

Acorn FM Holdings (UK) Limited
Annual report and financial statements
For the year ended 30 June 2022



Registered in England
Company Registration Number: 07608659

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2022

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Acorn FM Holdings (UK) Limited

Company registration number: 07608659

DIRECTORS, OFFICERS AND PROFESSIONAL SERVICE PROVIDERS

THE BOARD OF DIRECTORS

Simon David Austin Davies
Farhad Mawji Karim (Resigned on 17 January 2022)
Angus Henesey Lennox
Adam Khisro Mir Shah (Appointed on 17 January 2022)

COMPANY SECRETARY

Intertrust (UK) Limited
1 Bartholomew Lane
London, EC2N 2AX
United Kingdom

REGISTERED OFFICE

40 Berkeley Square
London, W1J 5AL
United Kingdom

INDEPENDENT AUDITORS

Deloitte LLP
Statutory Auditor
1 New Street Square
London, EC4A 3HQ
United Kingdom

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors present their Directors' report together with the audited financial statements of Acorn FM Holdings (UK) Limited ("the Company"), for the year ended 30 June 2022. In preparing the annual report, the Directors have taken advantage of the exemption for small companies in accordance with Section 414 B of the Companies Act 2006 and therefore do not present a separate Strategic Report.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is to serve as a holding company of the entities it controls which consist of Real Estate Investment Management and Real Estate Ownership through the investment portfolio and fund co-investments and developments.

The Company recorded a loss during the year of A\$30,000 (2021: A\$56,000). The Company has net liabilities of A\$373,000 (2021: A\$343,000).

Future Prospects

The Company will continue to hold residual interest in investments in the foreseeable future. The directors expect the general level of activity to decrease in the forthcoming year as a result of the underlying real estate investments held by the onshore subsidiaries that have been disposed.

DIVIDENDS

The Directors have not recommended a dividend for the financial years ended 30 June 2022 and 30 June 2021.

GOING CONCERN

The Directors acknowledge whilst there is a current year loss of A\$30,000 (2021: A\$56,000) and a net working capital deficiency position of A\$373,000 (2021: A\$343,000) they believe that this will not impact the going concern basis and have reasonable expectation that the company has access to sufficient cash and financial resources from its immediate and ultimate controlling company and is expected to continue in operational existence for at least twelve months from date of signing these financial statements. The immediate and ultimate holding company has also given an undertaking to provide continuing financial support, at least through twelve months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

GEOPOLITICAL UNCERTAINTY

Geopolitical risk has become a key driver of uncertainty and will remain one over the foreseeable future. In advance of the end of the transition period following the UK's exit from the European Union ("Brexit"), the operational impacts of this event were evaluated across human resources, counterparty relationships, supply chains, tax, macroeconomic and regulatory policy and were deemed to have a negligible impact on the long-term sustainability of the Company. The longer-term impact of Brexit will continue to be monitored by the Company as the EU and UK formulate bilateral agreements.

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

DIRECTORS' REPORT

For the year ended 30 June 2022

COVID-19 AND GLOBAL ECONOMIC MARKET CONDITIONS

As the novel coronavirus ("COVID-19") pandemic has continued to evolve, Blackstone Group's primary focus has been the safety and wellbeing of our employees and their families, as well as the seamless functioning of the firm in serving our limited partner investors who have entrusted us with their capital, and our shareholders. In accordance with local government guidance and social distancing recommendations, the majority of our employees globally have been working remotely. Our technology infrastructure has proven to be robust and capable of supporting this model. We have implemented rigorous protocols for remote work across the firm, including increased cadence of group calls and updates, and frequent communication across leadership and working levels. We are leveraging technology to ensure our teams stay connected and productive, and that our culture remains strong even in these unusual circumstances. While we are generally not meeting with our clients in person, we continue to actively communicate with our clients through videoconference, teleconference and email. Investment committees continue to convene as needed, and the firm continues to operate across investment, asset management and corporate support functions. The directors have closely monitored the economic market conditions most relevant to the Company and assessing our plans against these changing market conditions.

During the year, employees across different offices have returned to office on a voluntary basis, subject to local government guidelines while consistent with testing, contact-tracing and social distancing and other safety protocols in place. We continue to closely monitor applicable public health and government guidance and plan for a more extensive return to office in light of continued progress on vaccine production and distribution.

On 24 February 2022, Russian troops began a full-scale invasion of Ukraine and, as of the issuance date, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in Australia in which the Company invests), and therefore could adversely affect the performance of the Company's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Company and the performance of its investments and operations, and the ability of the Company to achieve its investment objectives. However, there has not been any direct impact of this on the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk is considered to be around financial risk and uncertainties of the company on performance of unit trusts to which the company acts as a trustee. These risks are managed by regularly monitoring the activities of the unit trusts.

FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies and details of exposure to liquidity risk, credit risk and foreign currency risk are disclosed in note 14 to the financial statements (page 27 to 29).

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

DIRECTORS' REPORT

For the year ended 30 June 2022

DIRECTORS

The Directors who, unless otherwise stated, served throughout the year ended 30 June 2022 and up to the date of signing the financial statements were as follows:

Simon David Austin Davies
Farhad Mawji Karim (Resigned on 17 January 2022)
Adam Khisro Mir Shah
Angus Henesey Lennox (Appointed on 17 January 2022)

None of the directors held a beneficial interest in the shares of the Company during the year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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DIRECTORS' REPORT

For the year ended 30 June 2022

AUDITORS

Each of the person who are Directors at the time when this Directors' report is approved has confirmed that:

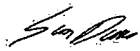
- so far as each Director is aware, there is no relevant audit information of which the Company's auditors, Deloitte LLP are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors confirm that they have complied with the above requirements throughout the year and subsequently.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.**INDEPENDENT AUDITORS**

The auditors, Deloitte LLP, will be proposed for reappointment at the Annual General Meeting in accordance with Section 485-488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Simon David Austin Davies
Director
Date: 16 December 2022

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Acorn FM Holdings (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law in conformity with the requirements of the Companies Act 2006 and United Kingdom adopted international accounting standards.

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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 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.

Other information

The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' 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.

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED

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 respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

Auditor's 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 auditor's 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.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include breaches of the Money Laundering Regulations and contractual agreements whose effects should be considered while preparing financial statements.

Acorn FM Holdings (UK) Limited

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation of investments, and our specific procedures performed to address it are described below:

- Valuation of Investments- We have assessed the valuation of investments by verifying and challenging the management around the valuation's key inputs and assumptions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

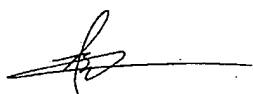
Acorn FM Holdings (UK) Limited

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED

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 auditor's 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.



Yasir Aziz, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 19 December 2022

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 A\$'000	2021 A\$'000
CONTINUING OPERATIONS			
Investment Income		-	- *
Net foreign exchange gain/(loss)		38	(7)
Administrative expenses		<u>(68)</u>	<u>(49)</u>
LOSS BEFORE INCOME TAX	3	(30)	(56)
Income tax	5	<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(30)</u></u>	<u><u>(56)</u></u>

The notes on pages 15 to 29 form an integral part of these financial statements.

*Denotes amount equivalent of A\$6.

Acorn FM Holdings (UK) Limited

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STATEMENT OF FINANCIAL POSITION

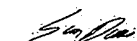
As at 30 June 2022

	Notes	2022 A\$'000	2021 A\$'000
ASSETS			
Non-current asset			
Investments	8	-	-
Total non-current asset		-	-
Current assets			
Cash and cash equivalents	6	222	296
Loans and receivables	7	1	1
Total current assets		223	297
Total assets		223	297
LIABILITIES			
Current liability			
Payables	9	(596)	(640)
Total current liability		(596)	(640)
Total liability		(596)	(640)
Net liability		(373)	(343)
Capital and reserves			
Share capital	10	1,597	1,597
Share premium		1,131	1,131
Retained losses		(3,101)	(3,071)
Shareholders' deficit		(373)	(343)

The notes on pages 15 to 29 form an integral part of these financial statements.

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 16 December 2022 and were signed on its behalf by:



Simon David Austin Davies
Director
16 December 2022

Acorn FM Holdings (UK) Limited

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Share capital A\$'000	Share premium A\$'000	Retained losses A\$'000	Total A\$'000
Balance at 30 June 2020		1,332	1,131	(3,015)	(552)
Total comprehensive loss for the year		-	-	(56)	(56)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	10	265	-	-	265
		265	-	-	265
Balance at 30 June 2021		1,597	1,131	(3,071)	(343)
Total comprehensive loss for the year		-	-	(30)	(30)
Balance at 30 June 2022		1,597	1,131	(3,101)	(373)

The notes on pages 15 to 29 form an integral part of these financial statements.

Acorn FM Holdings (UK) Limited

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 A\$'000	2021 A\$'000
Cash flow from operating activities			
Loss before tax		(30)	(56)
Adjustment for:			
Unrealised foreign exchange (gain)/loss		(40)	7
		(70)	(49)
Changes in working capital			
Decrease in loans and receivables		-	2
(Decrease)/Increase in payables	9	(25)	36
Total changes in working capital		(25)	38
Net cash outflow from operating activities		(95)	(11)
Cash flow from financing activity			
Proceeds on issue of shares	10	-	265
Net cash inflow from financing activity		-	265
Net (decrease)/increase in cash and cash equivalents		(95)	254
Cash and cash equivalents at the beginning of the year		296	37
Effect of exchange rate changes on cash and cash equivalents		21	5
Cash and cash equivalents at the end of the year	6	222	296

The notes on pages 15 to 29 form an integral part of these financial statements.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

1 General information

Acorn FM Holdings (UK) Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 40 Berkeley Square, London, United Kingdom, W1J 5AL.

The Company financial statements are presented in Australian dollars (A\$) (the Company's functional currency).

The principal activity of the Company is a holding company of the entities it controls which consist of Real Estate Investment Management and Real Estate Ownership through the investment portfolio, fund co-investments and developments.

2 Accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with UK Endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value. IFRSs also require an alternative treatment to the historic cost convention in certain circumstances.

The Company has taken the exemption applicable to companies subject to the small companies regime from preparing the consolidated financial statements.

The preparation of financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 22.

New and amended standards adopted by the Company

On 1 July 2021, the Company adopted all new and amendments to standards that are mandatory for application for the financial year. The adoption of these new standards and amendments to standards does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

Acorn FM Holdings (UK) Limited

Company registration number: 07608659

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

New and amended standards adopted by the Company (continued)

The following amendments have been issued but are not effective for the financial year beginning July 2021 and have not been adopted early:

- Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective beginning or after 1 January 2022);
- Amendments to IFRS Standards Annual Improvements to IFRS Standards 2018-2020 (effective beginning or after 1 January 2023);
- Amendments to IFRS 3 Reference to the Conceptual Framework (effective beginning or after 1 January 2023) and
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (effective beginning or after a date to be determined)

The management anticipates that the adoption of the above amendments to IFRS in future periods will not have a material impact on the financial statements of the Company in the period of its initial adoption

Going concern

The directors consider the principal risk to be financial risk and around the performance of the unit trusts. They believe that the Company has sufficient procedures in place to manage its risks successfully, and has access to sufficient cash and financial resources from its immediate and ultimate controlling company and is expected to continue in operational existence for at least twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statement.

As at 30 June 2022, the Company is in a net working capital deficiency position of US\$373,000 (2021: US\$343,000) and net loss position of A\$30,000 (2021: A\$56,000). The financial statements have been prepared on a going concern basis as the directors are satisfied that financial support from the immediate and ultimate holding company will be available if required to enable the Company to pay its debt when they fall due.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.2 Summary of other significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investment in subsidiary

Investment in subsidiary is measured at cost less impairment. The cost is measured by reference to the nominal value of the shares issued. Any premium is ignored.

Investment in Trusts

Investments in Trusts are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.2 Summary of other significant accounting policies (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any foreign exchange gains and losses on the financial asset.

Fair value is determined in the manner described in Note 8.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost and subject to impairment under IFRS 9. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the report date.

The Company recognises loss allowance for financial instrument which the credit risk has not increased significantly or determined to have low credit risk at reporting date based on 12 month ECL.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.2 Summary of other significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

Lifetime ECL is recognised for financial assets for which the credit risk has significantly increased since initial recognition. The Company presumes that there is a significant increase in credit risk when the contractual payments are more than 30 days past due.

Definition of default

The Company considers that default has occurred when the creditor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.2 Summary of other significant accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities that are measured at amortised cost are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the effect of the discounting is immaterial.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Cash and cash equivalents

In the preparation of the Company's statement of cash flows, cash and cash equivalents represent short term liquid investments which are readily realisable within three months or less.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

Current Tax

The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.2 Summary of other significant accounting policies (continued)

Taxation (continued)

Deferred Tax

Deferred tax is recognised using the statement of financial position liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and
- deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the temporary differences can be deducted. In deciding whether future reversal is probable, the Directors review the Company's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply in the years in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the Statement of comprehensive income, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

Foreign currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars ("A\$"), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents and all other foreign exchange gain and losses are presented in the statement of comprehensive income within 'net foreign exchange gain/loss'.

Translation differences on non-monetary financial assets and liabilities such as investments held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Accounting policies (continued)

2.3 Critical judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources including the fair value of investments. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

(a) Critical judgements in applying the Company's accounting policies

There are no critical accounting judgements for the year ended 30 June 2022.

(b) Key sources of estimation uncertainty

There are no significant key sources of estimation uncertainty at the end of the reporting period.

3 Loss before income tax

Loss before taxation is stated after charging auditors' remuneration for the year of A\$21,170 (2021: A\$16,884). Non-audit services provided by the auditors in the current year amounted to A\$11,516 (2021: A\$11,572).

4 Employees and Directors

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

The Directors have not been remunerated for services to the Company in the current or prior years.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

5 Income tax

The income tax varied from the amount of income tax benefit determined by applying the UK income tax rate of 19% (2021: 19%) to loss before tax as a result of the following differences:

	2022 A\$'000	2021 A\$'000
Loss before income tax expense	(30)	(56)
Tax on loss at standard UK corporate tax rate of 19% (2021: 19%)	(6)	(11)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Tax losses not recognised for deferred tax	6	11
Income tax expense / (credit) for the year	-	-

No liability to UK corporation tax arose during the current financial year and the prior financial year.

The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19% for the years starting 1 April 2020 and 2021. Spring Budget 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. However, on 23 September 2022, it was announced that the increase in UK corporation tax will not occur and that the Corporation Tax Rate will remain at 19% from 1 April 2023.

A deferred tax asset of A\$5,755 (2021: A\$10,650) in respect of tax losses arising during the year, which has been calculated using an effective tax rate of 19% (2021: 19%), has not been recognised in the financial statements due to the fact that the likelihood of realisation fails to meet the 'more likely than not criterion'.

6 Cash and cash equivalents

	2022 A\$'000	2021 A\$'000
Cash at bank	222	296

7 Receivables

	2022 A\$'000	2021 A\$'000
Prepayment	1	1

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

8 Investments

	2022 A\$'000	2021 A\$'000
Fair value as at 1 July / 30 June	-	-

8.1 Shares in subsidiaries

The Company has investments in the following subsidiary undertakings:

Subsidiaries:	Country of Incorporation	Holding	Principal activities	Type of share
151 Property Pty Limited*	Australia	100%	Asset management	Ordinary
151 Property Commercial Management Limited	Australia	100%	Fund management	Ordinary
151 Property Holdings Pty Limited	Australia	100%	Holding company	Ordinary
151 Property Core Plus Management	Australia	100%	Fund management	Ordinary
Valad Unitholder Mackay Turf Farm Trust	Australia	100%	Non-trading	Ordinary
Acorn FM Trusco Pty Limited	Australia	100%	Non-trading	Ordinary
Acorn FM Finance Pty Limited	Australia	100%	Holding debt	Ordinary

Only company denoted (*) are directly held by Acorn FM Holdings (UK) Limited.

The registered address of the subsidiary undertakings incorporated in Australia is Level 6, 151 Castlereagh Street, Sydney, Australia, NSW 2000.

The registered address of the subsidiary undertakings incorporated in United Kingdom is 40 Berkley Square, London, United Kingdom, W1J 5AL.

8.2 Trade investments

The trade investments comprise a unit-holding of 0.0001% in Acorn FM Unit Trust.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

9 Payables

	2022 A\$'000	2021 A\$'000
Amounts owed to subsidiaries	526	546
Amounts owed to Blackstone Real Estate Advisors L.P. (see note 12)	20	35
Accruals	50	59
	<u>596</u>	<u>640</u>

All amounts owed to subsidiary and related party are interest free, carry no security and are repayable on demand. The balances of amounts due to Blackstone Real Estate Advisors L.P. are unsecured, non-interest bearing and repayable on demand.

10 Share capital

	No. of shares A\$'000	A\$'000 A\$'000
2022		
Authorised, allotted, called up and fully paid		
Beginning and end of financial year	<u>981,505</u>	<u>1,597</u>
2021		
Authorised, allotted, called up and fully paid		
Beginning of financial year	833,126	1,332
Issued during the financial year	148,379	265
End of financial year	<u>981,505</u>	<u>1,597</u>

The Company has one class of shares having equal rights.

11 Dividends and distributions

The Directors have not recommended a dividend in the current or prior year.

12 Related party transactions

Blackstone Real Estate Advisors L.P. is a related party of the Company by virtue of common control. The outstanding amount due to Blackstone Real Estate Advisors L.P. at the reporting date amounted to \$19,751 (2021: \$35,485).

Other than those disclosed in notes 7 and 9, the Company did not enter into any other material related party transactions with its related parties during the year.

No director or key management personnel received remuneration from the Company for their services provided to the Company in the current year or prior year.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

13 Controlling entity

As at 30 June 2022, the Company's immediate and ultimate controlling party is Blackstone Real Estate Partners VI-VD LP., a partnership registered at 40 Berkeley Square, London, United Kingdom, W1J 5AL.

Blackstone Real Estate Partners VI-VD LP. is the largest and smallest group which includes the Company for which financial statements are prepared.

Copies of the largest and smallest group financial statements are available at 40 Berkeley Square, London, United Kingdom, W1J 5AL.

14 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury function on a Group-wide basis under policies approved by the Board of Directors. The central treasury function identifies, evaluates and hedges financial risks. The Board has approved written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

14 Financial risk management (continued)**Market risk (continued)***Foreign exchange risk (continued)*

The Company's financial assets and liabilities are primarily denominated in foreign currencies such as USD and GBP. Therefore, the Company is exposed to foreign currency risks.

	British Pound A\$'000	United States Dollar A\$'000
<u>As at 30 June 2022</u>		
Financial asset		
Cash and cash equivalents	-	220
Financial liabilities		
Payables to subsidiaries	(432)	-
Accrued expenses	(45)	(25)
	<u>(477)</u>	<u>(25)</u>
Net financial (liabilities) / asset	<u>(477)</u>	<u>195</u>
<u>As at 30 June 2021</u>		
Financial asset		
Cash and cash equivalents	-	295
Financial liabilities		
Payables to subsidiaries	(452)	-
Accrued expenses	(51)	(8)
Payables to related party	-	(35)
	<u>(503)</u>	<u>(43)</u>
Net financial (liabilities) / asset	<u>(503)</u>	<u>252</u>

Acorn FM Holdings (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 June 2022**

14 Financial risk management (continued)**Market risk (continued)***Foreign exchange risk (continued)*

Reasonable possible change in foreign exchange rate against functional currency of the Company would result in the increase/(decrease) in the profit/loss before taxations as follows:

	Reasonable possible shift in rate	Impact to profit or loss	Reasonable possible shift in rate	Impact to profit or loss
	2022	2022	2021	2021
		A\$'000		A\$'000
British Pound	+/-5%	24	+/-5%	25
United States Dollar	+/-5%	10	+/-5%	13

Credit risk

Credit risk refers to the risk that a counterparty default on its contractual obligations resulting in a financial loss to the Company.

The credit risk on cash and bank balances is limited because they are held with creditworthy financial institutions.

Liquidity risk

The Company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The Company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The central treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to ensure financial covenants contained in the bank facility agreements are met throughout the year.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

15 Events occurring after reporting date

The Company continues to carefully monitor the ongoing developments regarding the COVID-19 outbreak.

Subsequent events have been evaluated through to the date that these financial statements were available to be issued. There were no events that require recognition or disclosure in the financial statements.