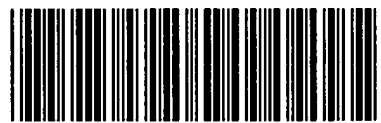


Company registration number 8493236 (England and Wales)

**HB REAVIS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

TUESDAY



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05/09/2023

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COMPANIES HOUSE

## HB REAVIS UK LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Mr S Hollingshead Mr S Skinner Mr J Vesely
<b>Secretary</b>	TMF Corporate Administration Services Limited
<b>Company number</b>	8493236
<b>Registered office</b>	20 Farringdon Street London United Kingdom EC4A 4AB
<b>Auditor</b>	Lindeyer Francis Ferguson Limited North House 198 High Street Tonbridge Kent TN9 1BE
<b>Business address</b>	20 Farringdon Street London United Kingdom EC4A 4AB

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# **HB REAVIS UK LIMITED**

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## **HB REAVIS UK LIMITED**

### **STRATEGIC REPORT**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The directors present the strategic report for the year ended 31 December 2022.

#### **Fair review of the business**

2022 started positively with the continued recovery in our sector from the impacts of the Covid-19 pandemic.

As the business had started to recover from the after effects of the pandemic, the management has made a strategic decision in 2021 to formally split its investment and development portfolio of real estate assets into two separate sister companies that should complement each other in the future with its business activities. In line with this strategic decision, the Group has carried out over the course of 2022 a couple of initiatives to consolidate the first part of seed portfolio into the investment arm and consequently, on 30 November 2022, the Group has formally concluded this re-organization by selling its subsidiary which in itself is also a group formed by HB Reavis Investments Holding S.A. and its subsidiaries (sister Group) to its shareholders.

As at 31st December 2022, the portfolio of the Group in the UK (development arm), consisted of One Waterloo, Worship Square, Leake Street in London. The portfolio of sister Group in the UK (investment arm) consisted of Bloom Clerkenwell in London, United Kingdom.

As part of the new strategy, the Group has also decided to narrow its focus for further projects development on three key markets which is the UK, Germany and Poland.

During 2022 we achieved some important milestones.

At Bloom, we completed the Cat A works on time and on budget, which also completed the Agreement for Lease to our Major Occupier Snap Inc. We completed our Ready to Work flexible office product which was fully pre-let at rents significantly ahead of business plan and valuation. The building was handed over to our asset management team who continue to work closely with all our occupiers to ensure their satisfaction.

We also signed an important investment financing transaction at Bloom where the Developments exemplary sustainability credentials meant that we were able to access HSBC's Green Loan financing product.

At Waterloo, we achieved our goals of re-designing the construction and energy strategy for the building to greatly reduce the developments embodied and operational energy impact. We successfully reduced the embodied carbon by 35% (compared to the LETI baseline) and reduced the operational energy by 50% (compared the UK Green Building's Council baseline) and is set to achieve 25% below the 2035 targets. These changes were solidified by the amendments to the existing planning consent and are therefore able to be delivered as the scheme is brought forward.

At Worship square we have made significant progress through early construction works with demolition, basement and piling completed, with the concrete core and steel structure well advanced. The project remains on program and on budget.

Building on from the momentum of the 2021 redesign work which has created one of the most sustainable and employee focused workspace projects in London, we are pleased to have c.30% of the space under offer on terms significantly ahead of business plan and valuation.

## **HB REAVIS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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##### **Principal risks and Uncertainties**

Real estate worldwide has been one of the few sectors to suffer long-term ill effects from the pandemic. Subsequently, global geopolitical risks have soared since Russia's invasion of Ukraine. Investors, market participants, and policymakers expect that the war will exert a drag on the global economy while pushing up inflation, with a sharp increase in uncertainty and risks of severe adverse outcomes.

The management has focused on the following key areas and stress-tested several scenarios to see how the Group is resilient to negative impact of the economic downturn:

- Overall liquidity position and access to existing and new credit facilities,
- Rising interest rates on debt and impact on debt service and cash flows,
- Ability to meet the covenants of the Group's debt arrangements,
- Declining demand, falling sales and margin pressures experienced by Group's current and future tenants.

The Management has performed stress-test scenario based on the business plan covering 24 months from the 31 December 2022 to evaluate the Group's cash-flow and 12 months from 31 December 2022 to evaluate Group's financial position. Applying measures having at disposal, the assumed declines in fair market values of investment properties would still keep the LTV covenant at the Group level below the threshold triggering default as defined by the bond prospectuses, which is the strictest of all LTV covenants in place. In addition, the outcome of stress-test exercise has resulted in a cash surplus and sufficient liquidity for the activities of the Group at the end of the stress test period.

The inflationary pressures that have since dominated the economic news had already commenced by the start of 2022 with CPI in January running at 5.5% and in February 6.2% - well ahead of the Bank of England's target of 2%. Post the Russian invasion of Ukraine which had a huge shock to energy and commodity prices, CPI accelerated significantly to 10.1% in July and hitting a peak of 11.1% in October 2022.

This led to the fastest increase in Bank of England base rate ever seen with 9 consecutive increases during 2022, taking the base rate from 0.25% to 3.5% and the 10 year gilt rising from 0.7% to 4.5% as the Central Bank tried to reduce demand and send inflation back towards the 2% target.

This had a significant impact of the commercial property market with the cost of servicing borrowing increasing substantially, values decreasing as other asset classes became more attractive and transaction volumes slowing to some of the lowest on record. However, there were 2 parts of the market which found liquidity, with smaller (sub £50 million) freehold assets being in demand from private investors and larger, new, sustainable, and well let assets still attracting interest from global investors.

It is important to consider that all of the assets we are working on in the UK are either recently completed, best in class assets which have attracted global brands as occupiers or are land, which is capable of being developed into the flexible, sustainable workspaces that will continue to be in demand and drive rental and capital value premiums.

## HB REAVIS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### Market Review

The Group has signed close to 80 500 sq m of GLA (gross lettable area) in 2022 with annual passing rent of €20.7 million. Out of those numbers, 12 600 sqm of GLA have been signed in projects staying in the development arm with annual passing rent of €2.2 million.

The pandemic has accelerated our thinking of how we live and work. From flexibility to sustainability, we aim to keep our overall advantage in the market by:

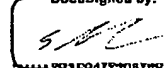
- Increasing flexibility in office design and leasing arrangements
- Creating employee-focused workspaces that put health and wellbeing first
- Promoting sustainability to help occupiers meet their ESG goals

However, despite the impact on the capital markets side of the property industry, we continued to see robust demand for high quality workspace continue throughout 2022. Leasing volumes increased 21% in the City of London compared to 2021 with the Grade a lettings accounting for 92% of all take up, which is 12% higher than the long-term average. This growing preference for high quality workspaces and a lack of supply (with c.30% of all space under construction already pre-let) resulted in average rental values increasing over the year by 15%.

Tenant demand was robust and valuations were at an all time peak with property net initial yields reaching an all time low for the City of London at 3.75% (26.66 multiple). This was driven by a search for yield and capital appreciation as 10 year Gilt rates were 0.7% and base rates were 0.25%.

The outlook for 2023 will no doubt be challenging as further interest rate rises put pressure on the commercial property market. However, despite the somewhat negative press around the sector I feel it has never been a more dangerous time to generalise. The outlook for what we have - which is either recently completed high quality assets, sustainable developments under construction or land which is permitted and capable of delivering the type of workspace that remains in demand and is seeing rental growth - remains positive as supply will continue to outstrip supply in terms of the occupier, funded and investors.

On behalf of the board

DocuSigned by:  
  
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Mr S Skinner  
Director

21-Aug-2023  
Date: .....

## **HB REAVIS UK LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **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

(Resigned 27 February 2023)

Mr S Skinner

Mr J Vesely

#### **Results and dividends**

The results for the year are set out on page 9.

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 2022

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#### 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.

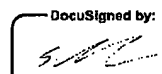
#### Statement of disclosure to auditor

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

.....  
21-Aug-2023



## **HB REAVIS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HB REAVIS UK LIMITED**

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#### **Opinion**

We have audited the financial statements of HB Reavis UK Limited (the 'company') for the year ended 31 December 2022 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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**

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#### **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 or the directors' report.

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

- adequate accounting records have not been kept, 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.

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 obtained an understanding of the legal and regulatory framework applicable to the preparation of the financial statements of the company, and the procedures that management adopt to ensure compliance. We have considered the extent to which non-compliance might have a material effect on the financial statements, and in particular we identified the Companies Act 2006 and 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 GDPR, data protection regulations, health and safety and employment laws.

Having reviewed the laws and regulations applicable to the company, we designed and performed audit procedures to obtain sufficient appropriate audit evidence. Specifically, we:

- Selected a team with sector experience was selected for completing the audit;
- Obtained an understanding of the company's procedures for ensuring compliance with laws and regulations;
- Made enquiries of management and the directors regarding whether they were aware of any actual or suspected incidences of non-compliance with laws and regulations;
- Obtained and reviewed meeting minutes;
- Reviewed legal expenses accounts for indications of any possible non-compliance; and
- Reviewed the completeness and accuracy of any disclosures made in the financial statements

We assessed the susceptibility of the company financial statements to material misstatement, including considering how fraud might occur. This was performed by:

## HB REAVIS UK LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF HB REAVIS UK LIMITED

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- Making an assessment of the company systems & controls, including identifying any weaknesses and considering the risk of management override of controls;
- Assessing the susceptibility of the company financial statements to material misstatements, including considering how fraud could occur;
- Considering if there are any incentives or opportunities for management to manipulate financial results;
- Obtaining and evaluating the directors assessment of the risk of fraud, and enquiring as to whether they were aware of any actual or suspected fraud;
- Reviewing the accounting policies and accounting estimates for signs of management bias;
- Identifying key risks relating to irregularities including revenue recognition, management override, cut-off issues, high frequency of group transactions, debtor and creditor allocations, foreign exchange differences and redundancies.
- Reviewing journal entries for signs of management bias or override of controls.

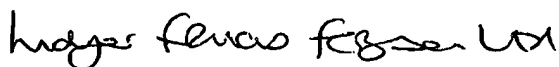
We then designed audit procedures in response to the risks identified, including performing substantive testing on all material income streams, tracing post year receipts to confirm debtor recovery, confirming intercompany balances, review of exchange rates used and review of accruals for redundancies.

The audit has been planned and performed in accordance with auditing standards, however, because of the inherent limitations of audit procedures there remains a risk that we will not detect all irregularities, including those that may lead to material misstatements in the financial statements. There are inherent difficulties in detecting irregularities, and irregularities that result from fraud may be more difficult to detect than irregularities that result from error, for example due to concealment, 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 audit procedures are able to identify 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 Lindeyer Francis Ferguson Limited

Date: 23 August 2023

**Chartered Accountants**  
**Statutory Auditor**

North House  
198 High Street  
Tonbridge  
Kent  
TN9 1BE

**HB REAVIS UK LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

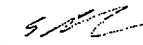
	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	18,425,925	13,233,611
Cost of sales		(11,910,498)	(9,223,375)
<b>Gross profit</b>		6,515,427	4,010,236
Administrative expenses		(6,240,284)	(3,814,356)
<b>Operating profit</b>	<b>4</b>	275,143	195,880
Interest receivable and similar income		-	23
Interest payable and similar expenses	<b>7</b>	(338)	(9,002)
<b>Profit before taxation</b>		274,805	186,901
Tax on profit	<b>8</b>	324,597	84,281
<b>Profit for the financial year</b>		599,402	271,182

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 2022**

	Notes	2022 £	£	2021 £	£
<b>Current assets</b>					
Debtors	9	10,100,493		10,513,165	
Cash at bank and in hand		1,442,160		2,030,257	
		<u>11,542,653</u>		<u>12,543,422</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(8,573,085)</u>		<u>(10,173,256)</u>	
<b>Net current assets</b>			<u>2,969,568</u>		<u>2,370,166</u>
<b>Capital and reserves</b>					
Called up share capital	12	700,001		700,001	
Profit and loss reserves		<u>2,269,567</u>		<u>1,670,165</u>	
<b>Total equity</b>			<u>2,969,568</u>		<u>2,370,166</u>

The financial statements were approved by the board of directors and authorised for issue on 21-Aug-2023 and are signed on its behalf by:

DocuSigned by:  
  
 .....  
 Mr S Skinner  
 Director

Company Registration No. 8493236

# HB REAVIS UK LIMITED

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

	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>	700,001	1,398,983	2,098,984
<b>Year ended 31 December 2021:</b>			
Profit and total comprehensive income for the year	-	271,182	271,182
<b>Balance at 31 December 2021</b>	700,001	1,670,165	2,370,166
<b>Year ended 31 December 2022:</b>			
Profit and total comprehensive income for the year	-	599,402	599,402
<b>Balance at 31 December 2022</b>	700,001	2,269,567	2,969,568

**HB REAVIS UK LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	15	(912,356)		958,917	
Interest paid		(338)		(9,002)	
Income taxes refunded		324,597		84,281	
<b>Net cash (outflow)/inflow from operating activities</b>		(588,097)		1,034,196	
<b>Investing activities</b>					
Interest received		-		23	
<b>Net cash (used in)/generated from investing activities</b>		-		23	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(588,097)		1,034,219	
Cash and cash equivalents at beginning of year		2,030,257		996,038	
<b>Cash and cash equivalents at end of year</b>		1,442,160		2,030,257	

## **HB REAVIS UK LIMITED**

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

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#### **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 20 Farringdon Street, London, United Kingdom, EC4A 4AB.

##### **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 2022****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 (including termination 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Construction services	18,425,925	13,219,025
Other revenue	-	14,586
	<u>18,425,925</u>	<u>13,233,611</u>

**4 Operating profit**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	174,669	(266,604)
Fees payable to the company's auditor for the audit of the company's financial statements	<u>9,500</u>	<u>8,500</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022****5 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Accounting	4	3
Development Management	8	6
Country CEO	1	1
Group finance, HR and leasing	6	7
Legal	7	5
Marketing	3	2
Office Management	4	5
Product Design and asset management	4	3
Transactions & Leasing UK	-	6
Symbiosy and Origameo	1	2
	<hr/>	<hr/>
Total	38	40
	<hr/>	<hr/>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,293,672	2,983,325
Social security costs	428,234	475,441
Pension costs	111,908	102,596
	<hr/>	<hr/>
	3,833,814	3,561,362
	<hr/>	<hr/>
Redundancy payments committed	163,002	-
	<hr/>	<hr/>

In December 2022, a decision was taken to make a number of redundancies, which was completed post year end. As a result the company has provided for a total of £163,002 (2021 - £nil) to meet the cost of this obligation.

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****6 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	1,138,488	794,133
Company pension contributions to defined contribution schemes	9,900	7,919
	<u>1,148,388</u>	<u>802,052</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	941,415	712,800
Company pension contributions to defined contribution schemes	9,900	7,140
	<u>951,315</u>	<u>720,000</u>

**7 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	338	2
Interest payable to group undertakings	-	9,000
	<u>338</u>	<u>9,002</u>

**8 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(324,597)	(84,281)
	<u>(324,597)</u>	<u>(84,281)</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****8 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:

	2022 £	2021 £
Profit before taxation	274,805	186,901
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	52,213	35,511
Tax effect of expenses that are not deductible in determining taxable profit	16	(1,366)
Tax effect of utilisation of group tax losses not previously recognised	(52,229)	(34,145)
Adjustments in respect of prior periods	(324,597)	(84,281)
Taxation credit for the year	(324,597)	(84,281)

**9 Debtors**

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	-	65,759
Amounts owed by group undertakings	8,845,395	9,355,355
Other debtors	64,877	273,543
Prepayments and accrued income	1,190,221	818,508
	10,100,493	10,513,165

**10 Creditors: amounts falling due within one year**

	2022 £	2021 £
Trade creditors	2,961,048	552,749
Amounts due to group undertakings	2,024,666	3,954,756
Other taxation and social security	468,347	1,059,422
Other creditors	16,101	39,798
Accruals and deferred income	3,102,923	4,566,531
	8,573,085	10,173,256

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

Bentallgreenoak UK Secured Lending III S.A.R.L hold a fixed charge created 10 March 2021 and 22 December 2021, over the present construction contracts.

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022****11 Retirement benefit schemes**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	111,908	102,596

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.

**12 Share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
700,001 Ordinary shares of £1 each	700,001	700,001	700,001	700,001

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

The remuneration of key management personnel is as follows.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	1,148,388	751,381

**14 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 Chrenko 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 2022****15 Cash (absorbed by)/generated from operations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	599,402	271,182
<b>Adjustments for:</b>		
Taxation credited	(324,597)	(84,281)
Finance costs	338	9,002
Investment income	-	(23)
<b>Movements in working capital:</b>		
Decrease in debtors	412,672	1,975,757
Decrease in creditors	(1,600,171)	(1,212,720)
<b>Cash (absorbed by)/generated from operations</b>	<b>(912,356)</b>	<b>958,917</b>

**16 Analysis of changes in net funds**

	<b>1 January 2022</b>	<b>Cash flows</b>	<b>31 December 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	2,030,257	(588,097)	1,442,160

**HB REAVIS UK LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>		<b>2021</b>	
	£	£	£	£
<b>Turnover</b>				
Development services		17,379,088		12,535,601
Construction servicing during construction works		1,046,837		683,424
Other revenue		-		14,586
		<u>18,425,925</u>		<u>13,233,611</u>
<b>Cost of sales</b>				
Wages and salaries	1,235,595		1,315,089	
Social security costs	159,059		228,843	
Staff pension costs defined contribution	49,790		49,300	
Development services and operating costs	1,685,494		1,857,975	
Computer running costs	27,800		-	
Legal and professional fees	5,665,222		4,780,331	
Consultancy fees	2,597,812		324,641	
Advertising and marketing	484,633		667,196	
Other office supplies	3,191		-	
Sundry expenses	1,902		-	
		<u>(11,910,498)</u>		<u>(9,223,375)</u>
<b>Gross profit</b>		6,515,427		4,010,236
<b>Administrative expenses</b>		<u>(6,240,284)</u>		<u>(3,814,356)</u>
<b>Operating profit</b>		275,143		195,880
<b>Investment revenues</b>				
Bank interest received	-		23	
		-		23
<b>Interest payable and similar expenses</b>				
Bank interest on loans and overdrafts	338		2	
Interest payable to group companies	-		9,000	
		<u>(338)</u>		<u>(9,002)</u>
<b>Profit before taxation</b>		<u>274,805</u>		<u>186,901</u>

**HB REAVIS UK LIMITED****SCHEDULES TO THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Cost of sales</b>		
<i>Purchases and other direct costs</i>		
Wages and salaries	1,235,595	1,315,089
Social security costs	159,059	228,843
Staff pension costs defined contribution	49,790	49,300
Development services and operating costs	1,685,494	1,857,975
Computer running costs	27,800	-
Legal and professional fees	5,665,222	4,780,331
Consultancy fees	2,597,812	324,641
Advertising and marketing	484,633	667,196
Other office supplies	3,191	-
Sundry expenses	1,902	-
<b>Total purchases and other direct costs</b>	<b>11,910,498</b>	<b>9,223,375</b>
<b>Total cost of sales</b>	<b>11,910,498</b>	<b>9,223,375</b>
<b>Administrative expenses</b>		
Wages and salaries	2,058,077	1,668,236
Social security costs	269,175	246,598
Staff recruitment and training costs	207,670	184,700
Staff welfare	1,691	8,514
Staff pension costs defined contribution	62,118	53,296
Redundancy costs	163,002	-
Directors' liability insurance	203,110	182,000
Management charge	2,067,033	706,149
Rent	13,728	5,037
Repairs and maintenance	-	729
Small equipment	45,915	10,921
Computer running costs	40,887	110,320
Travelling expenses	195,161	2,198
Professional subscriptions	148,359	110,962
Legal and professional fees	64,938	338,884
Accountancy	39,831	26,212
Non audit remuneration paid to auditors	9,880	10,850
Audit fees	9,500	8,500
Bank charges	5,955	2,838
Insurances	24,380	72,260
Printing, postage and stationery	10,951	5,063
Advertising	214,364	275,267
Telecommunications	45,249	39,265
Other office supplies	102,393	-
Entertaining	2,507	555
Sundry expenses	59,741	11,606
Loss/(Profit) on foreign exchange	174,669	(266,604)
	<b>6,240,284</b>	<b>3,814,356</b>