide loan finance to UPPL in connection with its operation of pubs.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

POST BALANCE SHEET EVENTS

On 29 September 2023 the Company optionally redeemed £2,500,000 of principal amount outstanding of the class A4 Notes at a price of 101.118 per cent of their principal amount plus accrued interest.

The Unique Pub Finance Company PLC

DIRECTORS' REPORT (CONTINUED)

Registered No: 03733088

STATEMENT OF DISCLOSURE TO THE AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosures required by paragraph 6 of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 on the use of financial instruments and risk exposures relating to financial instruments in the 'Strategic Report'.

GOING CONCERN

The financial statements have been prepared on the going concern basis. The statement headed "Going Concern" in note 3 sets out certain factors in the Directors' consideration in reaching this assessment.

CORPORATE GOVERNANCE - FINANCIAL REPORTING

The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the process for preparation of financial accounts. These systems include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with UK-adopted IFRS and in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS); require representatives of the business to clarify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period; and review and reconcile reported data.

On behalf of the Board



D A Ross
Director
24 January 2024

The Unique Pub Finance Company PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law. In addition, the financial statements are required under the Luxembourg Transparency Act to be prepared in accordance with IFRS Accounting Standards as adopted by the European Union ("EU-IFRS").

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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance UK-adopted international accounting standards and IFRS Accounting Standards as adopted by the European Union ("EU-IFRS");
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for preparing the financial statements in accordance with Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors who remained in position at the date of signing the accounts, whose names and functions are disclosed on page 7, confirms that, to the best of their knowledge:

- the financial statements of the Company, which have been prepared in accordance with both UK-adopted international accounting standards and with IFRS Accounting Standards as adopted by the EU ("EU-IFRS"), and give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

1 Our opinion is unmodified

We have audited the financial statements of The Unique Pub Finance Company Plc ("the Company") for the period ended 24 September 2023 which comprise the statement of profit or loss and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and the related notes, including the accounting policies in notes 1-3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Additional opinion in relation to IFRS Accounting Standards as adopted by the European Union.

As explained in note 2 to the financial statements, the Company, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRS Accounting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union ("IFRS Accounting Standards"). In our opinion the financial statements have been properly prepared in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2022):

	The risk	Our response
<i>Going concern</i> <i>see Note 3 to the financial statements</i>	<i>Disclosure quality</i> The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company. That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Company's financial forecasts taking account of severe, but plausible, adverse effects that could arise from this risk.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

	The risk	Our response
	<p>financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risk most likely to adversely affect the Company's available financial resources and metrics relevant to debt covenants is the ability of Unique Pub Properties Limited, a fellow group company, to make interest and amortisation payments on outstanding loans as they fall due.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<p>Our procedures also included:</p> <p>Funding assessment:</p> <ul style="list-style-type: none"> • We assessed whether the Company has financing facilities in place and available to it throughout the going concern period as modelled in its forecasts through inspection of the terms and conditions of the related agreement. • We recalculated the covenants and facility headroom throughout the going concern period in line with the forecasts prepared <p>Assessing transparency:</p> <ul style="list-style-type: none"> • We considered whether the going concern disclosure in note 3 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.0m (2022: £5.0m), determined with reference to a benchmark of total assets, of which it represents 0.94% (2022: 0.92%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) which equates to £3.0m (2022: £3.75m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the directors any corrected or uncorrected identified misstatements exceeding £0.2m (2022: £0.25m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

4 Going concern

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

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work are:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 3 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual pairings of accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and management (as required by auditing standards), and discussed with the directors and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Report and Accounts

The directors are responsible for the other information presented in the Report and Accounts together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

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

We have nothing to report in these respects.

8 European Single Electronic Format (ESEF)

The Company has prepared its financial statements, which comprise the statement of profit or loss and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and the related notes, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation").

The Directors are responsible for preparing the financial statements in accordance with the ESEF regulation. We were engaged by the Company to report on whether the financial statements are prepared, in all material respects, in accordance with the ESEF regulation.

We have examined the financial statements in order to determine whether the financial statements of the Company as at 24 September 2023 have been prepared in compliance with the relevant requirements in the ESEF Regulation that are applicable to financial statements. This relates to financial statements prepared in a valid xHTML format.

In our opinion the financial statements of the Company as 24 September 2023, identified as The Unique Pub Finance Company 2023 have been prepared, in all material respects, in compliance with the requirements of the ESEF Regulation.

9 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIQUE PUB FINANCE COMPANY PLC

responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



John Hughes (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

24 January 2024

The Unique Pub Finance Company PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

52 week period ended 24 September 2023

	Note	2023 £000	2022 £000
Finance income	6	29,557	36,767
Finance costs	7	(29,510)	(36,710)
Net finance income		47	57
PROFIT BEFORE TAX		47	57
Tax on profit	9	(7)	(10)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME		40	47

All of the operations of the Company are continuing.

The Unique Pub Finance Company PLC

BALANCE SHEET

At 24 September 2023

	Note	2023 £000	2022 £000
Non-current assets			
Financial assets	12	329,976	429,844
		329,976	429,844
Current assets			
Other receivables	10	1,753	1,753
Financial assets	12	102,137	112,884
Cash		226	177
		104,116	114,814
Total assets		434,092	544,658
Current liabilities			
Other payables	11	(118)	(111)
Financial liabilities	12	(102,142)	(112,887)
		(102,260)	(112,998)
Non-current liabilities			
Financial liabilities	12	(329,976)	(429,844)
		(329,976)	(429,844)
Total liabilities		(432,236)	(542,842)
Net assets		1,856	1,816
Equity			
Ordinary shares	14	-	-
Profit and loss account		1,856	1,816
Total equity		1,856	1,816

Approved by the Board and signed on its behalf by:



D A Ross
Director
24 January 2024

The Unique Pub Finance Company PLC

STATEMENT OF CHANGES IN EQUITY 52 week period ended 24 September 2023

	Share capital	Profit and Loss Account	Total
	£000	£000	£000
At 26 September 2021	-	1,769	1,769
Profit for the period	-	47	47
At 25 September 2022	-	1,816	1,816
Profit for the period	-	40	40
At 24 September 2023	-	1,856	1,856

The Unique Pub Finance Company PLC

CASH FLOW STATEMENT

52 week period ended 24 September 2023

	2023 £000	2022 £000
Cash flow from operating activities		
Profit for the period	40	47
Adjustments for:		
- Net finance income	(47)	(57)
- UK income tax charge	7	10
	-	-
Cash flow from investing activities		
Interest received from a fellow subsidiary	31,435	38,556
Repayment of loan from fellow subsidiary	108,737	100,818
	140,172	139,374
Cash flow from financing activities		
Interest paid	(31,386)	(38,495)
Advance of borrowings	6,000	-
Repayment of borrowings	(6,000)	-
Repayment of loans	(108,737)	(100,818)
	(140,123)	(139,313)
Net increase in cash	49	61
Cash at start of the period	177	116
Cash at end of the period	226	177

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

1. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 24 January 2024.

The financial statements were prepared in accordance with the policies set out under the basis of preparation (see note 2). The financial statements are prepared under the historical cost convention, in accordance with the Companies Act 2006 and on a going concern basis.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 week period ended 24 September 2023. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000s).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements of The Unique Pub Finance Company PLC have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS). The financial statements of The Unique Pub Finance Company PLC have also been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The Company is a public company limited by shares, incorporated in England and registered at 3 Monkspath Hall Road, Solihull, West Midlands (registered number 03733088). It is a wholly, indirectly, owned subsidiary of Stonegate Pub Company Topco Sarl a company registered in Luxembourg. The financial statements present information about the Company as an individual undertaking. The Unique Pub Finance Company PLC is included within the consolidated accounts of Stonegate Pub Company PIKCO Holdings Limited.

New standards not yet adopted

There are no new standards or interpretations that are expected to have a significant impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors consider that the accounting policies set out below are suitable and unless otherwise stated, have been consistently applied to all periods presented in these financial statements.

Use of accounting estimates

The Company makes estimations during the preparation of the financial statements. Actual results may differ from these estimates under different assumptions and conditions. There are no estimates deemed significant for disclosure.

Judgements

The preparation of financial statements requires management to make judgements that affect the amounts reported. There are no judgements deemed significant for disclosure.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company's principal activity is the provision of loan finance to Unique Pub Properties Limited ("UPPL") in connection with its ownership and operation of public houses in the United Kingdom. These public houses comprise a securitised estate, whereby restrictions exist over the generation and use of funds designed to provide a secure source of net funds to enable UPPL to meet both its capital and interest obligations under a series of intercompany loans due to the Company. These intercompany loans largely mirror the terms of external debt held by the Company in the form of listed bonds.

The financial position of the Company is set out in the Balance Sheet on page 17 which shows net assets of £1,856,000 (2022: £1,816,000).

In order to continue in operation, the Company has to meet external borrowing commitments as part of the securitisation and covenant tests based on the trading of UPPL. In turn UPPL has to meet the capital and interest obligations under the intercompany loans (see note 12 for more details) due to the Company. The security on the Bonds incorporates a first fixed charge in favour of the Trustee (for itself and on trust for the note holders and the other Issuer Secured Creditors) over the Issuer's right, title, interest and benefit, present and future to all properties, cash, eligible investments and income generated by UPPL.

The directors have prepared a going concern assessment, including cash flow forecasts and covenant compliance tests, for a period of at least 12 months from the date of approval of these financial statements. This assessment, including taking account of possible downsides, does not forecast a breach in any covenants but indicates that UPPL will require additional funding from its intermediate parent company, Stonegate Pub Company Limited, to enable it to meet its liabilities to the Company as they fall due for that period.

The Stonegate Pub Company Limited Group financial statements, authorised for issue on 18 January 2024, indicate that a material uncertainty exists over the Stonegate Group's ability to continue as a going concern due to there being a significant portion of its debt due for repayment in July 2025, and a risk exists that should the debt not be re-financed, the Group would not have the ability to repay it when it falls due.

The Company has considered a severe but plausible downside scenario in which Stonegate Group is unable to provide the required support to UPPL, and UPPL is unable to meet its obligations to the company. In that scenario, the Company has access to a liquidity facility provided by third party lenders which has been sized to cover 18 months of capital and interest payments and therefore provides an additional level of security for the Company should UPPL not have access to additional funds from the Group. Please see note 12 for further details regarding this facility.

Based on the above, the directors believe that in both the base case models and the downside models the liquidity facility provides sufficient headroom to enable the repayment of all interest and amortisation payments for a period of not less than 12 months from the date of approval of these financial statements. Therefore the Directors are confident that the Company has adequate resources to continue to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial instruments

a) Cash and cash equivalents

Cash comprises cash at bank and in hand.

b) Borrowings

Borrowings which include intercompany loans are measured at amortised cost. This method results in the interest charge associated with the debt, combined with the amortisation of the issue costs, premiums and discounts, representing a constant percentage of the borrowings across the life of the instrument based on the estimated cash flows and the contractual terms of the agreement.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

When borrowings are refinanced the Company reviews whether the arrangement constitutes an extinguishment of the original financial liability and the recognition of a new financial liability or a modification of the terms of the existing financial liability. If the refinanced borrowings are accounted for as an extinguishment of the original financial liability any costs or fees incurred are recognised as part of the gain or loss on the extinguishment and written off through non-underlying finance costs. If the refinanced borrowings are accounted for as a modification any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining life of the modified loan.

Intercompany loans receivable are assessed for ECLs on a general approach under IFRS 9. The Company recognises a provision on this basis when the carrying value of the asset is not supported.

c) Equity instruments

Equity instruments, being ordinary shares issued by the Company, are recorded at the fair value of the proceeds received, net of any direct issue costs. The nominal value of shares issued is recorded in called up share capital and the balance of the net proceeds is recorded in share premium.

d) Preference shares

Preference shares have been disclosed as a financial liability within the financial statements and any preference dividends are classified as interest payable.

e) Other receivables and Other payables

Other receivables are held at their original amount net of an ECL allowance, intercompany balances are based on the general model and other balances are based on the simplified model as allowed by IFRS 9. Other payables are held at amortised cost.

Fair value measurement

IFRS 13 requires that all assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

The classification uses the following three-level hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Other techniques whereby the inputs are either directly or indirectly derived from market data.

Level 3 – Inputs used in the valuation are not based on observable market data.

Finance income

Income received in relation to intercompany loan receivable is recognised in the income statement in the period to which it relates using the effective interest rate method.

Finance costs

Interest paid is recognised in the income statement in the period to which it relates using the effective interest rate method.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense comprises both the tax payable based on taxable profits for the year and deferred tax. Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying value of assets and liabilities for accounting and tax purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. No deferred tax is recognised if the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and the intention is to either settle on a net basis or realise the asset and liability simultaneously. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the assets and liabilities relate to taxes levied by the same tax authority which are intended to be settled net or simultaneously.

Tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income. Similarly tax is charged or credited directly to equity if it relates to items charged or credited directly to equity. Otherwise tax is charged in the Income Statement. Tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date.

4. DIRECTORS' REMUNERATION

Directors' remunerations are borne by fellow Group Companies and have not been recharged to the Company in the current period. The notional cost to the entity of the directors was £3,000 during the period (2022: £4,000).

5. STAFF NUMBERS AND COSTS

The Company had no employees during the current or prior year.

6. FINANCE INCOME

	2023 £000	2022 £000
Interest receivable from other group companies	29,557	36,767
Total finance income	29,557	36,767

7. FINANCE COSTS

	2023 £000	2022 £000
Interest payable on securitised bonds	29,510	36,710
Total financial costs	29,510	36,710

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

8. AUDITOR'S REMUNERATION

The audit fees of the Company for the 52 week period ended 24 September 2023 of £40,000 (2022: £30,000) are borne by another Group company.

9. TAXATION

a) Analysis of total tax expense recognised in the Income Statement

	2023 £000	2022 £000
Current tax		
UK Corporation tax	10	11
Total current tax	10	11
Adjustment in respect of prior years	(3)	(1)
Tax on profit	7	10

There was no deferred tax charge/(credit) in the current or prior year.

b) Tax charge reconciliation

	2023 £000	2022 £000
Profit before tax	47	57
Profit before tax at 22.0% (2022: 19.0%)	10	11
Effects of:		
Adjustment in respect of prior years	(3)	(1)
Tax on profit	7	10

In the 3 March 2021 Budget, it was announced that the UK tax rate would increase from 19% to 25% from 1 April 2023. The rate change to 25% had been substantively enacted in a prior year, however the company had no deferred tax balances as at that period end to effect. No further changes to the tax rate have been announced. The impact of the rate change in the current year is therefore £nil (2022: £nil). The company has no deferred tax balances at the period end.

As the corporation tax rate has changed from 19% to 25% during the year, current tax has been accounted for at a blended rate of 22% (2022: 19%).

10. OTHER RECEIVABLES

	2023 £000	2022 £000
Amounts due from Group undertakings	1,753	1,753
	1,753	1,753

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

11. OTHER PAYABLES

	2023 £000	2022 £000
Amounts due to Group undertakings	118	111
	118	111

12. FINANCIAL ASSETS AND LIABILITIES

	2023 £000	2022 £000
Current assets		
Interest on loans to fellow subsidiary undertakings	6,368	8,246
Loans to fellow subsidiary undertakings	95,769	104,638
Total current financial assets	102,137	112,884
Non-current assets		
Loans to fellow subsidiary undertakings	329,976	429,844
Total financial assets	432,113	542,728
Current liabilities		
Interest on Securitised bonds	6,360	8,236
Securitised bonds	95,769	104,638
Preference share capital	13	13
Total current financial liabilities	102,142	112,887
Non-current liabilities		
Securitised bonds	329,976	429,844
Total financial liabilities	432,118	542,731

(a) Financial assets

The above loans to fellow subsidiary undertakings were made to UPPL, the principal terms of which are as follows:

Loan	Expiry date	2023 £000	2022 £000
A4 Loan 5.669%	June 2027	177,085	210,155
M Loan 7.405%	March 2024	62,097	139,608
N Loan 6.474%	March 2032	192,931	192,965
		432,113	542,728

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

12. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The A4, M and N loans are used as security pursuant to the Issuer Deed of Charge dated 25 February 2005 entered into by the Company (Issuer), UPPL and Ei Group limited (as Cash Manager).

This security incorporates a first fixed charge in favour of the Trustee (for itself and on trust for the loan note holders and the other Issuer Secured Creditors) over the Issuer's right, title, interest and benefit, present and future to all properties, cash, eligible investments and income generated by UPPL.

The following table shows the repayment profile of the loans to a fellow subsidiary:

	2023 £000	2022 £000
In one year or less	102,137	112,884
In more than one year but not more than two years	46,659	94,505
In more than two years but not more than five years	132,267	145,339
Repayable in more than five years	151,050	190,000
	432,113	542,728

All of the above loans are borrowed at a fixed rate.

Fixed rate loan weighted averages

	2023	2022
Interest rate	6.30%	6.31%
Time for which rate is fixed (years)	4	4

The book value (not including the accrued interest) and fair value of the loan to a fellow subsidiary are shown below. The fair value information is derived indirectly with reference to the market values as at the 24 September 2023 and are therefore evaluated to be level 2 in the fair value hierarchy described in note 3.

	2023 Book value £000	2023 Fair value £000	2022 Book value £000	2022 Fair value £000
Loans to fellow subsidiary undertakings	425,745	415,205	534,482	560,192
	425,745	415,205	534,482	560,192

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

12. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) Financial liabilities

The principal terms of the securitised bonds are as follows:

Bond	Expiry date	2023 £000	2022 £000
A4 Bond 5.659%	June 2027	177,082	210,151
M Bond 7.395%	March 2024	62,096	139,606
N Bond 6.464%	March 2032	192,927	192,961
		432,105	542,718

The Issuer's obligations under the A4, M and N bonds are secured pursuant to the Issuer Deed of Charge dated 25 February 2005 entered into by the Unique Pub Finance Company PLC (Issuer), UPPL and Ei Group limited (as Cash Manager).

This security incorporates a first fixed charge in favour of the Trustee (for itself and on trust for the bond holders and the other Issuer Secured Creditors) over the Issuer's right, title, interest and benefit, present and future to all properties, cash, eligible investments and income generated by UPPL.

The bonds are listed on the Bourse de Luxembourg.

The Company finances its operations through a mixture of retained profits and bonds.

The Company does not trade in financial instruments.

As the Company has no foreign currency instruments and has no plans to obtain such instruments and as all borrowings are at fixed interest rates, the main risks arising from the Company's financial instruments are liquidity risk, credit risk and financial covenant risk and the Company's policies for managing these risks are summarised below.

Liquidity risk

The Company's direct exposure to liquidity risk is mitigated by the fact that the intragroup on-loans to UPPL mirror the terms of the securitised debt in all material aspects. The Company's liquidity risk is therefore indirect, being the risk that UPPL will be unable to make payments due under the terms of the on-loan.

UPPL's liquidity risk is subject to:

- Regular cash flow forecasting and reporting through the Group's treasury function
- Regular review of that company's debt portfolio including maturities and repayment profile

The exposure to liquidity risk in respect of the Securitisation is managed by a liquidity facility held in the Company. The liquidity facility is available to meet certain payment obligations falling due in the Unique Securitisation to the extent that insufficient funds are available to meet such payments.

The current liquidity facility of £89,000,000 was agreed on 30 June 2021, is renewable in June 2024 and expires in March 2032 or on the repayment of all outstanding Notes if earlier. Lenders can opt to not renew the facility prior to each renewal date at which point the facility provided by that lender would be drawn and the funds placed in a Liquidity Standby account therefore ensuring the funds remain available to the Company.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

12. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

During the year £6,000,000 was identified as being required to meet the Company's obligations on the Interest Payment Date and £6,000,000 was therefore drawn on the liquidity facility, the Company has repaid this borrowing before the period end date and no balance is therefore outstanding on the facility.

Credit risk

The Company's income and all material debtors are intercompany and are supported by a business that remains profitable and cash generative (before debt payments) with securitised assets. As explained in the Strategic Report the macroeconomic environment, specifically the downturn in the economy and inflationary cost pressured have affected income in UPPL and the regulatory risk in relation to the Statutory Code could result in a reduction in income in UPPL. However, the Company is currently £69,931,000 ahead of the bond amortisation schedule at the balance sheet date (which is mirrored in the intercompany loan receivable) and the collateral provided by UPPL's pub estate is far in excess of the intercompany loan balance, this along with the securitised nature of the relationship between the Company and UPPL together with the support to be provided to UPPL by the wider Group result in the risk of default being deemed as low.

The Company has applied the general approach to assessing its financial assets for impairment. The financial assets have been classified as stage 1 and therefore a 12 month ECL has been calculated. Stage 1 has been applied as there have been no significant changes in credit risk of Unique Pub Properties after taking into account both external and internal factors including the wider Group support. Specifically, the loan is securitised with a first charge over all of the properties within UPPL. Interest and scheduled amortisation payments are made on a quarterly basis and there is a clear history of settlement from Unique Pub Properties. As part of the 12 month expected credit loss assessment, Management have reviewed detailed cash flow forecasts for UPPL and concluded that they will continue (with Group support where necessary) to be able to meet their obligations for the next 12 months. As a result, no provisions have been recognised at the reporting date.

Financial covenant risk

There are two covenants that relate to the Unique Securitisation which are tested at each quarter end and are based solely around the assets held within the Unique Securitisation, which are predominantly held in UPPL. There is a Net Worth covenant and a Debt Service Cover covenant (DSCR).

The Net Worth covenant is required to be tested each quarter with reference to the balance sheet of UPPL. At any test date, Net Worth must be in excess of £300 million.

The DSCR covenant is tested each quarter and looks back four quarters. It measures the ratio of EBITDA generated by Unique as compared to debt service. At each test date the covenant must exceed 1.1 in order for the covenant not to be breached. There are further restrictions on how cash can be utilised in the securitisation if the DSCR is below 1.5.

Throughout the year the Company tests all of the financial covenants and forecasts of future compliance are prepared during the annual budgeting process. Throughout the year the Board regularly reviews updated detailed financial forecasts to ensure there is sufficient headroom on all covenants and this is monitored by a variety of measures which are reported to debt providers on a quarterly basis.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

12. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table shows the repayments profile of the bonds as at 24 September:

	2023 £000	2022 £000
In one year or less	102,129	112,874
In more than one year but not more than two years	46,659	94,505
In more than two years but not more than five years	132,267	145,339
Repayable in more than five years	151,050	190,000
	432,105	542,718

All of the above loans are borrowed at a fixed rate.

Fixed rate bonds weighted averages

	2023	2022
Interest rate	6.29%	6.30%
Time for which rate is fixed (years)	4	4

The book values (not including the accrued interest) and fair values of the A3, A4, M and N bonds are shown below. The fair value information is derived indirectly with reference to the market values as at the 24 September 2023 and are therefore evaluated to be level 2 in the fair value hierarchy described in note 3.

	2023 Book value £000	2023 Fair value £000	2022 Book value £000	2022 Fair value £000
A4 bond	174,725	172,279	207,322	207,322
M bond	61,020	60,074	137,160	137,571
N bond	190,000	182,852	190,000	215,299
	425,745	415,205	534,482	560,192

The fair value of the preference shares is deemed to be the book value.

The Company's securitised bonds are repayable as follows:

A4 bond	September 2013 – June 2027
M bond	June 2021 – March 2024
N bond	September 2027 – March 2032

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

12. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Preference share capital

	2023		2022	
	No.	£000	No.	£000
Authorised				
Preference shares of £1 each	50,000	50	50,000	50
Called up, allotted and part paid				
Preference shares at £1 each	50,000	13	50,000	13

Preference shares are recognised as a financial instrument because the Company has an obligation to deliver fixed returns to the holder of the shares.

The holders of Cumulative Redeemable Preference shares are entitled to a fixed cumulative dividend of 11% per annum accruing on a daily basis. The holders of Cumulative Redeemable Preference shares are not entitled to any further right of participation in the profits of the Company.

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company after payment of its liabilities shall be applied in paying all arrears and accruals of preference dividends, then in repaying the holders of Cumulative Redeemable Preference shares the paid up nominal amounts of such shares and any balance being distributed amongst ordinary shareholders.

The Company may at any time redeem Cumulative Redeemable Preference shares at paid up nominal value together with any arrears and accruals of preference dividend.

The holders of Cumulative Redeemable Preference shares have no voting rights at meetings.

Reconciliation of changes in liabilities arising from financing activities

	2022 £000	Cash flows £000	Interest charge £000	2023 £000
Interest on securitised bonds	8,236	(31,386)	29,510	6,360
Securitised bonds	534,482	(108,737)	-	425,745
Preference shares	13	-	-	13
	542,731	(140,123)	29,510	432,118
	2021 £000	Cash flows £000	Interest charge £000	2022 £000
Interest on securitised bonds	10,021	(38,495)	36,710	8,236
Securitised bonds	635,300	(100,818)	-	534,482
Preference shares	13	-	-	13
	645,334	(139,313)	36,710	542,731

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

13. CAPITAL DISCLOSURE

The capital structure is managed to support the Company's objective of maximising long-term shareholder value through ready access to debt and capital markets, cost effective borrowing and flexibility to fund the operations of the wider Group.

The capital structure of the Company is based upon management's judgement of the appropriate balancing of all key elements of its financial strategy in order to meet the wider Group's operational and strategic requirements. This includes a strategy on bond buybacks and monitoring liquidity risk. The overall financing strategy of the Group which includes the Securitised debt within the Company is presented to the Board annually as part of the budgeting exercise.

14. SHARE CAPITAL

	2023		2022	
	No.	£	No.	£
Authorised				
Ordinary shares of 1p each	100	1	100	1
Called up, allotted and fully paid				
Ordinary shares of 1p each	2	-	2	-

Ordinary shares carry no rights to fixed income. Holders of ordinary shares are entitled to vote at meetings.

No dividends have been declared or paid during the 52 week period ended 24 September 2023.

In addition, the Company has 50,000 cumulative redeemable preference share of £1 each, all of which are issued and have been paid up to 25 pence each. These preference shares are disclosed as financial liabilities in note 12.

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Unique Pub Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company's ultimate parent undertaking is Stonegate Pub Company Topco Sarl, a company incorporated in Luxembourg. The ultimate controlling parties are various investment funds managed by TDR Capital LLP a private equity management firm. The business address of TDR Capital LLP is 20 Bentick Street, London, W1U 2EU.

The Unique Pub Finance Company PLC

NOTES TO THE ACCOUNTS

At 24 September 2023

16. RELATED PARTY TRANSACTIONS

The nature of the Company as a financing entity results in related party transactions between the Company and UPPL. During the period the Company charged UPPL interest of £29,557,000 (2022: £36,767,000) and UPPL made debt repayments of £108,737,000 (2022: £100,818,000). The balance on the loan account at period end date was £432,113,000 (2022: £542,278,000).

The Company also received tax group relief of £7,000 (2022: £10,000) from Ei Group Limited, an intermediary parent company.

Directors' remunerations are borne by fellow Group Companies and have not been recharged to the Company in the current period. The notional cost to the entity of the directors was £3,000 during the period (2022: £4,000).

17. POST BALANCE SHEET EVENTS

On 29 September 2023 the Company optionally redeemed £2,500,000 of principal amount outstanding of the class A4 Notes at a price of 101.118 per cent of their principal amount plus accrued interest.