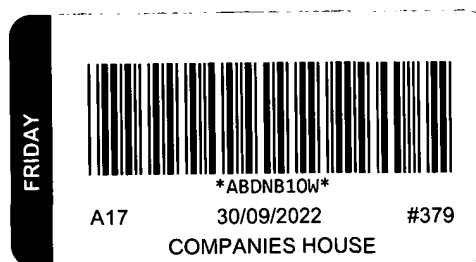


Company Registration No. 8493236 (England and Wales)

HB REAVIS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



HB REAVIS UK LIMITED

COMPANY INFORMATION

Directors	Mr S Hollingshead Mr M Cassidy Mr S Skinner Mr J Vesely
Secretary	TMF Corporate Administration Services Limited
Company number	8493236
Registered office	Level 7 33 King William Street London EC4R 9AS
Auditor	Lindeyer Francis Ferguson Limited North House 198 High Street Tonbridge Kent TN9 1BE
Business address	Level 7 33 King William Street London EC4R 9AS

HB REAVIS UK LIMITED

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HB REAVIS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

2021 began during the third UK national lockdown, a disheartening start after a difficult 2020, both professionally and personally. Restrictions in one way or another remained in place through the year until Q3 when life started to return to something that resembled 'normal'.

At the same time as diminishing demand for offices, we were faced with another crisis: a labour shortage and cost increases. During the lockdowns, over a million workers left the UK. In addition, delivery teams were impacted by social distancing, and teams were hit by COVID cases. We experienced first-hand the challenge of getting regular and reliable labour to site, as suppliers simply did not have the available workforce to complete their jobs on time, affecting many delivery programmes. The press was reporting shortages of materials and the resulting inflation numbers, such as the price of steel going up by 75% due to high demand and rising energy costs. This made it impossible to accurately predict the price of production. The Department for Business, Energy and Industrial Strategy reported an overall average price rise of 24% for construction materials.

It is fair to say that the impact of COVID since 2020 has been overwhelmingly negative for the commercial property sector. On the customer side, we saw office utilisation rates plummet to almost zero as "Work From Home" remained the default choice for many occupiers. The long debated fundamental question of "why does anyone even need an office?" was constant. As a result, new leasing transactions dropped to the lowest level ever recorded, as many large companies put requirements on hold and smaller companies pulled out of office space altogether.

Bloom Clerkenwell reached the important delivery milestone of base build practical completion in July and finalised the final CAT A practical completion in the first week of January. Over 10,700 sq m/115,000 sq ft were pre-leased at a significant premium to valuation to a globally listed company that prioritises employee wellbeing, sustainability and digital connectivity for its workspace. We implemented our new flexible workspace "Ready to Work" offer on the first floor with the majority of the space under offer by December, underlining our understanding of and response to the changing needs of our customers. The building is on track to be the first in the country to achieve BREEAM Outstanding, WELL Platinum, EPC A, WiredScore Platinum and to be net zero carbon in operation.

Demonstrating the value of our internal knowledge and enquiring mindset, we managed to optimise the scheme to secure additional net internal area, including a new 8th office floor, a communal terrace and enhanced end-of-trip amenities. The launch to the market at the end of the year pushed the benchmark for being a consumer-focused developer even further. We have designed what is already being referred to as a true building of the future and a pioneer in the London office market. As our company's first net zero building in both construction and operation, it is targeting significantly better environmental standards than the 2030 targets, making Worship Square a true market leader. We made strong progress in securing the required permits to start on-site, and there has been excellent progress with the initial demolition and the procurement of many of the early key packages.

We now have a scheme that's fully implementable and no longer subject to challenge or risk. We re-established an open retail parade in Elizabeth House to support a variety of social and charitable causes and have a positive impact on the area while the existing building still stands. Finally, by the end of the year, the S106 early enabling works that included the removal of a footbridge connecting York Road to Waterloo station were completed, as they were mandatory steps before demolition could commence. We are currently working through the required third-party agreements and approvals to be in a position to commence the major works during the next 12 months.

Principal risks and Uncertainties

The challenge faced by the company is related to development management of the projects undertaken by the group. These relate, in particular, to the selection for suppliers, trade contractors and appointment of trade contractors wherein a defect or a liability issue may impact the projects. This is caused in part by the fluctuation in market values of the finished projects and the raw materials and labour incurred to produce them. The directors analyse the cyclical nature of the market and try to find balanced portfolio averse to the cycles.

The company is funded by capital and interest free inter-company and shareholder loans.

HB REAVIS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Market Review


2021 started with the third national lockdown as a result of the COVID-19 pandemic, and for the majority of the year, restrictions in one form or another were in place, including a work-from-home directive. By the end of the year, we were facing the onset of the new Omicron COVID variant. Despite all of this, 2021 proved to be a remarkably resilient year for Central London office demand. Many of the businesses that had adopted a "wait and see" approach to their real estate needs during 2020 moved swiftly to secure the high-quality, flexible, healthy and sustainable office developments their staff were demanding as they returned to the workplace. As a result, take-up was 800,000 sq m/8.6 million sq ft, which was 93% higher than the levels seen in 2020 and only 12% below the five-year average of 908,000 sq m/9.77 million sq ft. The number of transactions also increased by 62% to 431. Transaction sizes also recovered strongly. In 2020 there were only 10 leases signed above 4,600 sq m/50,000 sq ft, a majority of which were agreed upon before the COVID pandemic took hold in Q2. In contrast, 2021 saw 36 transactions over 4,600 sq m/50,000 sq ft (higher than the 5-year average) and 16 transactions over 9,000 sq m/100,000 sq ft.

Pre-leasing accounted for 31% of all the leasing activity in 2021 and totaled 214,000 sq m/2.3 million sq ft, a significant increase from the 102,000 sq m/1.1 million sq ft seen in 2020, but still about 30% below the long-term average. We expect that the trend will continue for occupiers to pre-lease space in order to secure the very best workspace that's reflective of their companies' environmental, people-focused and flexible aspirations.

The availability of space stabilised during 2021 with around 2,230,000 sq m/24 million sq ft available, reflecting a vacancy rate of 8.27%, the highest level of vacancy since 2004. This was up slightly from the vacancy rate of 8.1% at the end of 2020. The high levels of vacancy were driven by a significant increase in tenant-controlled space coming to the market, with the vast majority of this space being in the sub - 900 sq m/10,000 sq ft bracket and of second-hand quality. This space peaked at the end of 2020 and has decreased by 22% to 604,000 sq m/6.5 million sq ft, reflecting 23% of all the available space. The availability of new space has increased to 632,000 sq m/6.8 million sq ft compared to 511,000 sq m/5.5 million sq ft at the end of 2020. This represents a healthy 49% of all space under construction already having secured tenants. The vast majority of this space will be completed in 2022 (279,000 sq m/3 million sq ft) and 2023 (288,000 sq m/3.1 million sq ft), as there are a group of developments that missed out on early pre-leasing during the 2020/2021 lockdowns that will now likely see leasing activity closer to completion. However, there are a few schemes still under construction that are planned for delivery in 2024 onwards with just 23,000 sq m/250,000 sq ft available. When analysing all the developments that could be delivered in 2024, this would still be below the long-term average of new building supply of 540,000 sq m/5.8 million sq ft. Despite this backdrop of increasing supply, we witnessed prime rental growth during the course of 2021, showing a sharp rebound from the declines seen during 2020. Prime Central London rental values increased by 7.4% compared to a decline of 7.1% in 2020. We anticipate growth being strong during 2022 at close to 5% before reverting back to trend levels of around 2.5% thereafter.

In investment markets we have seen volumes recover back to the 2019 levels of £12.5 billion compared to £7.5 billion in 2020. At £12.5 billion, this is 15% below the 5-year average. Yields remained stable during 2020 despite the uncertainty in leasing markets; in 2021 we witnessed yield compression across the London submarkets of around 25 bps. This was driven by a lack of prime investment property for purchase and the narrowing of investors' requirements, as they are targeting only the highest quality of sustainable buildings.

On behalf of the board

DocuSigned by:

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Mr S Skinner
 Director

29-Sep-2022
 Date:

HB REAVIS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company consists of the day to day overview of the development project of the property owned and funded by HB Reavis Group.

Directors

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

Mr S Hollingshead
Mr M Cassidy
Mr S Skinner
Mr J Vesely

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

During the period under review, the company's financial instruments comprised of bank balances, intercompany finance and various financial instruments such as trade debtors and trade creditors directly arising from the company's operations.

The main risks associated to the company's business are:

Liquidity

The company has the full support of its shareholder in meeting its obligations in the short term. It also has sufficient cash reserves to meet its obligations as at the balance sheet date. It is therefore not exposed to liquidity risks.

Financial and Interest Rate Risk

The company is funded by shareholder capital and interest free intergroup financing. In addition, the company received a loan in the amount of £300,000 from a related party, HBR Capital Investment LP, with an interest rate at 3% p.a. It is therefore to some extent exposed to interest rate risk as fluctuations in the market lending rates may affect its interest payable.

Currency Risk

The company's assets and liabilities are denominated in GBP. The company does incur some costs in Euro and is therefore operationally exposed to fluctuations in the GBP / Euro exchange rate. Management does not feel it is necessary to hedge against this risk by entering into exchange rate contracts as, given the small amount of costs incurred in Euro, this is not seen as a significant risk.

Credit Risk

All of the company's trade receivables are related parties and therefore the risk of delays in receipt and the risk of defaults on payment due from the trade receivables in respect of the outstanding balances, as at the year end, is mitigated through the adoption of the group policy for settlement of invoices.

Capital Risk Management

The company's objective is to maintain a sufficient shareholder equity base to support current operations and planned growth in line with relevant forecasts. The company is not subject to external regulatory capital requirements and manages share capital and reserves and shareholders' equity.

HB REAVIS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Auditor

The auditor, Lindeyer Francis Ferguson Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.


Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

As permitted by section 9A of Schedule 7 of the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to business strategy and principal risks and uncertainties.

On behalf of the board

DocuSigned by:

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Mr S Skinner
Director
29/09/2022

HB REAVIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HB REAVIS UK LIMITED

Opinion

We have audited the financial statements of HB Reavis UK Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2021 and of its 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 *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 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 annual report other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HB REAVIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HB REAVIS UK LIMITED

Matters on which we are required to report by exception

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 material misstatements in the strategic report and the directors' report.

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory framework applying to the company, and the procedures that management adopt to ensure compliance, and have considered the extent to which non-compliance might have a material effect on the financial statements, and in particular we identified: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102).

We have also identified other laws and regulations that do not have a direct effect on the amounts or disclosures within the financial statements, but for which compliance is fundamental to the company's operations and to avoid material penalties, including employment law, health and safety law and data protection regulations.

We assessed the susceptibility of the company's financial statements to material misstatement and fraud, and in doing so we:

HB REAVIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HB REAVIS UK LIMITED

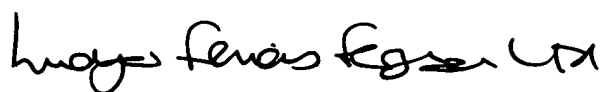
- We obtained an understanding of the legal and regulatory framework applying to the company, and the procedures that management adopt to ensure compliance, namely those relating to FRS 102;
- Assessed the systems and controls in place, and whether any weaknesses were identified which could suggest or allow fraud;
- Considered how fraud might occur, and considered whether management have incentives and opportunities to manipulate the financial results (including overriding controls);
- Evaluated management's assessment of risk of fraud and whether they are aware of any actual or suspected fraud;
- Identified key risks of fraud as revenue recognition, the allocations between debtors and creditors, cut off around expenditure and management override of controls; and
- Designed and performed audit procedures to obtain sufficient appropriate audit evidence including reviewing journals and adjustments, challenging assumptions and accounting estimates, reviewing the recoverability of bad debts with consideration of balances that have now been recovered and performing substantive testing on income.

The audit has been planned and performed in such a way as to best identify risks of material misstatement, however the inherent limitations of audit procedures means that there remains a risk that material misstatements may not be identified. In particular we are aware of the inherent difficulties in detecting irregularities, and irregularities that result from fraud may be more difficult to detect than irregularities that result from error, due for example, to override of controls, collusion or misrepresentations. In addition, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Jonathan Healey FCA (Senior Statutory Auditor)
For and on behalf of Lindey Francis Ferguson Limited

Chartered Accountants
Statutory Auditor

29 September 2022
Date:

North House
198 High Street
Tonbridge
Kent
TN9 1BE

HB REAVIS UK LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Turnover	3	13,233,611	17,967,258
Cost of sales		(9,223,375)	(14,843,691)
Gross profit		4,010,236	3,123,567
Administrative expenses		(3,814,356)	(2,971,575)
Operating profit	4	195,880	151,992
Interest receivable and similar income	7	23	6,293
Interest payable and similar expenses	8	(9,002)	(9,000)
Profit before taxation		186,901	149,285
Tax on profit	9	84,281	32,514
Profit for the financial year		271,182	181,799

The Income Statement has been prepared on the basis that all operations are continuing operations.

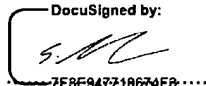
HB REAVIS UK LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	10	10,513,165		12,488,922	
Cash at bank and in hand		2,030,257		996,098	
		<u>12,543,422</u>		<u>13,485,020</u>	
Creditors: amounts falling due within one year	11	(10,173,256)		(11,086,036)	
Net current assets			2,370,166		2,398,984
Creditors: amounts falling due after more than one year	12		-		(300,000)
Net assets			<u>2,370,166</u>		<u>2,098,984</u>
Capital and reserves					
Called up share capital	14		700,001		700,001
Profit and loss reserves			1,670,165		1,398,983
Total equity			<u>2,370,166</u>		<u>2,098,984</u>

29-Sep-2022

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

DocuSigned by:



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Mr S Skinner
Director

Company Registration No. 8493236

HB REAVIS UK LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	700,001	1,217,184	1,917,185
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	181,799	181,799
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	700,001	1,398,983	2,098,984
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	271,182	271,182
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	<u>700,001</u>	<u>1,670,165</u>	<u>2,370,166</u>

HB REAVIS UK LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	17		958,917		(2,550,937)
Interest paid			(9,002)		(9,000)
Income taxes refunded			84,281		9,577
Net cash inflow/(outflow) from operating activities			1,034,196		(2,550,360)
Investing activities					
Interest received		23		6,293	
Net cash generated from investing activities			23		6,293
Net increase/(decrease) in cash and cash equivalents			1,034,219		(2,544,067)
Cash and cash equivalents at beginning of year			996,038		3,540,105
Cash and cash equivalents at end of year			2,030,257		996,038
Relating to:					
Cash at bank and in hand			2,030,257		996,098
Bank overdrafts included in creditors payable within one year			-		(60)

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

HB Reavis UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Level 7, 33 King William Street, London, EC4R 9AS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from services is recognised in line with the service level agreements in place. Invoices are raised following the completion of services and recognised in the period to which they relate.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company only has financial instruments which are classified as basic financial instruments.

Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in profit and loss.

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****1 Accounting policies****(Continued)****1.6 Taxation**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Construction services	13,219,025	17,333,469
Other revenue	14,586	633,789
	<u>13,233,611</u>	<u>17,967,258</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(266,604)	215,063
Fees payable to the company's auditor for the audit of the company's financial statements	8,500	8,250
	<u>8,500</u>	<u>8,250</u>

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Accounting	3	3
Development Management	6	7
Country CEO	1	-
Group finance, HR and leasing	7	2
Legal	5	6
Marketing	2	2
Office Management	5	4
Product Design and asset management	3	2
Transactions & Leasing UK	6	6
Symbiosy and Origameo	2	1
Total	<u>40</u>	<u>33</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,983,325	3,155,396
Social security costs	475,441	446,501
Pension costs	102,596	90,860
	<u>3,561,362</u>	<u>3,692,757</u>

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**6 Directors' remuneration**

	2021	2020
	£	£
Remuneration for qualifying services	654,063	794,133
Company pension contributions to defined contribution schemes	9,900	7,919
	<u>663,963</u>	<u>802,052</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	594,063	712,800
Company pension contributions to defined contribution schemes	9,900	7,140
	<u>603,963</u>	<u>719,940</u>

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	23	6,293
	<u>23</u>	<u>6,293</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2	-
Interest payable to group undertakings	9,000	9,000
	<u>9,002</u>	<u>9,000</u>

9 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(84,281)	(32,514)
	<u>(84,281)</u>	<u>(32,514)</u>

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**9 Taxation****(Continued)**

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	186,901	149,285
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	35,511	28,364
Tax effect of expenses that are not deductible in determining taxable profit	(1,366)	2,191
Tax effect of utilisation of group tax losses not previously recognised	(34,145)	(30,555)
Over provided in prior years	(84,281)	(32,514)
Taxation credit for the year	(84,281)	(32,514)

10 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	65,759	47,387
Amounts owed by group undertakings	9,355,355	11,622,083
Other debtors	273,543	-
Prepayments and accrued income	818,508	819,452
	10,513,165	12,488,922

11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	-	60
Trade creditors	552,749	1,518,410
Amounts due to group undertakings	3,954,756	5,284,054
Other taxation and social security	1,059,422	1,043,608
Other creditors	39,798	40,363
Accruals and deferred income	4,566,531	3,199,541
	10,173,256	11,086,036

Deutsche Pfandbrief Bank Ag hold a fixed charge created 19 July 2018, over the present construction contracts.

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**12 Creditors: amounts falling due after more than one year**

	2021	2020
	£	£
Amounts owed to group undertakings	-	300,000
	<u> </u>	<u> </u>

HBR Capital Investment LP issued a loan of £300,000 to HB Reavis UK Limited dated 22 March 2016, the interest rate has been set at 3% and had a maturity date of 22 March 2067.

This was repaid in April 2022 and has been classified as due within one year.

13 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	102,596	90,860
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

14 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
700,001 Ordinary shares of £1 each	700,001	700,001	700,001	700,001
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	751,381	908,629
	<u> </u>	<u> </u>

16 Ultimate controlling party

The company is a wholly owned subsidiary of HB Reavis Group s.r.o, a company registered in Slovakia.

The ultimate controlling party is HB Reavis Holding S.A, which is registered in Luxembourg and the accounts of which are publicly available for inspection.

Mr I Chenko is considered the ultimate controlling party of HB Reavis UK by virtue of his shareholding in HB Reavis Holding S.A.

HB REAVIS UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021**17 Cash generated from/(absorbed by) operations**

	2021	2020
	£	£
Profit for the year after tax	271,182	181,799
Adjustments for:		
Taxation credited	(84,281)	(32,514)
Finance costs	9,002	9,000
Investment income	(23)	(6,293)
Movements in working capital:		
Decrease/(increase) in debtors	1,975,757	(6,822,621)
(Decrease)/increase in creditors	(1,212,720)	4,119,692
Cash generated from/(absorbed by) operations	958,917	(2,550,937)

18 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	996,098	1,034,159	2,030,257
Bank overdrafts	(60)	60	-
	<u>996,038</u>	<u>1,034,219</u>	<u>2,030,257</u>