

BANA ONE LIMITED AND ITS SUBSIDIARIES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



BANA ONE LIMITED AND ITS SUBSIDIARIES

COMPANY INFORMATION

Directors	B Ackerman N Ackerman
Registered number	07479960
Registered office	113 Brent Street London NW4 2DX
Independent auditors	Wilder Coe Ltd Chartered Accountants & Statutory Auditors 1st Floor Sackville House 143-149 Fenchurch Street London EC3M 6BL

BANA ONE LIMITED AND ITS SUBSIDIARIES

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Consolidated Analysis of Net Debt	15
Notes to the Financial Statements	16 - 28

BANA ONE LIMITED AND ITS SUBSIDIARIES

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

Principal activities

The Group's principal activity continues to be investment in UK real estate. The Group's portfolio is centred on London and the South of England. It comprises a broad range of retail, office, industrial and residential properties.

Our objectives are to achieve capital growth from a well-diversified and balanced portfolio, and to generate income to fund refurbishments and new developments.

Our strategy to achieve these objectives is as follows:

- undertake refurbishment projects to improve the quality of the existing estate;
- progress commercial and residential development opportunities within the portfolio;
- make acquisitions that complement our existing holdings;
- increase our residential portfolio to 50% of group income; and
- increase exposure to the industrial sector.

Business review and performance in 2022

The board is satisfied with the performance in the year.

a) Rental income

The Group's rental income for the year has increased by 2.7% to £31.06m. Residential rents increased by 11.0% to £13.53m. This reflects rental increases and very high occupancy rates, combined with adding new units to the portfolio. Commercial rents decreased by 3.0% to £17.53m, due to an increase in vacant premises.

b) Capital value, acquisitions and disposals

A little over one half of the portfolio (55%) of the group's portfolio was externally valued in the year for routine loan covenant purposes. The valuation dates were summer 2022 and further adjustments have been made to these valuations to reflect the downward movement in the market from September 2022. The overall effect was to increase the portfolio value by £5.2m (1%).

We have capitalised £10.5m of expenditure on construction, refurbishment and planning. In addition, in October 2022, we paid £15m to purchase headleases over an industrial estate in North London, where we already hold the freehold. This acquisition was in line with our strategy to increase exposure to the industrial sector. There were no property disposals in the year, save for a small number of statutory leasehold enfranchisements and extensions.

c) Developments and planning consents

A number of developments were in progress at the year-end. We completed a new residential block in Highgate, North London in August 2023. Works continue a number of other sites, including the construction of a new office block in Brighton, and a mixed-use development in Finchley, North London. Both are scheduled to complete next year. When let, these three projects will add c. £2m to annual rental income.

d) Financing

The only financing event in the year was the drawdown of the second tranche of £4.3m of our facility with Bank J Safra Sarasin which completed in September 2022. Looking ahead, we have agreed terms for a two-year extension to our £40m loan facility with Canada Life which is currently due to mature in October 2023.

BANA ONE LIMITED AND ITS SUBSIDIARIES

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

Risk	Impact	Actions taken
Higher interest rates	Reduced operating cash flow, and pressure on debt service cover covenants	92% of the group's secured debt is at fixed rate or hedged by an interest rate swap. Save for the unhedged portion of one loan, the impact of interest rate increases is deferred until current loans mature.
Availability of finance	Impact ability to fund development projects and acquisitions	We hold a substantial number of uncharged properties in reserve and have the ability to raise new loan finance.
Falling property values	Pressure on loan covenants and availability of finance	Continue to increase exposure to residential, through conversion and construction projects.
Weak demand for retail and office space	Increased void costs	We have broad and varied tenants which spreads the risk. We continue to look at opportunities for residential conversions.
Cost inflation and new building safety regulations	Risk of increased costs on development projects	Review feasibility calculations, scrutinise and challenge tender submissions.
ESG agenda, MEES regulations	Capital expenditure required to improve energy efficiency of buildings. Reduced lender appetite to fund energy-inefficient portfolios	Ongoing programme of refurbishment and improvements.

Conclusion

The fourth quarter of 2022 was a reminder that the real estate market can deteriorate quickly in response to unexpected events at national and global level. Although some stability has returned in 2023 we are still experiencing correction as a consequence of inflationary pressures and the sharp increases to Bank of England base rates. Investors with strong liquidity will continue to find value in deals, but debt-funded transactions and developments will decline. The residential rental market in London remains very strong due to shortage of supply. Given current trends, our long-term strategy of expanding our residential portfolio will help the Group to remain resilient in the face of higher financing costs.

This report was approved by the board on 20th September 2023 and signed on its behalf

.....
B Ackerman
Director

BANA ONE LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

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

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

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

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Principal activity

The principal activity of the Group during the year was that of property investment.

Results

The Consolidated Statement of Comprehensive Income for the year is set out on page 9.

Directors

The directors who served during the year were:

B Ackerman
N Ackerman

BANA ONE LIMITED AND ITS SUBSIDIARIES

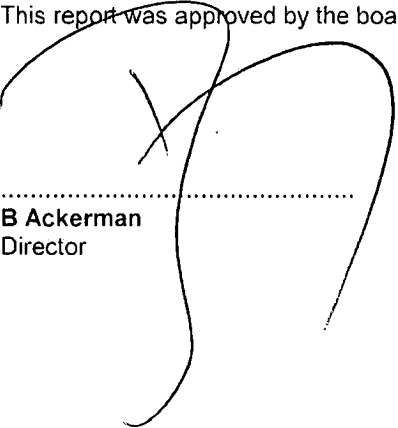
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditors

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20th September 2023 and signed on its behalf.

.....
B Ackerman
Director



BANA ONE LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANA ONE LIMITED AND ITS SUBSIDIARIES

Opinion

We have audited the financial statements of Bana One Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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

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

BANA ONE LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANA ONE LIMITED AND ITS SUBSIDIARIES (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BANA ONE LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANA ONE LIMITED AND ITS SUBSIDIARIES (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, company law, tax and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements, in particular laws and regulations around planning and residential lettings.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims, inspection of relevant legal correspondence; testing the appropriateness of journal entries and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

BANA ONE LIMITED AND ITS SUBSIDIARIES

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANA ONE LIMITED AND ITS
SUBSIDIARIES (CONTINUED)**

Use of our report

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

Robert Bradman BA CA (Senior Statutory Auditor)
for and on behalf of

Wilder Coe Ltd

Wilder Coe Ltd
Chartered Accountants & Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL

Date: *21st September 2023*

BANA ONE LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	35,812	33,507
Cost of sales		(14,421)	(11,252)
Gross profit		21,391	22,255
Administrative expenses		(1,696)	(1,127)
Operating profit	5	19,695	21,128
Profit on sale of property		92	283
Revaluation of investment properties		5,199	12,517
Profit on ordinary activities before interest		24,986	33,928
Interest receivable and similar income		144	4
Interest payable and similar expenses	7	(11,878)	(11,804)
Non cash fair value movement on interest rate swap		(3,096)	11,342
Profit on ordinary activities before taxation		10,156	33,470
Taxation on profit on ordinary activities	8	201	(11,797)
Profit for the financial year		10,357	21,673
Other comprehensive income for the year			
Movement on interest rate swap		29,348	-
Total comprehensive income for the year		39,705	21,673
Income attributable to:			
Owners of the parent Company		10,357	21,673

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES
REGISTERED NUMBER: 07479960

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	9	566,221	534,843
Investments	10	1	2
		<u>566,222</u>	<u>534,845</u>
Current assets			
Debtors: amounts falling due after more than one year	11	29,348	3,096
Debtors: amounts falling due within one year	11	18,279	17,138
Cash at bank		19,035	37,697
		<u>66,662</u>	<u>57,931</u>
Creditors: amounts falling due within one year	12	(58,216)	(19,067)
Net current assets		<u>8,446</u>	<u>38,864</u>
Total assets less current liabilities		<u>574,668</u>	<u>573,709</u>
Creditors: amounts falling due after more than one year	13	(292,666)	(330,427)
Provisions for liabilities			
Deferred tax		(36,951)	(37,936)
Net assets		<u><u>245,051</u></u>	<u><u>205,346</u></u>
Capital and reserves			
Allotted, called up and fully paid share capital		1	1
Hedge reserve		29,348	-
Profit and loss account		215,702	205,345
Equity shareholders' funds		<u><u>245,051</u></u>	<u><u>205,346</u></u>

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

20th September 2023

.....
B Ackerman
Director

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES
REGISTERED NUMBER: 07479960

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments		19,563	19,563
Current assets			
Debtors	11	131,459	117,011
Cash at bank and in hand		12,153	28,986
		<u>143,612</u>	<u>145,997</u>
Creditors: amounts falling due within one year	12	(95,377)	(97,863)
Net current assets		<u>48,235</u>	<u>48,134</u>
Total assets less current liabilities		<u>67,798</u>	<u>67,697</u>
Creditors: amounts falling due after more than one year	13	(23,697)	(22,896)
Net assets		<u><u>44,101</u></u>	<u><u>44,801</u></u>
Capital and reserves			
Allotted, called up and fully paid share capital		1	1
Profit and loss account brought forward		44,800	46,533
Loss for the year		(700)	(1,733)
		<u>44,100</u>	<u>44,800</u>
Equity shareholders' funds		<u><u>44,101</u></u>	<u><u>44,801</u></u>

The Group financial statements do not include a separate Statement of Comprehensive Income for the Company as permitted by section 408 of the Companies Act 2006. The amount of Group loss attributable to the Company is £0.7m (2021: £1.7m).

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

20th September 2023

.....
B Ackerman
 Director

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 1 January 2022	1	-	205,345	205,346	205,346
Comprehensive income for the year					
Profit for the year	-	-	10,357	10,357	10,357
Movement on interest rate swap	-	29,348	-	29,348	29,348
At 31 December 2022	1	29,348	215,702	245,051	245,051

The notes on pages 16 to 28 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2021	1	183,672	183,673	183,673
Comprehensive income for the year				
Profit for the year	-	21,673	21,673	21,673
At 31 December 2021	1	205,345	205,346	205,346

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2022	1	44,800	44,801
Comprehensive loss for the year			
Loss for the year	-	(700)	(700)
At 31 December 2022	1	44,100	44,101

The notes on pages 16 to 28 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	1	46,533	46,534
Comprehensive loss for the year			
Loss for the year	-	(1,733)	(1,733)
At 31 December 2021	1	44,800	44,801

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	10,357	21,673
Adjustments for:		
Profit on disposal of investment properties	(92)	(283)
Revaluation of investment property	(5,199)	(12,517)
Interest payable	11,878	11,804
Fair value movement on interest rate swap	3,096	(11,342)
Interest receivable	(144)	(4)
Taxation charge	(201)	11,797
(Increase)/decrease in debtors	(583)	449
(Decrease)/increase in creditors	(848)	1,291
Corporation tax paid	(2,252)	(1,506)
Net cash generated from operating activities	<u>16,012</u>	<u>21,362</u>
Cash flows from investing activities		
Capital expenditure on investment property	(25,459)	(7,725)
Sale of investment property	161	1,417
Interest receivable	139	4
Net cash from investing activities	<u>(25,159)</u>	<u>(6,304)</u>
Cash flows from financing activities		
New secured loans	4,275	-
Repayment of bank loans	(3,089)	(9,111)
Interest payable	(10,701)	(11,134)
Net cash used in financing activities	<u>(9,515)</u>	<u>(20,245)</u>
Net (decrease) in cash and cash equivalents	<u>(18,662)</u>	<u>(5,187)</u>
Cash and cash equivalents at beginning of year	37,697	42,884
Cash and cash equivalents at the end of year	<u><u>19,035</u></u>	<u><u>37,697</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	19,035	37,697
	<u><u>19,035</u></u>	<u><u>37,697</u></u>

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £000	Cash flows £000	Other non- cash changes £000	At 31 December 2022 £000
Cash	37,697	(18,662)	-	19,035
Debt due within 1 year	(1,954)	1,954	(41,930)	(41,930)
Debt due after 1 year	(330,427)	(3,140)	40,901	(292,666)
Interest rate swap	3,096	-	26,251	29,347
	<u>(291,588)</u>	<u>(19,848)</u>	<u>25,222</u>	<u>(286,214)</u>

The notes on pages 16 to 28 form part of these financial statements.

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Bana One Limited (company number: 07479960), having its registered office and principal place of business at 113 Brent Street, London, NW4 2DX, is a private limited company incorporated in England and Wales.

The registered address of all the subsidiary undertakings listed in note 18, incorporated in England and Wales, is 113 Brent Street, London, NW4 2DX.

The registered address of all the subsidiary undertakings listed in note 18, incorporated in Jersey, is 47 Esplanade, St Helier, Jersey, JE1 0BD.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Turnover

Turnover comprises rental and other property-related income exclusive of VAT.

Turnover in respect of rental income, lease premiums, recharge of insurance premiums and other recharges of property related expenditure is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax.

2.4 Investment properties

Investment properties are carried at fair value determined annually by external valuers or the directors on the basis of the open market value for its current use. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment.

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Cash and cash equivalents

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

2.8 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from connected companies, are initially recognised at transaction price.

Short-term creditors are measured at cost/transaction price and not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Other financial liabilities

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at each reporting date at their fair value. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss.

2.9 Creditors

Short-term creditors are measured at the transaction price.

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Interest income

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

2.11 Finance costs

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

2.12 Operating leases: the Group as lessee

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

2.13 Current and deferred taxation

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

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Hedge accounting

The Group uses a variable to fixed interest rate swap to manage its exposure to cash flow risk on one of its bank loans. This derivative is measured at fair value at each Balance Sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the Consolidated Statement of Comprehensive Income.

Monetary movements on the hedging instrument and the hedged item are recognised in the Statement of Comprehensive Income for the year.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

Directors valuation of investment properties

When properties are not formally valued by external valuers, they are valued by a director who is a chartered surveyor. In arriving at valuations, the director must make judgements about the specific circumstances of each property, as well as macro-economic conditions.

4. Turnover

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

	2022 £000	2021 £000
Rent	31,058	30,254
Lease premiums	1,911	1,207
Cost recharges and other property-related income	2,843	2,045
	<u>35,812</u>	<u>33,506</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Auditors' remuneration	169	165
Operating lease rentals	230	201

BANA ONE LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Employees

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Directors	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

7. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	9,534	9,470
Other loan interest payable	1,542	1,558
Notional interest payable on loan notes (see note 13)	801	774
Interest on late payment of corporation tax	1	2
	<u>11,878</u>	<u>11,804</u>

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	812	1,737
Adjustments in respect of previous periods	(28)	(240)
Total current tax	<u>784</u>	<u>1,497</u>
Deferred tax		
Origination and reversal of timing differences	(985)	10,300
Taxation on profit on ordinary activities	<u>(201)</u>	<u>11,797</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	10,155	33,471
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,929	6,359
Effects of:		
Expenses not deductible for tax purposes	(807)	(2,196)
Fixed asset differences	(310)	(210)
Deferred tax	(985)	10,300
Adjustment in respect of prior periods	(28)	(240)
Utilisation of tax losses	(433)	(438)
Corporation Interest Restriction and loan timing differences	433	(1,778)
Total tax (credit)/charge for the year	<u>(201)</u>	<u>11,797</u>

Factors that may affect future tax charges

As at 31 December 2022, there are £13.0m of taxable losses (2021: £15.3m) available to carry forward which may affect future tax charges.

BANA ONE LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tangible fixed assets

Group

	Investment properties £000
Valuation	
At 1 January 2022	534,843
Additions	15,765
Improvements	10,485
Disposals	(71)
Revaluations	5,199
At 31 December 2022	566,221
Net book value	
At 31 December 2022	566,221
<i>At 31 December 2021</i>	534,843

The fair value of investment properties has been determined both by reference to independent Red Book valuations commissioned by bank lenders as well as by one of the directors of the Group, who is a chartered surveyor.

10. Fixed asset investments

Group

	Unlisted investments £000
Cost	
At 1 January 2022	2
Impairment	(1)
At 31 December 2022	1

BANA ONE LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Fixed asset investments (continued)

Company

	Unlisted investments £000
Cost	
At 1 January 2022 and 31 December 2022	19,563

11. Debtors

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Due after more than one year				
Interest rate swap instrument (see below)	29,348	<i>3,096</i>	-	<i>-</i>

Historically, the interest rate swap was used to manage the Group's exposure to cash flow risk on one of its bank loans. This was recognised using fair value accounting, with fair value movements being recorded in the profit and loss of the Group financial statements.

However, it was found that during the year ended 31 December 2022, this treatment caused material distortion and volatility in the Group financial statements. It was therefore decided that as the bank loan and the swap met the relevant criteria, cash flow hedge accounting as an accounting change would be adopted for this year end and prospectively. This has resulted in the movement on the interest rate swap now being shown in other comprehensive income.

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Due within one year				
Trade debtors	3,042	<i>3,097</i>	-	<i>-</i>
Amounts owed by group undertakings	-	<i>-</i>	125,949	<i>112,058</i>
Other debtors	12,259	<i>11,696</i>	5,504	<i>4,953</i>
Prepayments and accrued income	2,978	<i>2,345</i>	6	<i>-</i>
	18,279	<i>17,138</i>	131,459	<i>117,011</i>

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (note 13)	41,930	1,954	-	-
Trade creditors	1,373	2,294	73	345
Amounts owed to group undertakings	-	-	94,937	96,959
Corporation tax	799	1,718	-	-
Other taxation and social security	74	237	78	263
Other creditors	5,297	5,090	-	-
Accruals and deferred income	8,743	7,774	289	296
	58,216	19,067	95,377	97,863

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans	227,006	265,110	-	-
Loan notes	65,660	65,317	23,697	22,896
	292,666	330,427	23,697	22,896

Bank loans:

Bank loans are secured by way of fixed and floating charges over the relevant assets of each borrowing company and the subordination of intra-group indebtedness. Bank lenders held an aggregate of £1,846,000 (2021: £1,845,000) cash in blocked deposit accounts.

Included within bank loans are amounts payable in more than 5 years of £177,037,017 (2021: £174,963,394), of which £2,590,000 (2021: £3,885,000) is payable by instalments. Interest is payable at an all-in rate of 3.25%, where the rate is the margin payable on the principal loan facility plus the fixed rate payable on the interest swap derivative.

Loan notes:

In 2014, the Company issued unsecured loan notes to a connected company called Superetto Ltd. The nominal value is £30,000,000 and is reported in these accounts at the present value of the future cash payments to be made on maturity of the loan note. These loan notes are not scheduled to be repaid before 2034 and no interest is payable. The carrying amount of these loan notes is £23,697,306 (2021: £22,895,946).

In 2014, a group company called Trailforce Ltd issued ten unsecured loan notes to two unconnected companies, Haysport Properties Ltd and Twinsectra Ltd. Four of these loan notes were settled in 2019. The remaining six loan notes, with an aggregate value of £40,000,000, are repayable in instalments between 2024 and 2029. Interest is currently payable at 5% per annum. Guarantees have also been provided by Bana One Limited and two other group companies. The carrying amount of these loan notes is £41,962,867 (2021: £42,421,103).

BANA ONE LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Deferred taxation

Group

	2022 £000	<i>2021 £000</i>
At beginning of year	37,936	27,636
Charged to profit or loss	(985)	10,300
At end of year	36,951	37,936

	Group 2022 £000	<i>Group 2021 £000</i>
Revaluations	42,164	42,799
Tax losses carried forward	(3,252)	(3,817)
Short term timing differences	(966)	(396)
Capital allowances	(995)	(650)
	36,951	37,936

15. Capital commitments

At 31 December 2022 the Group had capital commitments as follows:

	Group 2022 £000	<i>Group 2021 £000</i>
Property developments contracted for but not provided in these financial statements	12,300	11,000

16. Related party transactions

Group and Company

In addition to the loans due to companies under common control disclosed in note 13, the Group also entered into the following transactions with related parties:

Included within other debtors are amounts due to Superetto Ltd of £4,223,894 (2021: £4,222,874).

During the year, management fees were payable under contract to Morgan Management Ltd of £4,183,214 (2021: £3,917,444). The company is related by virtue of common control. As at the year end, amounts totalling £337,627 were unpaid and included in trade creditors (2021: £1,122,175).

17. Ultimate controlling party

As at 31 December 2022 and 31 December 2021, B Ackerman was the ultimate controlling party of Bana One Limited by virtue of his shareholding.

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Subsidiary undertakings

The following were direct subsidiary undertakings at 31 December 2022:

Name	Country of Incorporation	Holding
Bana One L1 Ltd	England & Wales	100%
Bana One L3 Ltd	England & Wales	100%
Bana One Properties Ltd	England & Wales	100%
Bridgegrove Ltd	England & Wales	100%
Brightmark Ltd	England & Wales	100%
Brookacre Estates Ltd	England & Wales	100%
Crestlink Ventures Ltd	England & Wales	100%
Crownfirst Ltd	England & Wales	100%
Eaglepeak Services Ltd	England & Wales	100%
Eurotop Enterprises Ltd	England & Wales	100%
Franciscan Investment Trust Ltd	England & Wales	100%
Gatestop Properties Ltd	England & Wales	100%
Grandprime Ltd	England & Wales	100%
Kingstar U.K. Ltd	England & Wales	100%
Kruton Ltd	England & Wales	100%
Kruton (No2) Ltd	England & Wales	100%
Max Manufacturing Co. Ltd	England & Wales	100%
Monolook Ltd	England & Wales	100%
NCL Estates Ltd	England & Wales	100%
Newregal Services Ltd	England & Wales	100%
Parvent Co. Ltd	England & Wales	100%
Premier Properties (London) Ltd	England & Wales	100%
Primeleaf Properties Ltd	England & Wales	100%
Propland Estates Ltd	England & Wales	100%
Reachout Estates Ltd	England & Wales	100%
Readysset Resources Ltd	England & Wales	100%
Regalrose Services Ltd	England & Wales	100%
Robust Trading Ltd	England & Wales	100%
Rosestar Properties Ltd	England & Wales	100%
Shireway Ltd	England & Wales	100%
Silverpearl Properties Ltd	England & Wales	100%
SPR Estates Ltd	England & Wales	100%
SRH Estates Ltd	England & Wales	100%
Starmark Enterprises Ltd	England & Wales	100%
Townworth Ltd	England & Wales	100%
Trailforce Ltd	England & Wales	100%
Vectacase Ltd	England & Wales	100%
Verkan Co Ltd	England & Wales	100%
Vidas Properties Ltd	England & Wales	100%
Wallshire Ltd	England & Wales	100%

BANA ONE LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Subsidiary undertakings (continued)

The following were indirect subsidiary undertakings at 31 December 2022:

Name	Country of Incorporation	Holding
Abbey Commercial Ltd	England & Wales	100%
CH Chesterford Ltd	England & Wales	100%
Charlford Ltd	England & Wales	100%
Charlford No 2 Ltd	England & Wales	100%
Downham Ltd	England & Wales	100%
Downham (Nominees) Ltd	England & Wales	100%
L.B.R. Properties Ltd	England & Wales	100%
Michel Grove Properties Ltd	England & Wales	100%
Moat Croft Ltd	England & Wales	100%
Prideaux House Ltd	England & Wales	100%
Roadrunner Properties Ltd	England & Wales	100%
Saffronside Ltd	England & Wales	100%
Second Seaside Properties Ltd	England & Wales	100%
Sledgehammer Holdings Company Ltd	England & Wales	100%
Sledgehammer Properties Ltd	England & Wales	100%
South View (Maintenance) Ltd	England & Wales	100%
Sussex Mansions (Nominee 1) Ltd	Jersey	100%
Sussex Mansions (Nominee 2) Ltd	Jersey	100%
Verondy Ltd	England & Wales	100%
Vinehall Estates Ltd	England & Wales	100%
Vinehall (Nominees) Ltd	England & Wales	100%
Wynsel Properties Ltd	England & Wales	100%

BANA ONE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The directors consider that the below subsidiary undertakings are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and the members have not required these companies to have an audit for the period in question in accordance with section 476 of the Act.

Bana One Limited has guaranteed the liabilities of the below subsidiary undertakings in order that they qualify for the exemption from audit under 479A of the Act in respect of the year ended 31 December 2022.

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

Bridgegrove Ltd
Brightmark Ltd
Brookacre Estates Ltd
Crestlink Ventures Ltd
Crownfirst Ltd
Eaglepeak Service Ltd
Eurotop Enterprises Ltd
Gatetop Properties Ltd
Grandprime Ltd
Kingstar U.K. Ltd
Kruton Ltd
Kruton (No2) Ltd
L.B.R. Properties Ltd
Michel Grove Properties Ltd
Moat Croft Ltd
NCL Estates Ltd
Newregal Service Ltd
Parvent Co Ltd
Premier Properties (London) Ltd
Prideaux House Ltd
Primeleaf Properties Ltd
Propland Estates Ltd
Reachout Estates Ltd
Readyset Resources Ltd
Regalrose Services Ltd
Robust Trading Ltd
Saffronside Ltd
Second Seaside Properties Ltd
Silverpearl Properties Ltd
SPR Estates Ltd
SRH Estates Ltd
Trailforce Ltd
Verkan Co Ltd
Wallshire Ltd
Wynsel Properties Ltd