

**Company Registration No. 8493236 (England and Wales)**

**HB REAVIS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

WEDNESDAY



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**HB REAVIS UK LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr S Hollingshead Mr M Cassidy Mr S Skinner Mr J Vesely (Appointed 11 December 2020)
<b>Secretary</b>	TMF Corporate Administration Services Limited
<b>Company number</b>	8493236
<b>Registered office</b>	Level 7 33 King William Street London EC4R 9AS
<b>Auditor</b>	Lindeyer Francis Ferguson Limited North House 198 High Street Tonbridge Kent TN9 1BE
<b>Business address</b>	Level 7 33 King William Street London EC4R 9AS

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**HB REAVIS UK LIMITED**

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# **HB REAVIS UK LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report for the year ended 31 December 2020.

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

Looking back at 2020, it is hard to focus on much else other than the pandemic. However, we shouldn't forget that due to the efforts of our exceptional team in the UK we started the first few months of last year in a solid position with a positive outlook.

HB Reavis UK had successfully completed the leasing programme of 20 Farringdon Street ahead of valuation and with all of the new customers moved in and enjoying the workspace. At the same building we had successfully opened our community focussed co-work, HubHub, which was attracting a wide range of start-ups, scale-ups and companies wanting to use office space in a new flexible way HubHub was achieving targets with near full occupancy and significant increases in average desk rates over the year.

Our major project under construction, Bloom Clerkenwell, was making significant progress and was under budget and on programme with the workspace fully under offer (again significantly ahead of valuation), with a sustainability focused financing package agreed. At Elizabeth House, we had secured the resolution to grant planning consent for what will become one of London's landmark projects alongside achieving vacant possession and we were working well through the final parts of the stage 3 design and the development obligations to be able to start works. We were continuing to recruit and grow our business in the UK and with the addition of our Worship Square project, we had further secured our development pipeline, with a strategically sized and timed project to optimise and transfer all knowledge and learnings from Bloom.

And then COVID came along, turned the world on its head and we are all too familiar with the impact it's had on our sector, our business but also on us all personally.

As the first lockdown in late March arrived, the business adjusted to working remotely, which we were well positioned to do. Through our previous adoption of flexible working, we had implemented the required technology to allow this to happen seamlessly. Our internal collaboration, external consultant management, planning committees / discussions, pitches / presentations, engagement with suppliers etc. all having to switch and adapt to a "virtual" setting and I am very proud of how our teams showed both the resilience and adaptability to ensure that this happened seamlessly during a time of unprecedented stress.

The other parts of our business in the UK were also impacted and none more so than in the leasing market. During the year as uncertainty grew we saw many potential occupiers adopt a "wait and see" approach which led to record low levels of take up and near doubling of the vacancy rate. Unfortunately this led to both of our prospective customers at Bloom to decide against relocating their offices and agreeing short term lease re-gears at their current older buildings. This was a theme seen throughout the London market with over 3.5 million sq ft of lease expiries pushed out by 2-5 years as occupiers sought optionality. However, given the very limited supply of new space we have yet to see any material impact on rental levels.

Whilst the overall financial performance of the projects was negatively impacted as a result our teams worked incredibly to mitigate the impact and we should not let that be forgotten in all the negativity of the year. In May, we sold 20 Farringdon Street during the period of total lockdown when there was almost zero liquidity – at that time it was the largest City of London asset to trade and emphasised both the appeal and liquidity of the high quality workspaces we develop. We still managed to complete at a price which reflected the highest ever per sq ft for a building in the City.

At Bloom Clerkenwell, we faced a difficult challenge of deciding if it was safe for our works to continue. To protect our teams and our supply partners we made the decision to suspend construction for a number of weeks to give time to assess how we could continue to operate safely. We followed all government guidance and re-opened the site with new health and safety measures in place. I am especially proud of how our collaborative approach to our supply chain allowed us to jointly agree to suspend all works on site in a matter of days. The same collaborative approach allowed us to re-start the works in an optimised way and we remain on budget and on programme for practical completion in Q2 2021 when Bloom will be one of the very first buildings globally to target WELL Platinum, BREEAM Outstanding and Wiredscored Platinum.

## **HB REAVIS UK LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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At our new Worship Square project, we effectively assembled a brand-new team and started the project journey remotely. The team spent the majority of the year working on the concept design, focusing on providing a sustainable, flexible, people focused place to work, all supported by smart building technology. We are now adding an additional penthouse office floor, introducing a communal roof garden along side an in-house gym. The development will also feature our affordable and flexible workspace concepts and will be supported by Symbiosy to provide the very best in customer experience. We have now secured vacant possession and are preparing to commence construction works in early 2021.

At Waterloo we have made excellent progress getting ourselves into the best position for starting major construction works. We successfully achieved vacant possession and concluded our stage 3 design in excess of our target net internal area (nia) and in line with the cost target. We have continued to make progress on the development obligations, concluding the Asset Protection Agreement (APA) with Network Rail and having the agreements with Secretary of State for Transport and TfL substantially agreed. We also finished the year with the great news that the S.106 (which secures the planning consent) was agreed and is now in the process of being signed.

Last but not least, I think the biggest achievement was by each individual member of our team dealing with all the personal and professional adversity that last year threw at us. I am not sure if I can ever find the right words to express this but I was just so incredibly impressed and proud with how adaptable and resilient everyone was to get on with it and get through it - I can't thank each and everyone of them enough. A special mention here must go to our site based teams who have continued to turn up on-site every day despite a global pandemic to keep our projects on track - I salute you.

#### **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 of 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 shareholder loans.

#### **Post Year End Update**

We start the first part of 2021 back in a national lock down but I am filled with cautious optimism. We now have a Brexit deal secured and the most recent lockdown appears to have reduced the number of cases significantly and the UK's roll out of a vaccination is moving at great speed. With projections that the majority of the UK population may be vaccinated by the summer we now have been provided with what will be a permanent plan to exit lockdown and return back to a more normal way of life.

The outlook for the London office market remains robust with low levels of supply of the high quality workspaces we create - there is currently only c.3 million sq ft of space under construction and available with over 9 million sq ft of active demand. There will remain a temporary period of supply / active demand imbalance. We expect this to be quickly reversed by year-end as our customers are able to plan for the future with more certainty and when their return to the market will be focused on how their workplace will be used in a more flexible, collaborative and people focused way - all of which we are well placed to provide.

Capital markets remain supportive too with c.£9 billion transacted in 2020 with over half of this transacted in the final quarter of the year. With a Brexit deal now in place and over £50 billion of capital looking to invest in London, we are already starting to see some yield compression for highly sought after new office buildings.

We will also continue to explore building our UK pipeline, taking advantage of any market distress but only as and when we can do so in a financially prudent and sustainable way.

## **HB REAVIS UK LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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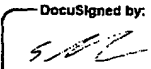
I would like to finish by saying that I have a huge amount of optimism for HB Reavis and our future in the UK. The future success of office developers will rely on businesses that control their own capital, have a deep understanding of their customer, and develop best in class assets with great transport connections that have a clear focus on individual wellbeing, sustainability, flexibility and technology.

We continue to be one of the very few developers that can meet this brief with the added benefit of having a sustainable competitive advantage through our fully integrated model of design, procurement, delivery, and operation. Unlike many of our competitors, this isn't a reaction to COVID - we have been operating with this focus for many years and we continue to deliver on our promise to create remarkable customer experiences for all that use our projects. I really do believe we have something special by challenging the established way of providing workspace, do it in a entrepreneurial and creative way and become *the* leading office developer in London.

So please, do all you can to support each other through these difficult months in order to give us the best chance of success in 2021 and beyond.

Hope to see you all soon and stay safe.

On behalf of the board

DocuSigned by:  
  
.....7F3EB947710672F3...  
**Mr S Skinner**  
**Director**  
.....

## **HB REAVIS UK LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **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 K Pawar

(Resigned 14 February 2020)

Mr S Skinner

Mr J Vesely

(Appointed 11 December 2020)

#### **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. 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.

## **HB REAVIS UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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.

#### **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:  
  
.....7F3EB47110874F3...  
Mr S Skinner  
Director  
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## **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 2020 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 2020 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 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.

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 applying to the company, and the procedures that management adopt to ensure compliance, namely those relating to FRS 102;
- We assessed the susceptibility of the company's financial statements to material misstatement, including considering how fraud might occur;
- We obtained the Board of Directors' assessment of fraud risk and enquired as to any known or suspected instances of fraud in the year; and
- We designed and performed audit procedures to obtain sufficient and appropriate audit evidence regarding compliance with laws and regulations, including enquiry of the Board, review of correspondence, and review of the accuracy and completeness of disclosures made in the financial statements.

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.

## HB REAVIS UK LIMITED

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

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#### 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*

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

Chartered Accountants  
Statutory Auditor

*14 September 2021*

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North House  
198 High Street  
Tonbridge  
Kent  
TN9 1BE

**HB REAVIS UK LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

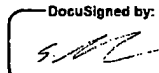
		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Turnover</b>	<b>4</b>	17,967,258	24,228,726
<b>Cost of sales</b>		(14,843,691)	(17,996,596)
<b>Gross profit</b>		3,123,567	6,232,130
<b>Administrative expenses</b>		(2,971,575)	(5,496,953)
<b>Operating profit</b>	<b>5</b>	151,992	735,177
<b>Interest receivable and similar income</b>	<b>8</b>	6,293	1,344
<b>Interest payable and similar expenses</b>	<b>9</b>	(9,000)	(9,000)
<b>Profit before taxation</b>		149,285	727,521
<b>Tax on profit</b>	<b>10</b>	32,514	(61,764)
<b>Profit for the financial year</b>		181,799	665,757

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 2020**

	Notes	2020 £	£	2019 £	£
<b>Current assets</b>					
Debtors	11	12,488,922		5,666,301	
Cash at bank and in hand		996,098		3,540,105	
		<u>13,485,020</u>		<u>9,206,406</u>	
<b>Creditors: amounts falling due within one year</b>	12	(11,086,036)		(6,989,221)	
<b>Net current assets</b>			2,398,984		2,217,185
<b>Creditors: amounts falling due after more than one year</b>	13		(300,000)		(300,000)
<b>Net assets</b>			<u>2,098,984</u>		<u>1,917,185</u>
<b>Capital and reserves</b>					
Called up share capital	15		700,001		700,001
Profit and loss reserves			1,398,983		1,217,184
<b>Total equity</b>			<u>2,098,984</u>		<u>1,917,185</u>

The financial statements were approved by the board of directors and authorised for issue on 11 September 2021 and are signed on its behalf by:

DocuSigned by:  
  
 -----TF3EB947710874F3...  
 Mr S Skinner  
 Director

**Company Registration No. 8493236**

**HB REAVIS UK LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>	700,001	551,427	1,251,428
<b>Year ended 31 December 2019:</b>			
Profit and total comprehensive income for the year	-	665,757	665,757
<b>Balance at 31 December 2019</b>	700,001	1,217,184	1,917,185
<b>Year ended 31 December 2020:</b>			
Profit and total comprehensive income for the year	-	181,799	181,799
<b>Balance at 31 December 2020</b>	700,001	1,398,983	2,098,984

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**HB REAVIS UK LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	19	(2,550,937)		1,214,289	
Interest paid		(9,000)		(9,000)	
Income taxes refunded/(paid)		9,577		(25,276)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(2,550,360)</b>		<b>1,180,013</b>	
<b>Investing activities</b>					
Interest received		6,293		1,344	
<b>Net cash generated from investing activities</b>		<b>6,293</b>		<b>1,344</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,544,067)</b>		<b>1,181,357</b>	
Cash and cash equivalents at beginning of year		3,540,105		2,358,748	
<b>Cash and cash equivalents at end of year</b>		<b>996,038</b>		<b>3,540,105</b>	
<b>Relating to:</b>					
Cash at bank and in hand		996,098		3,540,105	
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 2020**

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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 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.

In respect of Covid-19 and the impact on the company's operations, the directors confirm that Covid-19 had little effect in the year, with the directors taking the necessary steps to mitigate the impact of the pandemic.

#### **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 2020

#### 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 Prior period adjustment

During the course of the preparation of the financial statements, an error was identified relating to the split of wages and salaries between cost of sales and administrative expenses in the 2019 year.

An adjustment has therefore been made to correct the split of wages and salaries, with this adjustment having no effect on the overall profit position for the prior period, nor the reserves of the company as at 31 December 2019.

#### 3 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.

#### 4 Turnover and other revenue

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

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Construction services	17,333,469	24,183,103
Other revenue	633,789	45,623
	<u>17,967,258</u>	<u>24,228,726</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****5 Operating profit**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	215,063	(145,831)
Fees payable to the company's auditor for the audit of the company's financial statements	8,250	8,000
(Profit)/loss on disposal of tangible fixed assets	-	12,650
	<u>          </u>	<u>          </u>

**6 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Accounting	3	5
Development Management	7	6
Group Finance Group HR	2	3
Legal	6	5
Marketing	2	2
Office Management	4	6
Product Design	2	3
Transactions & Leasing UK	6	5
Symbiosy	1	-
Total	<u>33</u>	<u>35</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,155,396	2,857,532
Social security costs	446,501	358,443
Pension costs	90,860	69,913
	<u>3,692,757</u>	<u>3,285,888</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****7 Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	794,133	446,622
Company pension contributions to defined contribution schemes	7,919	14,800
	<u>802,052</u>	<u>461,422</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	712,800	256,712
Company pension contributions to defined contribution schemes	7,140	8,400
	<u>719,940</u>	<u>265,112</u>

**8 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest income		
Interest on bank deposits	6,293	1,344
	<u>6,293</u>	<u>1,344</u>

**9 Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

**10 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current tax		
UK corporation tax on profits for the current period	-	136,729
Adjustments in respect of prior periods	(32,514)	(74,965)
	<u>(32,514)</u>	<u>(74,965)</u>
Total current tax	<u>(32,514)</u>	<u>61,764</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****10 Taxation****(Continued)**

The actual (credit)/charge 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:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit before taxation	149,285	727,521
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	28,364	138,229
Tax effect of expenses that are not deductible in determining taxable profit	2,191	3,687
Tax effect of utilisation of group tax losses not previously recognised	(30,555)	-
Permanent capital allowances in excess of depreciation	-	(5,187)
Under/(over) provided in prior years	(32,514)	(74,965)
Taxation (credit)/charge for the year	(32,514)	61,764

**11 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade debtors	47,387	36,788
Amounts owed by group undertakings	11,622,083	5,293,896
Other debtors	-	6,666
Prepayments and accrued income	819,452	328,951
	12,488,922	5,666,301

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****12 Creditors: amounts falling due within one year**

	2020 £	2019 £
Bank loans and overdrafts	60	-
Trade creditors	1,518,410	327,751
Amounts due to group undertakings	5,284,054	4,096,097
Corporation tax	-	22,937
Other taxation and social security	1,043,608	431,026
Other creditors	40,363	16,621
Accruals and deferred income	3,199,541	2,094,789
	<u>11,086,036</u>	<u>6,989,221</u>

Lloyds Bank Plc hold a fixed charge, created 12 May 2017, over any patents, trademarks registered or other designs in relation to 61 Southwark Street and 15,17 & 19 Great Guild Street, London. This was satisfied on 17 July 2019.

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

**13 Creditors: amounts falling due after more than one year**

	2020 £	2019 £
Amounts owed to group undertakings	<u>300,000</u>	<u>300,000</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 has a maturity date of 22 March 2067.

**14 Retirement benefit schemes**

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>90,860</u>	<u>69,913</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.

**15 Share capital**

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
700,001 Ordinary shares of £1 each	<u>700,001</u>	<u>700,001</u>	<u>700,001</u>	<u>700,001</u>

**HB REAVIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****16 Events after the reporting date**

On 10 March 2021, HB Reavis UK Limited entered into a £83.4m facility agreement with Bentalgreenoak UK Secured Lending III S.A.R.L. This facility is secured by way of a fixed charge over the assets of the company.

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

The remuneration of key management personnel is as follows.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	908,629	519,110

**18 Ultimate controlling party**

The company is a wholly owned subsidiary of HB Reavis Group BV, a Dutch Holding company.

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.

**19 Cash (absorbed by)/generated from operations**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	181,799	665,757
<b>Adjustments for:</b>		
Taxation (credited)/charged	(32,514)	61,764
Finance costs	9,000	9,000
Investment income	(6,293)	(1,344)
(Gain)/loss on disposal of tangible fixed assets	-	12,650
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(6,822,621)	8,140,643
Increase/(decrease) in creditors	4,119,692	(7,674,181)
<b>Cash (absorbed by)/generated from operations</b>	<b>(2,550,937)</b>	<b>1,214,289</b>

# HB REAVIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 20 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	3,540,105	(2,544,007)	996,098
Bank overdrafts	-	(60)	(60)
	<u>3,540,105</u>	<u>(2,544,067)</u>	<u>996,038</u>

**HB REAVIS UK LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>		<b>2019</b>
	£	£	as restated £
<b>Turnover</b>			
Development services		11,835,884	18,882,271
Construction servicing during construction works		5,497,585	5,300,831
Other revenue		633,789	45,624
		<u>17,967,258</u>	<u>24,228,726</u>
<b>Cost of sales</b>			
Wages and salaries	2,571,563		2,209,336
Social security costs	388,374		255,082
Staff pension costs defined contribution	72,385		53,162
Development services and operating costs	1,233,822		553,063
Legal and professional fees	9,388,777		13,913,979
Consultancy fees	774,848		773,682
Advertising and marketing	413,922		238,292
		<u>(14,843,691)</u>	<u>(17,996,596)</u>
<b>Gross profit</b>		<u>3,123,567</u>	<u>6,232,130</u>
<b>Administrative expenses</b>		<u>(2,971,575)</u>	<u>(5,496,953)</u>
<b>Operating profit</b>		<u>151,992</u>	<u>735,177</u>
<b>Investment revenues</b>			
Bank interest received	6,293		1,344
		<u>6,293</u>	<u>1,344</u>
<b>Interest payable and similar expenses</b>			
Interest payable to group companies		<u>(9,000)</u>	<u>(9,000)</u>
<b>Profit before taxation</b>		<u><u>149,285</u></u>	<u><u>727,521</u></u>



**HB REAVIS UK LIMITED****SCHEDULE OF ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
		<b>as restated</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Wages and salaries	583,833	629,196
Social security costs	58,127	103,361
Agency staff	-	19,000
Staff recruitment and training costs	139,496	277,468
Staff welfare	(968)	42,770
Staff training	-	2,288
Staff pension costs defined contribution	18,475	16,751
Directors' liability insurance	115,733	44,147
Management charge	829,687	1,230,333
Rent	88,341	415,993
Rates	(526,694)	156,900
Repairs and maintenance	3,406	34,136
Small equipment	14,999	79,254
Computer running costs	71,938	113,548
Travelling expenses	66,749	127,318
Professional subscriptions	77,422	107,411
Legal and professional fees	791,065	1,523,981
Accountancy	52,706	59,651
Non audit remuneration paid to auditors	10,400	10,816
Audit fees	8,250	8,000
Charitable donations	-	1,395
Bank charges	2,322	4,346
Insurances	82,273	91,060
Printing, postage and stationery	22,703	21,465
Advertising	151,881	460,932
Telecommunications	51,901	17,017
Entertaining	25,358	19,611
Sundry expenses	17,109	11,986
Loss on disposal of tangible assets	-	12,650
Loss / (profit) on foreign exchange	215,063	(145,831)
	<u>2,971,575</u>	<u>5,496,953</u>