

Registration number: 04131250

CG Cutlers Gardens (UK) No.2 Limited

Annual report and financial statements

31 December 2022



CG Cutlers Gardens (UK) No.2 Limited

Directors D E Smith
J K Muteera
P D Malcolm

Company secretary Apex Group Secretaries (UK) Limited

Registered number 04131250

Registered office 6th Floor
125 London Wall
London
EC2Y 5AS

**Independent
auditors** PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

CG Cutlers Gardens (UK) No.2 Limited

Directors' Report

for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for CG Cutlers Gardens (UK) No. 2 Limited ("the Company") for the year ended 31 December 2022.

Directors of the Company

The directors, who held office during the year, and up to the date of approval of the financial statements, were as follows:

C M Warnes (resigned 27 July 2023)

C S Bidel (resigned 27 July 2023)

I S Venter (resigned 8 February 2023)

The following directors were appointed after the year end:

I R B Gervasio (appointed 8 February 2023 and resigned 1 November 2023)

D E Smith (appointed 27 July 2023)

J K Muteera (appointed 7 November 2023)

P D Malcolm (appointed 4 December 2023)

Principal activity

The principal activity of the Company is to act as one of the General Partners to the CG Cutlers Gardens Limited Partnership. The Company's results are set out in the statement of comprehensive income.

Future Developments

No changes to the Company's activities are expected in the near to medium term.

Going concern

CG Cutlers Gardens (UK) No.2 Limited has net current liabilities of £177,800 as at 31 December 2022 (2021: £138,050) and net liabilities of £177,799 (2021: £138,049) and is reliant on the support of and intermediate parent of the company, DSQ Bidco S.a.r.l, to be able to meet its liabilities as they fall due. The Directors have received confirmation that DSQ Bidco S.a.r.l, intends to support the Partnership with a letter of support to enable it to meet its obligations as they fall due.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Results and dividends

The loss for the year amounted to £39,750 (2021: £24,198). The directors do not recommend a dividend for the year (2021: £Nil).

Reappointment of independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to accept re-appointment.

Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

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

CG Cutlers Gardens (UK) No.2 Limited

Directors' Report

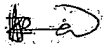
for the Year Ended 31 December 2022

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 paragraph 415A. The Company has also taken exemption from preparing a strategic report under Companies Act 2006 paragraph 414B.

20 December 2023

The financial statements on pages 9 to 17 were approved by the Board of Directors on and signed on its behalf by:



.....
J K Muteera
Director

CG Cutlers Gardens (UK) No.2 Limited

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Independent auditors' report to the members of CG Cutlers Gardens (UK) No.2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, CG Cutlers Gardens (UK) No.2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present a more favourable financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Thomas Norrie

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2023

CG Cutlers Gardens (UK) No.2 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses		<u>(39,485)</u>	<u>(23,900)</u>
Operating loss		(39,485)	(23,900)
Interest receivable and similar income		65	2
Interest payable and similar expenses		<u>(330)</u>	<u>(300)</u>
Loss before tax		(39,750)	(24,198)
Tax on loss	6	<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(39,750)</u>	<u>(24,198)</u>

The above results were derived from continuing operations.

The notes on pages 12 to 17 form an integral part of these financial statements.

CG Cutlers Gardens (UK) No.2 Limited

Statement of Financial Position

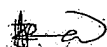
as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	7	1	1
Current assets			
Debtors	8	36,138	16,278
Cash at bank and in hand		17,448	70,559
		53,586	86,837
Creditors: Amounts falling due within one year	9	(231,386)	(224,887)
Net current liabilities		(177,800)	(138,050)
Net liabilities		(177,799)	(138,049)
Capital and reserves			
Called up share capital	10	1	1
Accumulated losses		(177,800)	(138,050)
Total shareholders' deficit		(177,799)	(138,049)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

20 December 2023

The financial statements on pages 9 to 17 were approved by the Board of Directors on and signed on its behalf by:



J K Muteera
Director

The notes on pages 12 to 17 form an integral part of these financial statements.

CG Cutlers Gardens (UK) No.2 Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	<i>Called up share capital</i> £	<i>Accumulated losses</i> £	<i>Total shareholders' deficit</i> £
At 1 January 2021	1	(113,852)	(113,851)
Loss for the year	-	(24,198)	(24,198)
Total comprehensive loss	-	(24,198)	(24,198)
At 31 December 2021	1	(138,050)	(138,049)
Loss for the year	-	(39,750)	(39,750)
Total comprehensive loss	-	(39,750)	(39,750)
At 31 December 2022	1	(177,800)	(177,799)

The notes on pages 12 to 17 form an integral part of these financial statements.

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

CG Cutlers Gardens (UK) No.2 Limited ("the Company") is a private company limited by shares, incorporated and domiciled in England and Wales.

The address of its registered office is:

6th Floor
125 London Wall
London
EC2Y 5AS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, under the historical cost convention and in accordance with the Companies Act 2006. The financial statements are presented in sterling (£) and all values are rounded to the nearest pound, unless otherwise stated.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of i. paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (statement of financial position as at the beginning period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8, 'Changes in accounting estimates and errors';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

- The requirements in IAS 24, 'Related party disclosures' (inter group transactions).

The Company is classified as a 'qualifying entity' - a member of a group where the parent of that group prepares publicly available consolidated financial statements.

In applying FRS 101, the Company has taken advantage of the disclosure exemptions in the standard due to the fact it is a 'qualifying entity'.

New standards, amendments, IFRIC interpretations and new relevant disclosures

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Going concern

CG Cutlers Gardens (UK) No.2 Limited has net current liabilities of £177,800 as at 31 December 2022 (2021: £138,050) and net liabilities of £177,799 (2021: £138,049) and is reliant on the support of and intermediate parent of the company, DSQ Bidco S.a.r.l, to be able to meet its liabilities as they fall due. The Directors have received confirmation that DSQ Bidco S.a.r.l, intends to support the Partnership with a letter of support to enable it to meet its obligations as they fall due.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Tax

Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Investments

Investments are held at cost less provision for impairment.

The Company has a 0.001% (2021: 0.001%) share in the CG Cutlers Gardens Limited Partnership. CG Cutlers Gardens Limited Partnership is domiciled in the UK. The principal activity of the Limited Partnership is to hold investment property. Investment income from the Limited Partnership is accounted for as and when received.

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Foreign exchange

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Financial instruments

Classification and measurement

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through the Profit and Loss (FVTPL):-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

There are no critical accounting judgements for the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. There were no material estimates or assumptions made at the end of the year.

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

4 Staff costs

The Company has no employees (2021: Nil) and the directors received no remuneration in connection with their services to this Company in the current or previous year.

5 Auditors' remuneration

The audit fee attributable to the audit of CG Cutlers Gardens (UK) No.2 Limited is £6,500 (2021: £8,500).

There are no non-audit fees paid.

6 Tax on loss

The tax on loss for the year is different to the standard rate of corporation tax in the UK (2021 - different to the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(39,750)</u>	<u>(24,198)</u>
Corporation tax at standard rate	(7,553)	(4,598)
Deferred tax asset not recognised	<u>7,553</u>	<u>4,598</u>
Total tax charge	<u>-</u>	<u>-</u>

The Company's cumulative unused tax losses for which no deferred tax assets have been recognised are £138,411 (2021: £98,661).

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Investments

	2022 £	2021 £
Cost		
At 1 January & 31 December	<u>1</u>	<u>1</u>

The Company has a 0.001% (2021: 0.001%) share in the CG Cutlers Gardens Limited Partnership, a partnership established in the United Kingdom with its registered office at 6th Floor, 125 London Wall, London, EC2Y 5AS

8 Debtors

	2022 £	2021 £
Amounts due from group undertakings	13,287	-
Other debtors	<u>22,851</u>	<u>16,278</u>
	<u>36,138</u>	<u>16,278</u>

Amounts due from group undertakings are interest free and repayable on demand.

9 Creditors: Amounts falling due within one year

	2022 £	2021 £
Accrued expenses	15,270	8,771
Amounts due to group undertakings	<u>216,116</u>	<u>216,116</u>
	<u>231,386</u>	<u>224,887</u>

Amounts due to group undertakings are interest free and repayable on demand.

10 Called up share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

CG Cutlers Gardens (UK) No.2 Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Parent and ultimate parent undertaking

The Company's immediate parent company is Rhino 2 S.a.r.l., incorporated in Luxembourg.

The ultimate parent is European Cities Partnership (GP) S.a.r.l., incorporated in Luxembourg.

The parent of the smallest group into which these financial statements are consolidated is DSQ JV S.a.r.l. and the parent of the largest group into which these financial statements are consolidated are European Cities Partnership (GP) S.a.r.l.. Both of these sets of consolidated financial statements are available upon request from 4a Rue Henri Schnadt, L-2530 Gasperich, Luxembourg.

Registration number: LP007458

CG Cutlers Gardens Limited Partnership

Report and Financial Statements

31 December 2022

CG Cutlers Gardens Limited Partnership

Registered number LP007458

Registered office 6th Floor
125 London Wall
London
EC2Y 5AS

Partners	% Share	% Share
General Partners	2022	2021
CG Cutlers Gardens (UK) No.1 Limited	0.0010	0.0010
CG Cutlers Gardens (UK) No.2 Limited	0.0010	0.0010
Limited Partners		
Rhino 1 S.a.r.l.	47.1515	47.1515
Rhino 2 S.a.r.l.	52.8465	52.8465
	<u>100.0000</u>	<u>100.0000</u>
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT	

CG Cutlers Gardens Limited Partnership

Strategic Report

for the Year Ended 31 December 2022

The Partners present their strategic report for CG Cutlers Gardens Limited Partnership ("the Partnership") for the year ended 31 December 2022.

Principal activity

The Partnership's principal activity during the year continued to be property investment. The Partners do not foresee any material changes in the scope or nature of the Partnership's activity for the forthcoming year.

Fair review of the business

The Partnership strategy is to maximise Limited Partner return through effective management of the investment properties. This involves the operation and management of investment properties, control of overheads and asset management initiatives.

A key strategy is to redevelop the recently vacated buildings on the estate to increase the long-term value of the investment.

Whilst the current IRR is below the long-term projection, it is acknowledged that the business plan is currently in a phase where vacant possession has been secured on a number of buildings to facilitate refurbishments and, ultimately, increase income. Therefore, income performance will be stressed until Buildings 4 & 5 and 7 are let. It is likely that investment market conditions will drag valuation performance, and consequently total return, throughout the year. The active asset management opportunities of refurbishment and redevelopment on Buildings 4 & 5, 6 and 7 provide a platform for IRR outperformance over the medium to long term hold period.

Key performance indicators

The Board of the General Partners meets on a regular basis and at each meeting reviews performance against a number of key measures:

Property voids

Property voids are unlet units. The Board reviews the level of property voids within the Partnership's portfolio on a regular basis and compares the level to the market average. The Board seeks to ensure that proper priority is being given by the asset managers to replacing the Partnership's income.

Net asset value

The Board regards this as the best overall measure of value delivered to its partners. The board assesses the net asset value of the Partnership over various periods and compares this with other investment properties of similar nature.

Principal risks and uncertainties


The General Partners consider that the Partnership's principal risks are a downturn in the property market and levels of occupancy. The investment remains a landmark asset in a desirable area in the city and it is forecast that there will be sufficient funding to enable an extensive refurbishment program to increase the rents and occupancy levels in the coming years. The Partnership's credit risk is primarily attributable to its tenant debtors, which it manages through maintaining a diversified tenant base and regular monitoring.

Results

The results of the year are set out in the Statement of Comprehensive Income. The total comprehensive loss for the year was £54,779,491 (2021 income: £1,415,011).

20 December 2023

The financial statements on pages 11 to 27 were approved by the Partners on and signed on their behalf by:

 Jonathan Muteera

On behalf of CG Cutlers Gardens Limited Partnership

CG Cutlers Gardens Limited Partnership

General Partners' Report for the Year Ended 31 December 2022

The Partners present their annual report of CG Cutlers Gardens Limited Partnership ('the Partnership' or 'CGLP') and the audited financial statements for the year ended 31 December 2022.

Management

Under the terms of the Partnership Agreement, the General Partners are responsible for the control, management and conduct of the business of the Partnership.

Financial instruments

Risk management objectives and policies

CGLP is exposed to market risk, credit risk and liquidity risk. CGLP's senior management oversees the management of these risks. CGLP's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for CGLP. The financial risk committee provides assurance to CGLP's senior management that CGLP's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with CGLP's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is CGLP's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Managers reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of three types of risk: interest rate risk, currency risk and price risk. Financial assets and liabilities affected by market risk include loans, trade receivables, borrowings, deposits, and derivative financial instruments.

(i) Cash flow and fair value interest rate risk

CGLP's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose CGLP to cash flow interest rate risk. CGLP interest rate risk arises from interest bearing loans with variable rates on external borrowings and fixed rates on loans from equity holders. Fair value interest rate risk arises from CGLP's loans from equity holders. CGLP's policy is to fix the interest rate on its variable interest borrowings. To manage this, CGLP enters into interest rate swap/cap in which CGLP agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. At 31 December 2022, after taking into account the effect of interest rate swaps, 100% of CGLP's borrowings are hedged (2021: 100%).

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

CGLP does not hold significant interest-bearing assets as such changes in market interest rates do not have any significant direct effect on CGLP's income.

(ii) Currency risk

Currency risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CGLP operates in the United Kingdom and its exposure to currency risk is immaterial.

CG Cutlers Gardens Limited Partnership

General Partners' Report for the Year Ended 31 December 2022

(iii) Price risk

CGLP has no significant exposure to price risk as it does not hold any equity securities or commodities. CGLP, however is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. CGLP is exposed to credit risk from its leasing activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

(i) Trade receivables

CGLP currently has a variety of tenants for which there is no credit concentration. Each tenant's credit risk is assessed on a case-by-case basis and is addressed by a robust policy for tenant acceptance i.e. only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The maximum exposure to credit risk as at 31 December 2022 and 31 December 2021 is the carrying value of each class of financial assets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by CGLP's treasury department in accordance with CGLP's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on an annual basis and may be updated throughout the year subject to approval of Nuveen treasury team. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

CGLP's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 31 December 2021 is their carrying amount.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close market positions. Due to the dynamic nature of the underlying businesses, CGLP aims to maintain flexibility in funding by keeping sufficient committed credit lines available.

At 31 December 2022, the loan facility was classified as a current liability given the intention of the management to refinance the facility in 2023. A 3 year facility was subsequently agreed in August 2023.

Future developments

The nature of the business is not expected to change going forward, and there are no future developments to disclose.

CG Cutlers Gardens Limited Partnership

General Partners' Report for the Year Ended 31 December 2022

Going concern

In assessing the ability of the Partnership to continue as a going concern, the Partners have assessed cash flow forecasts that indicate that the Partnership can continue in operation and meet its liabilities as they fall due for a period of no less than 12 months from the date of approval of the financial statements. As such, the Partners have prepared the financial statements on a going concern basis.

The Partners consider the principal risk regarding going concern to be the Partnership's net current liability of £156m. This is largely as a result of bank debt, which has been refinanced post year end. In addition, the Partnership has a £37m liability due to its intermediate parent entity DSQ Bidco S.a.r.l.. The Partners have received confirmation that DSQ Bidco S.a.r.l. intends to support the Partnership with a letter of support to enable it to meet its liabilities as they fall due.


Disclosure of information to the independent auditors

Each partner has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to accept re-appointment.

The financial statements on pages 11 to 27 were approved by the Partners on^{20 December 2023} and signed on their behalf by:



Jonathan Muteera

On behalf of CG Cutlers Gardens Limited Partnership

CG Cutlers Gardens Limited Partnership

Statement of general partners' responsibilities in respect of the financial statements

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

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the general partners to prepare financial statements for each financial year. Under that law the general partners have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, as applied to qualifying partnerships, general partners 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the general partners are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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

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

General partners' confirmations

In the case of each partner in office at the date the general partners' report is approved:

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

Independent auditors' report to the partners of CG Cutlers Gardens Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, CG Cutlers Gardens Limited Partnership's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partners are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and General Partners' Report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

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

Strategic report and General Partners' Report

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

In light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and General Partners' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the general partners for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data or intentional bias in estimation with respect to the valuation of investment properties.. Audit procedures performed by the engagement team included:

- Enquiry of management, including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non-compliance with laws and regulations;
- Understand the overall control environment and those controls specifically aimed at preventing and detecting fraud and irregularities;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing a sample of journals, based on a selection of risk criteria such as journals posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Reviewing relevant Board meeting minutes; and
- Obtaining management information and external market data to validate the inputs into the calculation of the valuation of the investment property and challenged assumptions made, where appropriate.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

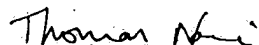
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read "Thomas Norrie".

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2023.

CG Cutlers Gardens Limited Partnership

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Rental income	4	19,973,113	18,517,896
Unrealised (loss)/gain in fair value of investment property	6	(50,805,543)	9,226,167
Property expenses		(2,373,116)	(4,974,085)
Net impairment reversals/(losses) on financial assets		191,822	(413,229)
Other operating expenses		<u>(500,515)</u>	<u>(463,161)</u>
Net operating (loss)/profit		<u>(33,514,239)</u>	<u>21,893,588</u>
Finance income	7	42,150	65,115
Finance costs	8	(22,610,161)	(21,732,973)
Unrealised gain in fair value of derivative financial instruments		<u>1,302,759</u>	<u>1,189,281</u>
Net financing costs		<u>(21,265,252)</u>	<u>(20,478,577)</u>
(Loss)/profit for the financial year before partners' remuneration and profit share		<u>(54,779,491)</u>	<u>1,415,011</u>
Total comprehensive (loss)/income for the year		<u><u>(54,779,491)</u></u>	<u><u>1,415,011</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 27 form an integral part of these financial statements.


CG Cutlers Gardens Limited Partnership

Statement of Financial Position

as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investment properties	10	592,745,822	628,862,653
Investments	11	110	110
Other financial assets	12	57,729	57,729
		<u>592,803,661</u>	<u>628,920,492</u>
Current assets			
Debtors	13	16,488,415	11,754,290
Cash at bank		<u>29,264,035</u>	<u>23,912,220</u>
		45,752,450	35,666,510
Creditors: Amounts falling due within one year	14	<u>(201,815,917)</u>	<u>(173,053,653)</u>
Net current liabilities		<u>(156,063,467)</u>	<u>(137,387,143)</u>
Total assets less current liabilities		436,740,194	491,533,349
Creditors: Amounts falling due after more than one year	15	<u>(303,898,769)</u>	<u>(303,912,433)</u>
Net assets		<u>132,841,425</u>	<u>187,620,916</u>
Total partners' interests			
Partners' capital account		1,003	1,003
Partners' equity loans		<u>73,264,491</u>	<u>73,264,491</u>
	19	73,265,494	73,265,494
Partners' profit and loss account	19	<u>59,575,931</u>	<u>114,355,422</u>
Total partners' interests		<u>132,841,425</u>	<u>187,620,916</u>

The financial statements on pages 11 to 27 were approved by the Partners on 20 December 2023 and signed on their behalf by:

 Jonathan Muteera

On behalf of CG Cutlers Gardens Limited Partnership
Registration Number - LP007458

The notes on pages 14 to 27 form an integral part of these financial statements.

CG Cutlers Gardens Limited Partnership

Statement of Changes in Partners' Interests for the Year Ended 31 December 2022

	<i>Partners' capital account</i> £	<i>Partners' equity loans</i> £	<i>Partners' profit and loss account</i> £	<i>Total partners' interests</i> £
At 1 January 2021	1,003	73,264,491	112,940,411	186,205,905
Profit for the year	-	-	1,415,011	1,415,011
Total comprehensive income	-	-	1,415,011	1,415,011
At 31 December 2021	1,003	73,264,491	114,355,422	187,620,916
Loss for the year	-	-	(54,779,491)	(54,779,491)
Total comprehensive loss	-	-	(54,779,491)	(54,779,491)
At 31 December 2022	1,003	73,264,491	59,575,931	132,841,425

The notes on pages 14 to 27 form an integral part of these financial statements.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

1 General information

CG Cutler Gardens Limited Partnership ("the Partnership") was established on 6 March 2001 in the United Kingdom under the 1907 Limited Partnership Act. The principal activity of the Partnership is property investment, and the Partnership is incorporated and domiciled in England and Wales with its registered office at:

6th Floor
125 London Wall
London
EC2Y 5AS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, in compliance with The Partnerships (Accounts) Regulations 2008 (The Regulations) and the Companies Act 2006 by virtue of being a qualifying partnership as defined in The Regulations.

The financial statements have been prepared on the historical cost convention modified to include certain items at fair value. The financial statements are presented in sterling (£) and all values are rounded to the nearest pound, unless otherwise stated.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 76 of IAS 40 Investment Property;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements; or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies (continued)

- 111 (cash flow statement information); and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8, 'Changes in accounting estimates and errors';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' (inter group transactions);
- Paragraphs 91 to 99 of IFRS 13, 'Fair value instruments' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

The Partnership is classified as a 'qualifying entity' - a partner of a group where the parent of that group prepares publicly available consolidated financial statements.

In applying FRS 101, the Partnership has taken advantage of the disclosure exemptions in the standard due to the fact it is a 'qualifying entity'.

New standards, amendments, IFRIC interpretations and new relevant disclosures

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Going concern

In assessing the ability of the Partnership to continue as a going concern, the Partners have assessed cash flow forecasts that indicate that the Partnership can continue in operation and meet its liabilities as they fall due for a period of no less than 12 months from the date of approval of the financial statements. As such, the Partners have prepared the financial statements on a going concern basis.

The Partners consider the principal risk regarding going concern to be the Partnership's net current liability of £156m. This is largely as a result of bank debt, which has been refinanced post year end. In addition, the Partnership has a £37m liability due to its intermediate parent entity DSQ Bidco S.a.r.l.. The Partners have received confirmation that DSQ Bidco S.a.r.l. intends to support the Partnership with a letter of support to enable it to meet its liabilities as they fall due.

Exemption from preparing group financial statements

The financial statements contain information about CG Cutlers Gardens Limited Partnership as an individual partnership and do not contain consolidated financial information as the parent of a group.

The Partnership is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, DSQ JV S.a.r.l., a company incorporated in Luxembourg. These consolidated financial statements are available upon request from 4a Rue Henri Schnadt, L-2530 Gasperich, Luxembourg.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the managers are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases are recognised in the statement of comprehensive income when the right to receive them arises.

Dilapidations

No dilapidations provision is recognised when a lease contract is signed by a tenant. At the expiry or termination of a lease, the partnership can, in certain circumstances, receive payments in relation to dilapidation costs to be incurred on the relevant property from its tenant. This receipt is recorded on the statement of financial position and costs incurred matched with this income. Any excess is recognised in the statement of comprehensive income upon the completion of the dilapidation works.

Foreign exchange

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Tax

The Partnership is not a taxable entity. Any liabilities arising from the results of the Partnership are dealt with in the financial statements of the Partners.

Investment property

Investment property is comprised of completed properties that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. Investment properties are measured initially at cost including transaction costs.

Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

After initial recognition, investment properties are carried at fair value.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Partnership uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed on a quarterly basis and with a full annual valuation report as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment properties reflects amongst other things, rental income from current leases and assumptions about rental income from future leases in the light of the current market conditions. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

The fair value of investment properties do not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the fair value of the property.

Changes in fair value are recorded in the statement of comprehensive income.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Partnership and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Leases

The Partnership acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Partnership. All leases that meet the definition of investment property are classified as investment property and measured at fair value.

At initial recognition, the lease liability is measured at the present value of the lease payments that are not paid at the date of the statement of financial position. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the Partnership is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Partnership is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Subsequently, the lease liability is measured as follows:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies (continued)

Where the Partnership is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Investments

Investments are held at cost less provision for impairment.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the "effective interest method" and is included in finance costs.

Borrowings are classified as current liabilities unless the Partnership has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Derivative financial instruments

The Partnership uses derivative financial instruments to reduce the exposure to interest rate movements. The Partnership does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade debtors, the Partnership applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the debtors.

A provision for impairment is recognised when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Partnership will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

2 Accounting policies (continued)

Trade and other creditors

These amounts represent liabilities for goods and services provided to the Partnership prior to the end of the financial year which are unpaid. The amounts are unsecured and trade and other creditors are presented as current liabilities unless payment is not due until twelve months after the reporting year. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities not included in trade and other creditors are recognised initially at fair value and subsequently at amortised cost.

3 Critical accounting judgements and key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There were no other material estimates or assumptions made at the end of the year aside from the valuation of investment properties.

The value of the investment property is assessed by external independent valuers. By necessity a valuation requires the valuer to make subjective judgements that, even if logical and appropriate may differ from those made by a purchaser, or another valuer. Property values can change substantially over short periods of time, therefore the value of the property at the date of signing these financial statements may differ materially to the valuation provided at 31 December 2022. Please refer to note 10 for more details regarding this.

4 Rental income

The analysis of the Partnership's turnover for the year from continuing operations is as follows:

	2022 £	2021 £
Rental income (excluding straight-lining of lease incentives)	19,153,976	19,388,533
Straight-lining of lease incentives	819,137	(870,637)
	<u>19,973,113</u>	<u>18,517,896</u>

The Partnership's rental income is solely generated in the United Kingdom and is net of value added tax.

5 Staff costs

The Partnership had no employees in either the current or preceding year.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

6 Unrealised (loss)/gain in fair value of investment property

	2022 £	2021 £
Fair value movement on investment property	(49,650,246)	8,672,009
Value change on right-of-use asset	(833)	(811)
Straight-lining of lease incentives	(1,154,464)	554,969
	<u>(50,805,543)</u>	<u>9,226,167</u>

7 Finance income

	2022 £	2021 £
Interest income on bank deposits	<u>42,150</u>	<u>65,115</u>

8 Finance costs

	2022 £	2021 £
Bank charges	1,260	5,673
Bank loan interest	4,232,379	2,667,572
Interest expense - derivative financial instruments	200,854	1,190,811
Interest on amounts due to fellow group undertakings	17,925,701	17,089,446
Financing debt issue costs	-	529,482
Interest expense - Leases	249,967	249,989
	<u>22,610,161</u>	<u>21,732,973</u>

9 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>31,382</u>	<u>36,382</u>

There are no non-audit fees paid.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

10 Investment property

	2022 £	2021 £
At 1 January	628,862,653	610,534,444
Capital expenditure	13,736,922	9,972,679
Leasehold inducements	(202,674)	(315,668)
Unrealised (loss)/gain in fair value of investment property (excluding straight lining of lease incentive)	(49,650,246)	8,672,009
Value change on right of use asset	(833)	(811)
At 31 December	<u>592,745,822</u>	<u>628,862,653</u>

The value of the investment property if it were held at cost is £612,999,675 (2021: £599,262,753), excluding Right-of-use assets.

As at 31 December 2022, the Partnership has agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property of £nil (2021: £nil).

The investment property has been valued at 31 December 2022 by an independent valuer, Cushman & Wakefield. The investment property has been valued using the comparative and investment methods, taking into account size, location, lease terms, covenants and other factors. Valuations are prepared by the independent valuer on a quarterly basis, with a full annual valuation report provided as at 31 December each year. The valuers hold recognised relevant professional qualifications and have relevant experience in the location of the investment property.

Upon application of IFRS 16 as of 1 January 2019 following the modified retrospective approach, the operating lease on land of CG Cutlers Gardens LP (UK) has been recognised as a right-of-use asset in the amount of £9,315,606 and a lease liability of £9,315,606. Right-of-use asset is measured at fair value, represented by the present value of future lease payments. Change in the fair value is recorded through profit or loss. For the year ended 31 December 2022, net unrealised loss of £833 (2021: £811) has been recorded on the right-of-use assets.

At the reporting date, the Partnership had contracted with tenants for the following future minimum lease payments:

	2022 £	2021 £
No later than 1 year	17,171,519	20,673,673
Later than 1 year and no later than 2 years	14,644,419	18,939,320
Later than 2 year and no later than 3 years	13,826,813	16,643,718
Later than 3 year and no later than 4 years	13,742,091	16,230,627
Later than 4 year and no later than 5 years	11,966,643	16,168,175
Later than 5 years	89,757,455	133,820,027
	<u>161,108,940</u>	<u>222,475,540</u>

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

11 Investments

	2022 £	2021 £
At 31 December	110	110

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2022	2021
Cutlers Gardens Estates Limited	Management services	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	Ordinary	100%	100%
CG Cutlers Gardens (Jersey) Limited	Property legal owner	13 Castle Street, St Helier, Jersey, JE4 5UT	Ordinary	100%	100%
CG Cutlers Gardens (Jersey) 2 Limited	Property legal owner	13 Castle Street, St Helier, Jersey, JE4 5UT	Ordinary	100%	100%

12 Other financial assets

Other non-current financial assets of £57,729 (2021 - £57,729) represent restricted funds in the form of tenant deposits.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Debtors

	Note	2022 £	2021 £
Trade debtors		3,368,549	612,827
Amounts due from fellow group undertakings		9,584,429	10,117,294
Prepayments		1,089,473	838,755
Derivative financial instrument	18	1,289,927	-
Other debtors		1,156,037	185,414
		<u>16,488,415</u>	<u>11,754,290</u>

Amounts due from fellow group undertakings are interest free and receivable on demand.

14 Creditors: Amounts falling due within one year

	Note	2022 £	2021 £
Trade creditors		3,099,731	-
Amounts due to fellow group undertakings		40,984,046	37,251,328
Accrued expenditure and deferred income		4,304,434	4,797,769
Other creditors		742,025	566,879
Lease liabilities	16	244,244	244,244
Loans and borrowings	17	152,441,437	130,193,433
		<u>201,815,917</u>	<u>173,053,653</u>

Of the amounts due to fellow group undertakings, £36,525,109 (2021: £32,043,683) consists of the interest accrued on the loan from DSQ Bidco S.a r.l.. The remaining amounts due to fellow group undertakings are interest free and repayable on demand.

15 Creditors: Amounts falling due after more than one year

	Note	2022 £	2021 £
Lease liabilities	16	9,068,158	9,068,991
Amounts owed to fellow group undertakings		294,830,611	294,830,611
Derivative financial instrument	18	-	12,831
		<u>303,898,769</u>	<u>303,912,433</u>

There is an intra-group loan in place with DSQ Bidco S.a.r.l., which is an indirect owner of the Partnership, bearing an interest rate of 6.10% (2021: 6.10%). Any outstanding principal or interest amounts must be repaid on the maturity date of 13 April 2028. The balance outstanding on the loan as at 31 December 2022 was £294,830,611 (2021: £294,830,611).

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

16 Leases

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022 £	2021 £
As at 1 January	9,313,235	9,314,046
Accretion of interest	249,967	249,989
Payments	(250,800)	(250,800)
Carrying lease liabilities at 31 December	<u>9,312,402</u>	<u>9,313,235</u>
Current	<u>244,244</u>	<u>244,244</u>
Non-current	<u>9,068,158</u>	<u>9,068,991</u>

17 Loans and borrowings

	2022 £	2021 £
Loans and borrowings		
Bank borrowings	<u>152,441,437</u>	<u>130,193,433</u>

In May 2018, the Partnership entered into a loan agreement with the Bank of America Merrill Lynch. The effective interest rate at 31 December 2022 is 3.80% (2021: 3.40%). The initial maturity date was May 2021, with an earlier option to extend to May 2023, and a subsequent option to extend again to August 2023. Both options to extend were applied for and have been granted. The loan has been secured in full by the Partnership. The security is given in the form of mortgages over the respective properties on which they are secured.

In addition, the loan is subject to the following financial covenants:

- **Debt Yield:** at all times on or prior to the interest payment date falling in May 2019, Debt Yield should be at least 6.50% and at all times after this date, at least 8.80%. As of 31 December 2022, the Debt Yield Ratio is 12.70% (2021: 13.20%).
- **Loan to Value (LTV):** at any time the LTV should not exceed 67.50%. As of 31 December 2022 the LTV Ratio is 25.30% (2021: 22.10%).
- **Cash Trap Event:** at any Test Date, (i) the Debt Yield is less than 6.75% up to interest payment falling due in May 2019, and thereafter, 10.70% and (ii) the LTV is greater than 57.50%. As of 31 December 2022, the debt yield was 12.70% (2021: 13.20%) and consequently, no cash trap event occurred.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements

for the Year Ended 31 December 2022

18 Derivatives financial instruments

	2022	2021
	£	£
Derivative financial instrument asset/(liability)	<u>1,289,927</u>	<u>(12,831)</u>

The Partnership has entered into an interest rate swap/cap agreement with Bank of America Merrill Lynch in the notional amount of £119,088,508 (2021: £130,193,433). The interest rate swap derivative is used to hedge the exposure to the variable interest rate payments on the variable rate secured loans.

The loans and interest rate swap have the same critical terms and are fully effective. Cash flows are expected to occur by the 30 May 2023 and will be recognised through profit or loss at that time. The aggregate fair value of the interest rate swap at the end of the reporting year was an asset of £1,289,927 (2021: liability £12,831).

The valuation techniques applied to fair value the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates, thereby eliminating both counterparty and the Partnership's own non-performance risk.

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

19 Movement in Partners' capital and current accounts

	<i>CG Cutlers Gardens (UK) No.1 Limited</i>	<i>CG Cutlers Gardens (UK) No.2 Limited</i>	<i>Cutlers Gardens (Jersey) No.1 Trustee</i>	<i>Rhino 1 S.a.r.l.</i>	<i>Rhino 2 S.a.r.l.</i>	<i>Total</i>
	£	£	£	£	£	£
Partners' capital account and Partners' equity loans						
Balance at 1 January 2021	544	544	1	34,545,956	38,718,449	73,265,494
Balance at 31 December 2021 and 31 December 2022	<u>544</u>	<u>544</u>	<u>1</u>	<u>34,545,956</u>	<u>38,718,449</u>	<u>73,265,494</u>
Profit and loss account						
Balance at 1 January 2021	1,128	1,128	1	53,253,097	59,685,057	112,940,411
Total comprehensive income	<u>14</u>	<u>14</u>	<u>-</u>	<u>667,199</u>	<u>747,784</u>	<u>1,415,011</u>
Balance at 31 December 2021	1,142	1,142	1	53,920,296	60,432,841	114,355,422
Total comprehensive loss	<u>(548)</u>	<u>(548)</u>	<u>-</u>	<u>(25,829,352)</u>	<u>(28,949,043)</u>	<u>(54,779,491)</u>
Balance at 31 December 2022	<u>594</u>	<u>594</u>	<u>1</u>	<u>28,090,944</u>	<u>31,483,798</u>	<u>59,575,931</u>

CG Cutlers Gardens Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2022

20 Parent and ultimate parent undertaking

The partnership's immediate parents are Rhino 1 S.a.r.l. and Rhino 2 S.a.r.l..

The ultimate parent is European Cities Partnership (GP) S.a.r.l..

The parent of the smallest group into which these financial statements are consolidated is DSQ JV S.a.r.l. and the parent of the largest group into which these financial statements are consolidated is European Cities Partnership (GP) S.a.r.l.. Both of these sets of consolidated financial statements are available upon request from 4a Rue Henri Schnadt, L-2530 Gasperich, Luxembourg.