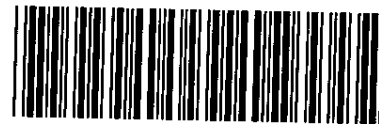


**LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**  
**COMPANY INFORMATION**

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<b>Directors</b>	Mr M A Glyn Mr I M Livingstone Mr R J Livingstone
<b>Company number</b>	11393433
<b>Registered office</b>	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

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# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **Review of the business and future developments**

The group statement of total comprehensive income on page 11 shows that in the current year turnover remained stable at £144m (2020: £145m). The business performance remains robust and has shown its resilience during the last two years of COVID pandemic generating positive cash inflows from operations of £50m (2020: net outflows £54m).

The group's net asset value increased by £83m to £1,913m (2020: £1,830m) principally due to increases in fair value of investment properties £86m and gains on fair value of derivatives of £61m, net of deferred tax charges.

Group cash as at 31 December 2021 decreased to £134m (2020: £247m) due to repayment of debt of £92m and acquisitions of additional investment properties of £116m. The group continues to focus on creating value and maximising cash flow through proactive asset and financial management.

#### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and cash flow risk. The principal risks and uncertainties mainly relate to the state of the property market and any volatility in the debt market, which in turn impact the availability and cost of financing. General market conditions are outside the group's control. However, the directors have implemented a number of controls which mitigate their financial impact, such as hedging interest rates (see below), pro-active credit risk management and in-depth financial evaluation of proposed new investments. In addition, the group's income derives from a wide geographical area and a broad base of asset classes which diversify the principal risks that arise in the group's business. The majority of the group's debt finance is on a long-term basis which limits refinancing risks in the current debt markets.

##### **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty fails to meet its contractual obligations.

The group has implemented policies that require appropriate credit checks on potential tenants or customers. Cash depositing is subject to pre-approval by the board of directors and such approval is limited to highly rated banks. Concentrations of credit risk with respect to tenants or customers are limited due to the group's customer base being large and unrelated. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed at least annually by the board.

##### **Liquidity risk**

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

##### **Cash flow risk**

The group's activities expose it primarily to the financial risks of changes in interest rates. The group uses interest rate swap contracts to hedge these exposures. Interest-bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

The group monitors cash flow as part of its day to day control procedures. The directors regularly review the forecast liquidity of the group to ensure that appropriate bank facilities and internal resources are available to meet future funding requirements.

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Key performance indicators**

The primary key performance indicator used by the directors to monitor the performance of the group is the total valuation of all properties held in comparison to the carrying value of all the loans that finance these properties. The directors assess this on an annual basis and confirm that the total carrying value of all investment, operational and development properties held exceeds the total book value of all outstanding loans.

The directors also monitor the following further performance indicators:

- average cost of borrowing, being the weighted average of interest rates payable on borrowings;
- rental yield, being rental income expressed as a percentage of the book value of properties with the rental yield compared to the average cost of borrowings;

### **Going concern**

The directors expect the Covid-19 pandemic to have a diminishing impact on the group's operations. The substantial majority of the portfolios generating rental income are situated in London and whose tenants are substantially commercial tenants. The portfolios have demonstrated their resilience in spite of the lockdowns and associated restrictions. Arrears have arisen predominantly from tenants in the retail and hospitality sectors which represent a relatively small portion of the portfolios and the significant majority of such arrears have been repaid as at the date these financial statements were signed.

There were a small number of group entities who have bank loans and which breached a number of their loan covenants during 2021, for which the directors received waivers and agreements to defer payments from the lenders. As at the date of signing these financial statements, there are no continuing breaches of loan covenants.

There are entities within the group which have bank loans due for repayment within twelve months of signing these financial statements. Whilst the directors anticipate that these loans will be refinanced prior to the due date based on discussions with the lenders, this has not been confirmed as at the date of signing these financial statements. Should the anticipated debt refinancing not take place, the group entities may require the support of the wider group entities to repay these external debts. The group does not currently have sufficient liquidity to repay all debts due within one year. Additionally the ultimate controlling shareholders have indicated their willingness and capability to provide support if required.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. The group financial statements do not include any adjustments that might arise should the group cease to be a going concern. The directors continue to adopt the going concern basis of preparing the Group financial statements.

The company was in a net current liabilities position as at 31 December 2021. The directors have received confirmation from London & Regional Group Holdings Limited, to whom £1.8bn was owed at the balance sheet date, that it will not call for repayment of this amount for at least twelve months from the date of signing these financial statements. The directors therefore continue to adopt the going concern basis of preparing the company financial statements.

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **STRATEGIC REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **Section 172 (1) Statement**

With regard to the stakeholders and matters set out in s172(1)(a-f) of the Act, the Board of directors of London and Regional Group Property Holdings Ltd consider both individually and collectively that they have acted in good faith, in a manner likely to promote the success of the company for the benefit of its members in the decisions taken during the year.

The company considers that the primary stakeholder groups that have been impacted by its business activities and decisions taken, include its employees, customers, lenders, and suppliers. We recognise the importance of our stakeholders in the success of the business.

We aim to be a responsible employer and engage with our employees as they are fundamental in contributing to the success of both the company and the group. Meetings are held with employees to ensure that the company is able to support their career objectives, manage performance and that staff have been provided with the requisite support to perform their roles.

The customer experience is important to driving the success of the business through providing the best possible experience to our tenants. The company regularly engages with tenants to ensure that their experience with us is positive and that the service being provided is effective. This includes engagement with distressed tenants during the Covid-19 pandemic.

The company engages with suppliers on a regular basis as they are important to the business being able to operate effectively. Supplier payment terms are negotiated at the outset and are adhered to, helping to ensure that they are able to meet their liquidity requirements. In addition, where development work is undertaken on our assets, there are regular meetings with our suppliers. This fosters a strong working relationship and helps to ensure that work being undertaken is being delivered effectively.

Key decisions are considered to be financing strategy, acquisitions, capital expenditure, appointment of key management personnel and health and safety.

Relationships with the external lenders to the subsidiaries of the company are critical business relationships. The company engages with its lenders, including where subsidiaries of the company have been required to seek waivers during the Covid-19 pandemic. The board is actively involved in establishing the financing strategy, which is a key decision for the business. This includes engaging in discussions with a variety of lenders, seeking to obtain the best outcome for companies within the group. These relationships are key to the long-term success of the company due to the ongoing requirement for liquidity across the group and to generate a suitable return to the shareholders through responsible financial leveraging of assets.

The Board is involved in approving any significant capital spend, establishing agreed thresholds, reviewing the budgets for capital expenditure at group level and reviewing performance against budgets for each development. In a competitive environment, maintaining suitable controls around decision making on capital spend is important to the company delivering profitability and liquidity in accordance with the agreed delegation of authority.

Any prospective acquisitions by the company undergo a rigorous due diligence process to ensure that any asset or company being acquired will benefit the group, is being acquired at a reasonable value and will maximise medium to long term returns to shareholders. Any acquisitions require approval by the Board prior to completion.

The appointment of key staff is an important decision as day-to-day decision making is undertaken by key management with appropriate oversight by the directors on a regular basis.

Maintaining the highest standards of health and safety are important to the directors in how they run the company and the group, which is particularly pertinent on sites being developed. Management are responsible for developing robust health and safety policies and procedures to reduce the possible risks to customers, staff, and suppliers, and to minimise the risk of future litigation. Any serious breaches that have occurred need to be reported to the directors to ensure that the appropriate remedial action can be subsequently taken.

The company operates with a two-person Board, which helps facilitate flexible and swift decision making. The directors meet regularly with key management, ensuring that they are able to take key decisions on a timely basis.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

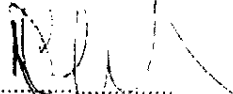
## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The above activities help to safeguard the success of the business, ensuring that it acts fairly in the interests of the members of the company, including maximising the financial returns to members.

On behalf of the board



Mr M A Glyn

**Director**

12 December 2022

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **Principal activities**

The principal activity of the group continued to be that of property investment and development.

The company's principal activity is that of a holding company.

#### **Directors**

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

Mr M A Glyn	(Appointed 26 May 2022)
Mr L Sebastian	(Resigned 26 May 2022)
Mr I M Livingstone	
Mr R J Livingstone	

#### **Results and dividends**

The results for the year are set out on pages 11 to 12.

The business review, future developments, going concern and financial risk management are included in the strategic report.

Ordinary dividends amounting to £nil were paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

#### **Qualifying third party indemnity provisions**

The group maintains liability insurance for its directors and officers. Following shareholder approval, the company has also provided an indemnity for its current directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

The qualifying third party indemnity provision was in force during the financial period and also at the date of approval of these financial statements.

#### **Supplier payment policy**

It is the group policy that all suppliers are dealt with in accordance with standard payment practices whereby all outstanding trade accounts are settled, where possible within the credit terms advised by the supplier at the time of supply following the date of purchase.

#### **Donations**

During the year the group made charitable donations of £196k (2020: £68k) and made no political donations (2020: £nil).

#### **Disabled persons**

The group gives every consideration to applications from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.



# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Employee involvement

The group places considerable value of the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings.

There have been no specific changes to employment procedures during the financial year.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Directors' Confirmations

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 group and company's auditors are 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 group and company's auditors are aware of that information.

### Group energy and carbon report

#### Reporting

The Group's energy consumption derives from the following fuel types:

Emission Source	Consumption (kWh)	Consumption (%)	Equivalent greenhouse emissions (tonnes)	Greenhouse emissions (%)
Electricity	104,374	100.00%	22	100.00%
<b>Total</b>	<b>104,374</b>	<b>100.00%</b>	<b>22</b>	<b>100.00%</b>

#### Intensity ratio

The Group has chosen to use tonnes of CO<sub>2</sub>e per £m turnover and total square metres for its intensity ratios. As this is the first year of reporting, no comparison is given. Please note individual tenants are responsible for their individual CO<sub>2</sub> emissions and SECR reporting, therefore figures below represent only Head Office data.

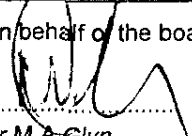
Intensity measure	CO <sub>2</sub> e emissions	Measure	Intensity ratio
Tonnes CO <sub>2</sub> e per £m turnover	22	144	0.15
Tonnes CO <sub>2</sub> e per total square metres	22	678	0.03

#### Methodology

The Group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions, which are available from:

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

On behalf of the board

  
Mr M A Glyn  
Director

Date: 12 December 2022

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## DIRECTORS' RESPONSIBILITIES STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

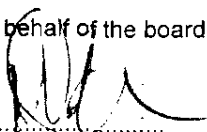
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board



Mr M A Glyn

Director

12 December 2022

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

---

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, London and Regional Group Property Holdings Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 31 December 2021; the Group Statement of Total Comprehensive Income, the Group and Company Statements of Changes in Equity and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the group's and the company's ability to continue as a going concern. The group has external bank loans due for repayment within twelve months of signing these financial statements. The directors expect the debt to be refinanced prior to the due date with the lenders, however this has not been confirmed at the date of approving these financial statements. There is uncertainty as to whether the debt will be refinanced and what the impact will be on the group's operations if the debt is not refinanced. These conditions, along with the other matters explained in note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a 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.

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

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

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#### **Reporting on other information (continued)**

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### ***Strategic report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

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

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

##### ***Auditors' responsibilities for the audit of the financial statements***

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with UK corporation tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

# **LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**

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#### *Auditors' responsibilities for the audit of the financial statements (continued)*

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management recording inappropriate journal entries and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance, and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud as well as enquiries around actual and potential litigation and claims
- Enquiring of those charged with governance as to whether management have knowledge of any actual, suspected or alleged fraud
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; and
- Assessing the reasonableness of key accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
12 December 2022

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'m	2020 £'m
Turnover	3	144	145
Cost of sales		(15)	(18)
<b>Gross profit</b>		<b>129</b>	<b>127</b>
Administrative expenses		(47)	(41)
Other operating income		-	9
Share of results of joint ventures and associates	6	27	6
Fair value gains on investment properties		86	14
<b>Operating profit</b>	<b>4</b>	<b>195</b>	<b>115</b>
Interest receivable and similar income	6	64	10
Interest payable and similar expenses	7	(87)	(88)
<b>Profit before taxation</b>		<b>172</b>	<b>37</b>
Tax on profit	8	(103)	3
<b>Profit for the financial year</b>		<b>69</b>	<b>40</b>
<b>Other comprehensive (expense)/income</b>			
Currency translation differences		1	10
Cash flow hedges - change in value of hedging instruments		22	(11)
Tax relating to other comprehensive (expense)/income		(4)	2
<b>Total comprehensive income for the year</b>		<b>88</b>	<b>41</b>

**LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD**  
**GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'m	2020 £'m
Profit for the financial year is attributable to:			
- Owners of the parent company		69	40
- Non-controlling interests		-	-
		<u>69</u>	<u>40</u>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		88	41
- Non-controlling interests		-	-
		<u>88</u>	<u>41</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £'m	£'m	2020 £'m	£'m
<b>Fixed assets</b>					
Tangible assets	9		22		22
Investment properties	10		2,986		2,818
Investments	11		197		178
			<u>3,205</u>		<u>3,018</u>
<b>Current assets</b>					
Stocks	13	9		6	
Debtors	14	735		757	
Cash at bank and in hand		134		247	
		<u>878</u>		<u>1,010</u>	
<b>Creditors: amounts falling due within one year</b>	15	(322)		(427)	
<b>Net current assets</b>			<u>556</u>		<u>583</u>
<b>Total assets less current liabilities</b>			<u>3,761</u>		<u>3,601</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(1,571)		(1,588)
<b>Provisions for liabilities</b>	19		(277)		(183)
<b>Net assets</b>			<u>1,913</u>		<u>1,830</u>
<b>Capital and reserves</b>					
Called up share capital	20		-		-
Share premium account	20		2,172		2,172
Foreign currency translation reserve			60		59
Hedging reserve			(4)		(22)
Capital reserve			1		6
Merger reserve			(703)		(703)
Retained earnings			<u>384</u>		<u>315</u>
<b>Equity attributable to owners of the parent company</b>			<u>1,910</u>		<u>1,827</u>
<b>Non-controlling interests</b>			<u>3</u>		<u>3</u>
<b>Total equity</b>			<u>1,913</u>		<u>1,830</u>



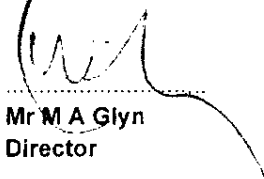
# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2021**

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The financial statements on pages 11 to 46 were approved by the board of directors and authorised for issue on 12 December 2022, and are signed on its behalf by:



Mr M A Glyn  
Director

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

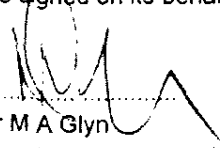
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £'m	2020 £'m
<b>Fixed assets</b>			
Investments	11	3,748	3,749
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,803)</u>	<u>(1,817)</u>
<b>Net current liabilities</b>		<u>(1,803)</u>	<u>(1,817)</u>
<b>Total assets less current liabilities</b>		1,945	1,932
<b>Net assets</b>		<u>1,945</u>	<u>1,932</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Share premium account		2,172	2,172
Retained deficit		<u>(227)</u>	<u>(240)</u>
<b>Total equity</b>		<u>1,945</u>	<u>1,932</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statements and related notes. The company's profit for the period was £13m (2020: loss of £240m).

The financial statements were approved by the board of directors and authorised for issue on 12 December 2022 and are signed on its behalf by:

  
Mr M A Glyn  
Director

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital and share premium account *** £'m	Foreign currency translation reserve £'m	Hedging reserve £'m	Capital reserve £	Merger reserve £'m	Retained earnings £'m	Total controlling interest £'m	Non-controlling interest £'m	Total £'m
Balance at 1 January 2020	2,172	49	(13)	6	(703)	275	1,786	3	1,789
Profit for the financial year	-	-	-	-	-	40	40	-	40
Other comprehensive income/(expense):									
Currency translation differences	-	10	-	-	-	-	10	-	10
Cash flow hedges - losses arising in the year	-	-	(11)	-	-	-	(11)	-	(11)
Tax relating to other comprehensive income/(expense)	-	-	2	-	-	-	2	-	2
Total comprehensive income for the year	-	10	(9)	-	-	40	41	-	41
Balance at 31 December 2020	2,172	59	(22)	6	(703)	315	1,827	3	1,830

\*\*\*Called up share capital and share premium account is made up of £4 (2020: £4) called up share capital and £2,172m (2020: £2,172m) share premium account. See note 20 for further details.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital and share premium account***	Foreign currency translation reserve	Hedging reserve	Capital reserve	Merger reserve	Retained earnings	Total controlling interest	Non-controlling interest	Total
	£'m	£'m	£'m	£	£'m	£'m	£'m	£'m	£'m
Balance at 1 January 2021	2,172	59	(22)	6	(703)	315	1,827	3	1,830
Profit for the financial year	-	-	-	-	-	69	69	-	69
Currency translation differences	-	1	-	-	-	-	1	-	1
Cash flow hedges - change in value of hedging instruments	-	-	22	-	-	-	22	-	22
Tax relating to other comprehensive income	-	-	(4)	-	-	-	(4)	-	(4)
Other movements	-	-	-	(5)	-	-	(5)	-	(5)
Total comprehensive income for the year	-	1	18	(5)	-	69	83	-	83
Balance at 31 December 2021	2,172	60	(4)	1	(703)	384	1,910	3	1,913

Called up share capital and share premium account is made up of £4 (2020: £4) called up share capital and £2,172m (2020: £2,172m) share premium account. See note 20 for further details.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital and share premium account £'m	Retained deficit £'m	Total £'m
<b>Balance at 1 January 2020</b>	2,172	-	2,172
Loss and total comprehensive expense for the financial period	-	(240)	(240)
<b>Balance at 31 December 2020</b>	<u>2,172</u>	<u>(240)</u>	<u>1,932</u>
<b>Balance at 1 January 2021</b>	2,172	(240)	1,932
Profit and total comprehensive income for the financial year	-	13	13
<b>Balance at 31 December 2021</b>	<u>2,172</u>	<u>(227)</u>	<u>1,945</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	£'m	2021 £'m	£'m	2020 £'m
<b>Cash flows from operating activities</b>					
Cash generated from operations	22		133		34
Interest paid			(84)		(88)
Interest received			3		-
Income taxes paid			(2)		-
<b>Net cash inflow/(outflow) from operating activities</b>			50		(54)
<b>Investing activities</b>					
Purchase of tangible assets		(5)		(6)	
Proceeds on disposal of tangible fixed assets		3		-	
Purchase of investment property		(116)		(4)	
Proceeds from disposal of investment property		27		74	
Purchase of joint ventures		-		(1)	
Purchase of unlisted investments		(5)		-	
Interest received		-		6	
Dividends received		-		4	
<b>Net cash (outflow)/inflow from investing</b>			(96)		73
<b>Financing activities</b>					
Repayment of bank loans and borrowings		(92)		(19)	
Proceeds of new bank loans and borrowings		25		108	
<b>Net cash (used in)/generated from financing activities</b>			(67)		89
<b>Net (decrease)/increase in cash and cash equivalents</b>			(113)		108
Cash and cash equivalents at beginning of year			247		139
<b>Cash and cash equivalents at end of year</b>			134		247

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **General information**

London and Regional Group Property Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

*The group consists of London and Regional Group Property Holdings Ltd and all of its subsidiaries.*

The principal activities of the group are property investment and development. The principal activity of the company is that of a holding company.

#### **1.1 Statement of compliance**

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.

#### **1.2 Basis of preparation and summary of significant accounting policies**

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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 £'M, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The company has taken advantage of FRS102 exemption from preparing a company statement of cash flows, on the basis that it is a qualifying entity and the group statement of cash flows, included in these financial statements, includes the company's cash flows.

#### **1.3 Basis of consolidation**

The consolidated financial statements incorporate those of London and Regional Group Property Holdings Ltd and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the merger accounting method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

##### 1.3 Basis of consolidation (continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

##### 1.4 Going concern

The directors expect the Covid-19 pandemic to have a diminishing impact on the group's operations. The substantial majority of the portfolios generating rental income are situated in London and whose tenants are substantially commercial tenants. The portfolios have demonstrated their resilience in spite of the lockdowns and associated restrictions. Arrears have arisen predominantly from tenants in the retail and hospitality sectors which represent a relatively small portion of the portfolios and the significant majority of such arrears have been repaid as at the date these financial statements were signed.

There were a small number of group entities who have bank loans and which breached a number of their loan covenants during 2021, for which the directors received waivers and agreements to defer payments from the lenders. As at the date of signing these financial statements, there are no continuing breaches of loan covenants.

There are entities within the group which have bank loans due for repayment within twelve months of signing these financial statements. Whilst the directors anticipate that these loans will be refinanced prior to the due date based on discussions with the lenders, this has not been confirmed as at the date of signing these financial statements. Should the anticipated debt refinancing not take place, the group entities may require the support of the wider group entities to repay these external debts. The group does not currently have sufficient liquidity to repay all debts due within one year.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. The group financial statements do not include any adjustments that might arise should the group cease to be a going concern. The directors continue to adopt the going concern basis of preparing the Group financial statements.

The company was in a net current liabilities position as at 31 December 2021. The directors have received confirmation from London & Regional Group Holdings Limited, to whom £1.8bn was owed at the balance sheet date, that it will not call for repayment of this amount for at least twelve months from the date of signing these financial statements. The directors therefore continue to adopt the going concern basis of preparing the company financial statements.



# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1 Accounting policies

##### 1.5 Turnover

Turnover represents amounts invoiced, including recoverable property expenses, net of value added tax, derived from the group's principal activities. Rental income is recognised over the term of the lease on a straight-line basis. The aggregate cost of incentives is deducted from the rental income and allocated to the profit and loss account over the lease term. Sales income and asset management fees are recognised when the financial risks and rewards are transferred.

##### Income recognition

Income is recognised as follows:

- on property sales when there is an unconditional contract for sale and substantially all the risks and rewards have been transferred to the purchaser;
- rents received prior to the period to which they relate are accounted for as deferred income and released to the period to which the rents relate.

##### Accrued income

Accrued income is revenue earned, according to the above revenue recognition criteria, but not yet invoiced at the balance sheet date.

##### 1.6 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold operational properties	depreciated over periods up to 50 years
Plant and equipment	depreciated at 6.67% to 20% per annum on a straight line basis
Fixtures and fittings	depreciated at 6.67% to 20% per annum on a straight line basis
Motor vehicles	depreciated at 6.67% to 20% per annum on a straight line basis
Plane	depreciated at 6.67% per annum on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be determined without undue cost or effort, investment property is accounted for as tangible fixed assets.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **1 Accounting policies**

#### **1.8 Investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### **1.9 Impairment of assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### 1.9 Impairment of assets (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

##### Development properties

Development properties include both land under development and property held with the intention of sale and work in progress. Development properties are included at the lower of cost and net realisable value. Where cost exceeds the value of the property then adjustments are made to write down the value accordingly. Cost represents all costs incurred to the balance sheet date but does not include any interest costs. Sale of development properties are shown as turnover when there is an unconditional contract for sale and substantially all the risks and rewards have been transferred to the purchaser.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.11 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.

##### 1.12 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Basic financial assets

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

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### 1.12 Financial instruments (continued)

###### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

###### **Impairment of financial assets**

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

###### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

###### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

###### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### 1.12 Financial instruments (continued)

###### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

###### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

##### 1.13 Hedge accounting

The group applies hedge accounting for transactions entered into to manage the cash flow exposure of borrowings. Interest rate swaps are held to manage the interest rate exposure and are designated as cash flow hedges of floating rate borrowings.

Changes in fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in fair value of the hedged item since inception of the hedge) is recognised in the profit or loss.

The gain or loss recognised in other comprehensive income is reclassified to the profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

##### 1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the period. 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### 1.15 Taxation (continued)

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### 1.17 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### 1.20 Foreign exchange

Exceptional costs constitute material items which drive from events or transactions that fall within the ordinary activities of the group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### a) Critical judgements in applying the entity's accounting policies

The directors have not applied any judgements in applying the company's accounting policies.

##### b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

##### *Valuation of investment properties*

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

##### *Impairment of investments*

The group makes an estimate of the recoverable value of its investments. Where an indication of impairment is identified the estimation of the recoverable value is made by reference to the estimated future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

##### *Useful economic lives of tangible assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Recoverability of debtors and amounts due from related undertakings*

The group makes an estimate of the recoverable values of its debtors and amounts due from parent, joint ventures and associated undertakings. When carrying out the assessment directors consider factors including the aging profile of the debtors, historic experience and performance of debtors' business.

#### 3 Turnover

	2021 £'m	2020 £'m
Turnover		
Rental Income	144	145
	<u>144</u>	<u>145</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover (continued)

	2021 £'m	2020 £'m
Turnover analysed by geographical market		
United Kingdom	135	136
United States	-	3
Turks and Caicos	6	3
Netherlands	3	3
	<u>144</u>	<u>145</u>

### 4 Operating profit

	2021 £'m	2020 £'m
This is stated after charging/(crediting):		
Exchange (gains)/losses	(1)	13
Depreciation of owned tangible assets	2	8
Profit/(loss) on disposal of unlisted investments	3	(3)
Profit on disposal of investment property	-	5
Impairment of debt	-	1
Operating lease charges	2	2
	<u>2</u>	<u>2</u>

Amounts paid to the group's auditors in respect of the audit of the company's and group financial statements were £0.3m (2020: £0.3m). Amounts paid to other auditors in respect of the audit of other entities in the group were £nil (2020: £nil). The group additionally paid its auditors £0.3m (2020: £0.5m) for tax services.

### 5 Employees

The company had no employees during the year (2020: nil). The average monthly number of persons (including directors) employed by the group and company during the year was:

	2021 Number	2020 Number
Property services	338	592
Management and administration	32	32
	<u>370</u>	<u>624</u>



# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5 Employees (continued)

Their aggregate remuneration comprised:

	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Wages and salaries	10	7	-	-
Social security costs	1	-	-	-
	<u>11</u>	<u>7</u>	<u>-</u>	<u>-</u>

#### Directors

The aggregate emoluments paid to the Company's directors during the year amounted to £1.7m (2020: £0.6m). The aggregate pension contributions made to the directors' personal pension schemes amounted to £nil (2020: nil). None of the directors accrued any other benefits under long-term incentive schemes.

Emoluments of the highest paid director were £1.7m (2020: £0.6m). Company pension contributions of £nil (2020: £nil) were made to the director's personal pension schemes. The remaining directors received no emoluments for their services as directors of the company during the year.

#### 6 Interest receivable and similar income

	2021 £'m	2020 £'m
<b>Interest income</b>		
Interest on bank deposits	3	4
<b>Other income from investments</b>		
Dividends received	-	4
Gains on derivatives	61	2
	<u>64</u>	<u>10</u>
<b>Income from investments</b>		
Income from participating interests - associates	2	1
Income from participating interests - joint ventures	25	5
	<u>91</u>	<u>16</u>

#### 7 Interest payable and similar expenses

	2021 £'m	2020 £'m
Interest on bank overdrafts and loans	84	85
Other interest	3	3
	<u>87</u>	<u>88</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Tax on profit

	2021 £'m	2020 £'m
<b>Current tax</b>		
UK corporation tax on profits for the current year/period	18	6
Adjustments in respect of previous periods	(5)	(7)
Total current tax	13	(1)
<b>Deferred tax</b>		
Origination and reversal of timing differences	90	(2)
Total tax charge/(credit)	103	(3)

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

	2021 £'m	2020 £'m
Profit before taxation	172	37
Profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	33	7
Tax effect of expenses that are not deductible in determining taxable profit	3	(8)
Tax effect of income not taxable in determining taxable profit	(22)	(19)
Adjustments in respect of previous years	(5)	(7)
Tax losses under utilised	-	10
Effect of revaluations of investments	2	(3)
Origination and reversal of timing differences	19	3
Difference in tax rates	78	4
Other adjustments	-	9
Profits on overseas subsidiaries and joint ventures	(5)	1
Tax (credit)/charge for the year/period	103	(3)

In addition to the amount charged to the statement of comprehensive income the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £'m	2020 £'m
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(4)	2

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Tax on profit

##### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

#### 9 Tangible assets

Group	Plant and equipment	Fixtures and fittings	Plane	Freehold operational properties	Total
	£'m	£'m	£'m	£'m	£'m
<b>Cost</b>					
At 1 January 2021	11	1	14	18	44
Additions	4	1	-	-	5
Disposals	(3)	-	-	-	(3)
	<u>12</u>	<u>2</u>	<u>14</u>	<u>18</u>	<u>46</u>
At 31 December 2021	12	2	14	18	46
<b>Accumulated depreciation and impairment</b>					
At 1 January 2021	(10)	-	(12)	-	(22)
Depreciation charged in the year	(1)	-	(1)	-	(2)
	<u>(11)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(24)</u>
At 31 December 2021	(11)	-	(13)	-	(24)
<b>Carrying amount</b>					
At 31 December 2021	<u>1</u>	<u>2</u>	<u>1</u>	<u>18</u>	<u>22</u>
At 31 December 2020	<u>1</u>	<u>1</u>	<u>2</u>	<u>18</u>	<u>22</u>

#### 10 Investment properties

	Group 2021 £'m	Company 2021 £'m
<b>Fair value</b>		
At 1 January 2021	2,818	-
Additions	116	-
Disposals	(27)	-
Fair value adjustments	86	-
Other changes	(7)	-
	<u>2,986</u>	<u>-</u>
At 31 December 2021	2,986	-

Investment properties were valued by the directors on an open market basis at 31 December 2021. The valuations are in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Investments

	Note	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Investments in subsidiaries	25	-	-	3,742	3,742
Investments in associates		54	54	3	3
Investments in joint ventures	26	133	119	3	4
Listed investments		10	5	-	-
		<u>197</u>	<u>178</u>	<u>3,748</u>	<u>3,749</u>

#### Investments in associates and joint ventures

	Group Associates £m	Group Joint Ventures £m
At 1 January 2021	54	119
Acquisitions	-	1
Share of profit	1	12
Distributions	-	-
Other movements	-	-
Reserve movement	-	1
Exchange adjustments	(1)	-
At 31 December 2021	<u>54</u>	<u>133</u>

Details of the group's associates and joint venture companies are included in notes 25 and 26.

The group's share of the net assets of the joint ventures is as follows:

	2021 £m
<i>Share of assets</i>	
Share of fixed assets	260
Share of current assets	38
	<u>298</u>
<i>Share of liabilities</i>	
Liabilities due within one year	(162)
Liabilities due after more than one year	(3)
	<u>(165)</u>
Share of net assets	<u>133</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Financial instruments

	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	878	1,010	-	-
Equity instruments measured at cost less impairment	10	5	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	117	197	-	-
Measured at amortised cost	1,776	1,817	-	-

### 13 Stocks

	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Land and development work in progress	5	3	-	-
Properties held for sale	4	3	-	-
	9	6	-	-

Stocks are stated after provision for impairment of £nil (2020: £nil).

### 14 Debtors

	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Trade debtors	23	8	-	-
Amounts owed by associated undertakings	22	24	-	-
Amounts owed by related parties	386	352	-	-
Other debtors	150	156	-	-
Prepayments and accrued income	154	217	-	-
	735	757	-	-

Trade debtors are stated after provision for impairment of £nil (2020: £nil).

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 14 Debtors

Amounts owed by associated undertakings are unsecured, repayable on demand and bear interest at a fixed rate of 1.0 % per annum.

Amounts owed by related undertakings are repayable on demand, unsecured and non-interest bearing with the exception of:

- £12,422,251 (2020: £11,699,355) which bears interest at a fixed rate of 6.179% per annum

Other debtors include balances due to related parties details of which are provided in Note 23. These balances are stated net of a provision for impairment of £51.7m (2020: £51.7m).

The remaining balance in other debtors represents advances to third parties which are repayable on demand, unsecured and non-interest bearing with the exception of:

- USD 63,619,607 (2020: USD 97,628,464) which bears interest at a fixed rate of 7.0% per annum
- USD 13,353,472 (2020: USD 12,479,880) which bears interest at a fixed rate of 7.0% per annum

#### 15 Creditors: amounts falling due within one year

		Group		Company	
	Note	2021	2020	2021	2020
		£'m	£'m	£'m	£'m
Bank loans and overdrafts	17	124	252	-	-
Trade creditors		6	7	-	-
Amounts owed to group undertakings		-	-	1,803	1,817
Corporation tax payable		23	12	-	-
Other taxation and social security		7	13	-	-
Other creditors		1	5	-	-
Amounts due to ultimate controlling parties		66	54	-	-
Amounts due to related parties		28	27	-	-
Accruals and deferred income		67	57	-	-
		<u>322</u>	<u>427</u>	<u>1,803</u>	<u>1,817</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15 Creditors: amounts falling due within one year

The bank loan relating to London and Regional (St George's Court) Ltd was due for full repayment in October 2021. The bank loan was refinanced in October 2021 and is now repayable in 2024.

Amounts owed to ultimate controlling parties are repayable on demand, unsecured and interest free.

Amounts owed to related parties are repayable on demand, unsecured and interest free with the exception of:

- £23,482,719 (2020: £20,734,883) which bears interest at 3.64% per annum.
- £4,522,127 (2020: £4,867,234) which bears interest at 4% per annum

Bank loans and overdrafts are stated net of finance charges of £nil (2020: £2m) to be allocated to the following year.

The bank loans and overdrafts are secured by fixed charges over the investment and operational properties.

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

Details of amounts included in amounts owed to related parties are provided in Note 23.

#### 16 Creditors: amounts falling due after more than one year

	Note	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Bank loans and overdrafts	17	1,246	1,181	-	-
Other borrowings	17	197	197	-	-
Other loans		11	13	-	-
Derivative financial instruments		117	197	-	-
		<u>1,571</u>	<u>1,588</u>	<u>-</u>	<u>-</u>

Bank loans are stated net of finance charges of £4m (2020: £3m) to be allocated to future periods.

Bank loans and loan notes are secured by fixed charges over the investment and operational properties.

#### Derivative financial instruments

The group borrows at both fixed and floating rates of interest and then employs derivative financial instruments in the form of interest rate swaps to receive interest at SONIA and pay fixed interest. The swaps are based on principal amounts of the Group's outstanding bank loans.

The instruments are used to hedge the Group's exposure to interest rate movements on the outstanding bank loans. The hedging arrangement fixes the total interest payable on the outstanding loans. The fair value of the interest rate swaps at the reporting date was £117m (2020: £197m). Gains or losses on the movement in fair values of the interest rate swaps are recognised in the hedging reserve. The group has elected to apply hedge accounting.

Cash flows on both the loans and the interest rate swaps are paid quarterly until maturity of the swaps and loans.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Bank loans and overdrafts

	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Bank loans	1,370	1,433	-	-
Preference shares	197	197	-	-
Other loans	11	13	-	-
	<u>1,578</u>	<u>1,643</u>	<u>-</u>	<u>-</u>
Payable within one year	124	252	-	-
Payable within one and two years	516	143	-	-
Payable within two and five years	705	1,035	-	-
Payable after five years	233	213	-	-
	<u>1,578</u>	<u>1,643</u>	<u>-</u>	<u>-</u>

The bank loans are secured by fixed charges over the investment properties. The bank loans are repayable by instalments from surplus rental income and by bullets on fixed repayment dates. The bank loans and loan notes bear interest at SONIA plus a margin and, in most cases, the interest rate is effectively fixed through hedging.

Other loans bore interest at 5.4% per annum and were repayable in instalments between 2021 and 2023.

#### Redeemable Preference Shares

##### *London & Regional Offices Finance Limited*

£93m of the redeemable preference shares are issued by London & Regional Offices Finance Limited. To the extent that the company has profits available for distribution in cash, the cumulative redeemable preference shareholders have the right, four times a year, to a fixed cumulative preference dividend at the rate of 25 times the sum of 3 month SONIA and 1.3957% per annum, on the nominal value of each share. The preference dividend accrues from the date of issue of the preference shares. The cumulative redeemable preference shares are redeemable at the discretion of their holders at any time subject to the company having sufficient distributable reserves. The obligations of the company to make payments in respect of the cumulative redeemable preference shares is always subject to the rights of any of the creditors of the company.

The dividend rights of the holders of the ordinary shares are subject to the rights of holders of the cumulative redeemable preference shares to receive dividends.

The cumulative redeemable preference shareholders are not entitled to attend general meetings, nor to vote at general meetings. The ordinary shareholders are entitled to vote on all matters at general meetings.



# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Bank loans and overdrafts

##### *London & Regional Portfolio Finance Limited*

£104m of the redeemable preference shares are issued by London & Regional Portfolio Finance Limited. To the extent that the company has profits available for distribution in cash, the cumulative redeemable preference shareholders have the right, four times a year, to a fixed cumulative preference dividend at the rate of 25 times the sum of 3 month SONIA and a margin per annum, on the nominal value of each share. The preference dividend accrues from the date of issue of the preference shares. The holders of the A1 Cumulative Redeemable Preference Shares (margin 0.50%) receive dividends in priority to the holders of the A2 Cumulative Redeemable Preference Shares (margin 0.85%), who in turn take priority over holders of the B1 Cumulative Redeemable Preference Shares (margin 1.75%), who in turn take priority over holders of the B2 Cumulative Redeemable Preference Shares (margin 2.50%). The cumulative redeemable preference shares are redeemable at the discretion of their holders at any time, subject to the company having sufficient distributable reserves and subject to the same order of priority set out above for dividends. The obligations of the company to make payments in respect of the cumulative redeemable preference shares is always subject to the rights of any of the creditors of the company.

The dividend rights of the holders of the ordinary shares are subject to the rights of holders of the cumulative redeemable preference shares to receive dividends.

The cumulative redeemable preference shareholders are not entitled to attend general meetings, nor to vote at general meetings. The ordinary shareholders are entitled to vote on all matters at general meetings.

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£'m	£'m	£'m	£'m
<b>Group</b>				
Investment property	294	217	-	-
Derivative financial instruments	-	-	17	34
	<u>294</u>	<u>217</u>	<u>17</u>	<u>34</u>
			<b>Group</b>	<b>Company</b>
			<b>2021</b>	<b>2021</b>
			£'m	£'m
<b>Movements in the year:</b>				
Net liability at 1 January 2021			183	-
Charge to income statement			90	-
Charge to other comprehensive income			4	-
			<u>277</u>	<u>-</u>
Net liability at 31 December 2021				

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Provisions for liabilities

	Note	Group 2021 £'m	2020 £'m	Company 2021 £'m	2020 £'m
Deferred tax liabilities	18	277	183	-	-
		<u>277</u>	<u>183</u>	<u>-</u>	<u>-</u>

### 20 Called up share capital

Group and company	2021 £'m	2020 £'m
Ordinary share capital		
Allotted, issued and fully paid		
5 (2020: 5) ordinary shares of £1 each	-	-
Share premium account	<u>2,172</u>	<u>2,172</u>

### 21 Operating lease commitments

#### Lessee

At the reporting end date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £'m	Group 2020 £'m
Within one year	1	1
Between two and five years	3	3
In over five years	84	85
	<u>88</u>	<u>89</u>

#### Lessor

At the reporting end date the group and company had contracted with tenants for the following minimum lease payments:

	Group 2021 £'m	Group 2020 £'m
Within one year	107	109
Between two and five years	367	390
In over five years	350	436
	<u>824</u>	<u>935</u>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Cash generated from group operations

	2021 £'m	2020 £'m
Profit for the year after tax	69	40
Adjustments for:		
Share of results of associates and joint ventures	(12)	(6)
Taxation charged/(credited)	103	(3)
Amortisation of loan fees	1	2
Foreign exchange loss	9	13
Finance costs	84	88
Interest receivable and similar charges	(3)	-
Investment income	-	(10)
Loss on disposal of investment properties	-	5
Fair value gains on investment properties	(86)	(14)
Fair value movement of derivatives	(61)	
Depreciation of tangible assets	2	8
Impairment of loans	-	1
Gains on sale of investments	-	(3)
Other non-cash movements	(4)	-
Movements in working capital:		
Decrease/(Increase) in stocks	(3)	1
(Increase)/Decrease in debtors	22	(85)
(Decrease)/Increase in creditors	12	(4)
Other non-cash movements including effects of demerger and foreign currency exchange differences	-	1
<b>Cash generated from operations</b>	<b>133</b>	<b>34</b>

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 23 Related party transactions

The group and company have taken advantage of the exemption available under FRS 102 Section 33 not to disclose transactions between wholly owned subsidiaries of the group.

At 31 December 2021, the group had an aggregate related party debtor position of £371m (2020: £189m), relating to companies ultimately controlled by R J Livingstone and I M Livingstone which are interest-free, repayable on demand and unsecured, all of which are included in Note 14. Also included in Note 14 are the following related party balances:

- £15.2m (2020: £14.4m) to Gloucester Capital Limited a company ultimately controlled by I M Livingstone and bearing interest at 6.18% per annum.
- EUR 2.8m (2020: EUR 2.8m) to Templehof Holding BV, a company ultimately controlled by R J Livingstone, and bearing interest of 3.75% per annum.
- EUR 39.7m (2020: EUR 38.5m) to Templehof Holding BV, a company ultimately controlled by R J Livingstone, and bearing interest of 3.00% per annum.
- EUR 17.9m (2020: EUR 17.5m) to Orly Holding BV, a company ultimately controlled by the trustees of the group's employee benefits trusts and bearing interest at 3.00% per annum.

At 31 December 2021, the group had an aggregate related party creditor position of £10m (2020: £10m), relating to companies ultimately controlled by R J Livingstone and I M Livingstone which are interest-free, repayable on demand and unsecured, all of which are included in Note 15. Also included in other creditors are the following related party balances:

- £23.4m (2020: £20.7m) to Pike Investments Trust, a company ultimately controlled by the ultimate controlling parties, bearing interest at 3.64% per annum.
- £56m (2020: £54m) to the ultimate controlling parties of the group. The loan is interest free and repayable on demand.

#### 24 Controlling party

The immediate and ultimate parent undertaking is London and Regional Group Properties Ltd, a company incorporated and registered in England and Wales.

London and Regional Group Properties Ltd is the parent undertaking of both the largest and the smallest group of undertakings to consolidate these financial statements as at 31 December 2021. The consolidated financial statements of London and Regional Group Properties Ltd can be obtained from the company secretary at Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW.

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of London and Regional Group Properties Ltd.

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Subsidiaries and associates

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Registered Office Key	% Held
London & Regional Group Property Holdings Ltd	England and Wales	Holding company	1	100.00
London & Regional Group Holdings Ltd	England and Wales	Holding company	1	100.00
London & Regional Group Investments Ltd	England and Wales	Holding company	1	100.00
Dowtrade Ltd	England and Wales	Dormant company	1	100.00
Graingrade Ltd	England and Wales	Property investment	1	100.00
Interdevelopments Ltd	England and Wales	Property investment	1	100.00
LR Baker St Mezz Holdco Ltd	England and Wales	Holding company	1	100.00
LR Baker St Mezz Borrower Ltd	England and Wales	Holding company	1	100.00
LR Baker St Senior Holdco Ltd	England and Wales	Holding company	1	100.00
LR Cardiff Property Limited	England and Wales	Property investment	1	100.00
LR Hack Pyramids Ltd	England and Wales	Property investment	1	100.00
London & Regional (Baker Street)	England and Wales	Property investment	1	100.00
London & Regional (Health Clubs)	England and Wales	Dormant company	1	100.00
HPL Mezz Holdco Ltd	England and Wales	Holding company	1	100.00
HPL Mezz Borrower Ltd	England and Wales	Holding company	1	100.00
HPL Senior Holdco Ltd	England and Wales	Holding company	1	100.00
Hotel (PL Property) Ltd	England and Wales	Property investment	1	100.00
LR (City Road) Ltd	England and Wales	Property investment	1	100.00
LR (Colet Court) Ltd	England and Wales	Property investment	1	100.00
LR (Kensington) Ltd	England and Wales	Property investment	1	100.00
LR Uxbridge Ltd	England and Wales	Property investment	1	100.00
LR Warehouse (Victoria Dock) Ltd	England and Wales	Property investment	1	100.00
Albert Island Regeneration Ltd	England and Wales	Property investment	1	100.00
Lakevilla Ltd	England and Wales	Investment company	1	100.00
London & Regional (HC Properties) Ltd	England and Wales	Property investment	1	100.00
London & Regional Group Finance Ltd	England and Wales	Holding company	1	100.00
London & Regional Hotel Finance	England and Wales	Provision of finance	1	100.00
London & Regional Offices Finance Ltd	England and Wales	Provision of finance	1	100.00
London & Regional Portfolio Finance Ltd	England and Wales	Provision of finance	1	100.00
LR Office Developments Ltd	England and Wales	Provision of finance	1	100.00
Am-Coff Ltd	England and Wales	Property investment	1	100.00
London & Regional Group Trading No.3 Ltd	England and Wales	Holding company	1	100.00
LR Investments Ltd	England and Wales	Property investment	1	100.00
Bayford Properties Ltd	England and Wales	Property investment	1	100.00
LR (Jamestown) Ltd	England and Wales	Property investment	1	100.00
London & Regional (Empire) Ltd	England and Wales	Property investment	1	100.00
LR Skipton and Bloomsbury Ltd	England and Wales	Holding company	1	100.00

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Subsidiaries and associates

London & Regional (St Georges Court) Ltd	England and Wales	Property investment	1	100.00
LR Skipton House Ltd	England and Wales	Property investment	1	100.00
London & Regional Overseas Ltd	England and Wales	Holding company	1	100.00
LR Nordic Properties AB	Sweden	Holding company	2	100.00
LR Energy Investments Ltd	England and Wales	Holding company	1	100.00
LR Overseas (US) LLC	USA	Holding company	3	100.00
London & Regional Caribbean Investments Ltd	England and Wales	Holding company	1	100.00
Malibu RD LR ZV LLC	USA	Property investment	7	96.00
Skylark (UK) LLC	USA	Provision of finance	7	100.00
737 L&R ZAV LLC	USA	Property investment	7	100.00
L&R ZAK 650 Sepulveda LLC	USA	Property investment	24	93.90
L&R Mesquit LA LLC	USA	Provision of finance	25	100.00
L&R (US) Holdings Manager LLC	USA	Property manager	4	100.00
L&R French Market Member LLC	USA	Holding company	4	100.00
L&R Laurel Project (CA) LLC	USA	Holding company	5	75.00
Laurel Company WeHo LLC	USA	Property development	6	75.00
Laurel Santa Monica Blvd LLC	USA	Property development	6	75.00
1155 Angelo Dr LLC	USA	Property development	7	98.00
LR Globus LLC	Ukraine	Property investment	9	100.00
Delight City LLC	Ukraine	Property investment	9	100.00
Delight LLC	Ukraine	Property investment	9	100.00
Delight Plus LLC	Ukraine	Property investment	9	100.00
LR Russia AB	Sweden	Holding company	2	100.00
LR Logistics Region AB	Sweden	Holding company	2	100.00
London & Regional Homes Ltd	England and Wales	Property trading	1	100.00
London & Regional Investments Ltd	England and Wales	Dormant company	1	100.00
London & Regional (HC Sites) Ltd	England and Wales	Property trading	1	100.00
London & Regional Dormant Holdings Ltd	England and Wales	Holding company	1	100.00
London and Regional Properties Ltd	England and Wales	Holding company	1	100.00
LR (Baker St) Ltd	England and Wales	Financing company	1	100.00
LR TCI Ltd	Turks & Caicos	Property investment	12	100.00
LR VVV Novosibirsk AB	Sweden	Holding company	2	100.00
LR Zawod Holding AB	Sweden	Holding company	2	100.00
LRP Ukraine LLC	Ukraine	Property management	9	100.00
Mardorella Holding BV	Netherlands	Holding company	8	100.00
Marshset Ltd	England and Wales	Property investment	1	100.00
Michels Venture 2 Ltd	England and Wales	Holding company	13	95.00
Michels Venture 3 Ltd	England and Wales	Holding company	13	100.00
Michels Venture 4 Ltd	England and Wales	Holding company	13	100.00
Michels Venture 5 Ltd	England and Wales	Holding company	13	100.00
Mobyhold Ltd	England and Wales	Ownership and operation of a corporate aircraft	1	100.00

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 25 Subsidiaries and associates

Newgate Venture Sarl	Luxembourg	Holding company	14	100.00
OOO LRP Logistics	Russia	Property development	15	100.00
OOO RVL Terminal	Russia	Property development	15	100.00
Panama Holding 1 BV	Netherlands	Holding company	8	100.00
Panama Holding 2 BV	Netherlands	Holding company	8	100.00
London & Regional (Panama) SA	Panama	Property investment	16	25.00
Quidtrade Ltd	England and Wales	Treasury management	1	100.00
RE Financing Holdco Ltd	Ireland	Holding company	17	100.00
RE Financing No.1 Ltd	Ireland	Property investment	17	100.00
Revalo Holding Company Ltd	Cyprus	Holding company	10	100.00
Rubtrade Ltd	England and Wales	Property investment	1	100.00
Star City Enterprises Ltd	British Virgin Islands	Holding company	19	100.00
TPE No.2 Ltd	England and Wales	Investment company	1	100.00
Trafalgar Private Equity Ltd	England and Wales	Holding company	1	100.00
Uktina Zawod LLC	Russia	Property development	15	100.00
Widerace Ltd	England and Wales	Property investment	1	100.00
Birkbeck Mews Development Company Ltd	England and Wales	Dormant company	1	80.00
RSM Leisure Limited	England and Wales	Holding company	21	95.00
Lea Marston Hotel and Leisure Complex Limited	England and Wales	Hotel owner and operator	21	95.00
The Abbey Hotel Golf & Country Club Limited	England and Wales	Hotel owner and operator	21	95.00
SREP Investment Holdco Limited	England and Wales	Holding company	1	100.00
Strategic Investments Portfolio Ltd	Ireland	Treasury company	23	100.00
SRE Cumberland GP Ltd	England and Wales	Holding company	1	100.00
SRE Cumberland Sarl	Luxembourg	Holding company	18	100.00
SRE Cumberland Ltd	England and Wales	Holding company	1	100.00
Pike Investment Partnership	Jersey	Property investment	11	100.00
Pike Nominee Ltd	Jersey	Holding company	11	100.00
SREP Investments Sarl	Luxembourg	Holding company	18	100.00
Pike Investment Trust	Jersey	Holding company	11	100.00
SRE Portfolios Luxembourg Sarl	Luxembourg	Holding company	18	100.00
SRE Portfolios UK Ltd	England & Wales	Holding company	1	100.00
SRE Hotel Holding Sarl	Luxembourg	Holding company	18	100.00

#### Registered Office Key

#### Address

1	Quadrant House, 4 Thomas More Square, London E1W 1YW
2	ISS Facility Services AB, Box 47635, 117 94 Stockholm, Sweden
3	155 Office Plaza Dr, 1st Floor, Tallahassee, FL 32301, USA
4	2140 S Dupont Hwy, Camden, DE 19934, USA
5	1901 Avenue of the Stars, STE. 700, Los Angeles, CA 90067, USA
6	659 N Robertson Blvd, West Hollywood, CA 90069, USA
7	1880 Century Park E, STE 200, Los Angeles, CA 90067, USA

# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Subsidiaries and associates

8	Claude Debussylaan 10, 3rd Floor Office 1082MD, Amsterdam, The Netherlands
9	UTP No.1, Sector B, Maydan Nezalezhnosti, Kiev City, 01001, Ukraine
10	10 Dinmidous St, Alphamega Acropolis Building, 3rd Floor, Office 401, P.C. 2024, Nicosia, Cyprus
11	13 Castle Street, St Helier, JE4 5UT, Jersey
12	P.O. Box 127 Richmond House, Leeward Highway, Providenciales, Turks and Caicos Islands
13	2nd Floor, 32-33 Gosfield Street, Fitzrovia, London, W1W6HL
14	6, Rue Eugène Ruppert, L - 2453, Luxembourg
15	Room 8-N, 3d Fl, Lit A, 4 Volhovsky lane, 199004, St.-Petersburg, Russia,
16	International Business Park, Panama Pacifico Blvd, Building 3835 4th Floor, No 401, Panama
17	Custom House Plaza, Block 6, International Financial Services Centre, Dublin 1, Ireland
18	11-13 Boulevard de la Foire, L-1528, Luxemborg
19	Flemming House, 5th Floor, Wickhams Cay, Road Town, Tortola, VG1110, British Virgin Islands
20	25A Boulevard Royal, L-2449, Luxembourg
21	2nd Floor, 32-33 Gosfield Street, Fitzrovia, London, United Kingdom, W1W6HL
22	Calle Pradillo, no5, bajo, Madrid 28002, Spain
23	33 Sir John Rogersons' Quay, Dublin 2, Ireland
24	251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware
25	2140 South DuPont Highway, City of Camden, County of Kent, Delaware

### 26 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Investment held by	Registered Office Key
L&R Sunset Member LLC	USA	Holding company	LR Overseas (US) LLC	1
8920 Sunset Boulevard LLC	USA	Property development	LR Overseas (US) LLC	2
Diversified Doral LLC	USA	Holding company	LR Overseas (US) LLC	3
8800 Doral LLC	USA	Property development	LR Overseas (US) LLC	3
900 Stradella VE LLC	USA	Property development	LR Overseas (US) LLC	4
Fourth Project 2012 SL	Spain	Hotel operator	Mardorella Holding BV	5
Balkan Properties Ltd	England and Wales	Property development	London & Regional Overseas Ltd	6
Poslovni Park Zagreb doo	Croatia	Property development	London & Regional Overseas Ltd	7



# LONDON AND REGIONAL GROUP PROPERTY HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 26 Joint ventures

737 Port, LLC	USA	Property development	London and Regional Properties Limited	2
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Registered Office Key      Address

1	2140 S Dupont Hwy, Camden, DE 19934, USA
2	11661 San Vicente Blvd, STE 220, Los Angeles CA 90049, USA
3	251 Little Falls Drive, Wilmington, DE 19808, USA
4	250 Bowery, New York, NY 10012, USA
5	Gremio Toneleros 24, Palma de Mallorca, Spain
6	Carter House, Pelaw Leazes Lane, Durham, DH1 1TB
7	Petrovaradinska Ulica 1, Zagreb, Croatia

### 27 Audit exemption through parental guarantee

Under s479A, the following companies have taken the exemption available from the requirement to prepare audited financial statements by virtue of a parental guarantee issued by the company:

Interdevelopments limited  
LR Investments Limited  
LR Energy Investments Limited  
SRE Portfolios UK Limited  
TPE No. 2 Limited

### 28 Contingent liabilities

The company's operations in relation to its properties that it owns and have sold exposes itself to potential material legal claims. The directors review the claims continually with their legal counsel and have concluded that no provisions have been required to be booked in the financial statements based on the current stage of any claims and probability of any payout required.