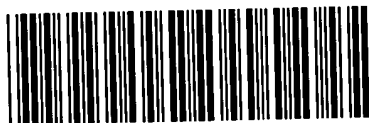


Company Registration No. 08872070

EARLS COURT PARTNERSHIP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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EARLS COURT PARTNERSHIP LIMITED

COMPANY INFORMATION

| | |
|------------------------------|---|
| Director | DV4 Administration Limited Andrew Parsons Johannus Spikker William Cornelius Kenneth Youngman Rafael Torres Villalba |
| Company number | 08872070 |
| Date of incorporation | 31 January 2014 |
| Registered office | 6th Floor Lansdowne House Berkeley Square London United Kingdom W1J 6ER |
| Auditors | Ernst & Young LLP 1 More London Place London SE1 2AF |

EARLS COURT PARTNERSHIP LIMITED

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EARLS COURT PARTNERSHIP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and financial statements for the year to 31 December 2021.

Principal activities

The principal activity of the Company is that of property investment.

Business review

Fair review of the business

Both the level of business during the year and the year end financial position were as expected. The profit for the year amounted to £64.9m (2020: loss of £10.3m). Total shareholders' funds at 31 December 2021 were £527.7m (2020: £447.3m). The Directors do not recommend a payment of dividend for the year (2020: £nil).

Events after the reporting date

In the post year end period, restrictions are still in place arising from the COVID-19 pandemic, which continue to impact the worldwide and local economy. The situation does appear to be improving with the roll-out of vaccination programmes and management continue to monitor the situation as it develops. The COVID-19 pandemic continues to have a limited impact on the Company; development planning in respect of the Company's investment properties may continue off-site and rents continue to be collected as they fall due for payment.

In February 2022 an amendment letter was signed by both Homes England and the board of directors extending the availability period under the loan facility to 30th September 2023 and lifting the draw stop under the loan.

Since the year end, the Company has issued £6m of loan notes which were taken up according to shareholder equity holdings.

Going concern

The financial statements have been prepared on a going concern basis. Given the significant impact of COVID-19 on the macro-economic conditions in which the Company is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2021.

The Company's going concern assessment covers the period from the date of authorisation of these financial statements to 31 March 2023 and considers the Company's budgeted and committed expenditure over the period. In preparing the assessment, the Directors have considered downside factors, including the ability of the Company to defer non-committed expenditure and the availability of financial support from equity holders as well as consideration of loan covenant requirements in connection with the Company's borrowings.

The assessment of the Directors demonstrates that the Company has sufficient working capital available to it throughout the going concern assessment period in both expected and reasonably plausible downside scenarios. During this period, the capital available to the Company is in excess of forecast expenditure, the majority of which is not committed. In particular, the equity holders of the Company are obliged to provide additional working capital under the terms of the Company's Loan Note Instruments. Additionally, the Directors have reviewed the ability of equity holders to meet their commitments and are satisfied that they will provide funding as required with reference to the Company's approved budgets.

Additionally, the Company has a loan facility which has £82.5m of undrawn funds which are available to fund elements of development expenditure. The Directors have concluded that the likelihood of a breach of loan covenants in respect of the Company's borrowings is remote, as the property values would need to fall in excess of 50%. The Company was compliant with all such loan covenants during the year ended 31 December 2021 and is expected to continue to comply for the foreseeable future.

With respect to the financial support from the Company's investor Transport for London (TFL), whilst the Directors are confident that it will be forthcoming, they cannot give absolute certainty this will be the case. The COVID-19 pandemic has had a significant impact on TFL and the availability of funding from the UK Department for Transport, which has only provided funding to TFL through to 24 June 2022. It is expected that the UK Government will extend funding to TFL beyond this date, however this has not been confirmed as yet. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period, although this reliance on support being forthcoming from the TFL means there is a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern.

On this basis, the Directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

EARLS COURT PARTNERSHIP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors

The following Directors have served during the year:

DV4 Administration Limited

Andrew Parsons

Johannus Spikker

Kenneth Youngman

William Cornelius

Rafael Torres Villalba - appointed 28 October 2021

Martijn Vos - resigned 28 October 2021

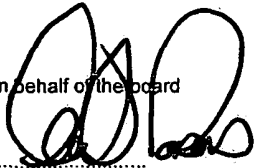
Disclosure of information to auditor

So far as the Directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the Company's auditor, the Directors have taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small companies provision

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Directors have taken advantage of the exemption from preparing a Strategic Report.

On behalf of the board



Andrew Parsons

For and on behalf of DV4 Administration Limited
Director

Date: 24/03/2022

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES 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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARLS COURT PARTNERSHIP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Earls Court Partnership Limited for the year ended 31 December 2021 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which indicates that the Company is reliant upon continuing funding from its shareholders. The Covid-19 pandemic has had a significant impact on one of the shareholders. Although the support from the shareholder is expected to be forthcoming, there is a risk that the Company will not be able to execute the business plan and meet its liabilities as they fall due.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARLS COURT PARTNERSHIP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARLS COURT PARTNERSHIP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
(continued)***

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We tested manual journals, including segregation of duties. We tested specific transactions to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management, and journal entry testing, with a focus on journals indicating large or unusual transaction based on our understanding of the business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

.....
Daniel Saunders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 29 March 2022

EARLS COURT PARTNERSHIP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ 000 | 2020 £ 000 |
|--|-------|---------------|-----------------|
| Turnover | 2 | 1,078 | 1,622 |
| Cost of sales | 2 | (979) | (973) |
| Gross profit | | 99 | 649 |
| Administrative expenses | | (3,597) | (1,949) |
| Gain/(loss) on fair value of investment and development property | 6 | 68,402 | (9,011) |
| Operating profit/(loss) | | 64,904 | (10,311) |
| Interest payable and similar charges | 3 | (2) | (2) |
| Profit/(loss) on ordinary activities before taxation | | 64,902 | (10,313) |
| Taxation | 5 | - | - |
| Profit/(loss) for the year | | 64,902 | (10,313) |

STATEMENT OF COMPREHENSIVE INCOME

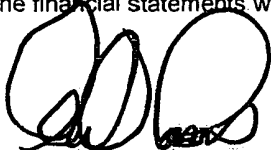
The Company has no comprehensive income other than the results for the year as set out above.

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ 000 | 2020 £ 000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Investment and development properties | 6 | 595,960 | 515,575 |
| Current assets | | | |
| Debtors | 9 | 1,682 | 1,215 |
| Cash at bank and in hand | | 6,414 | 5,673 |
| | | 8,096 | 6,888 |
| Creditors: amounts falling due within one year | 10 | (1,692) | (1,786) |
| Net current assets | | 6,404 | 5,102 |
| Total assets less current liabilities | | 602,364 | 520,677 |
| Creditors: amounts falling due after one year | | | |
| Borrowings | 12 | (74,706) | (73,381) |
| Net assets | | 527,658 | 447,296 |
| Capital and reserves | | | |
| Called up share capital | 13 | 11 | 11 |
| Share premium account | 13 | 119,998 | 119,998 |
| Loan notes classified as equity | 13 | 1,137,147 | 1,121,687 |
| Profit and loss account | | (729,498) | (794,400) |
| Total equity | | 527,658 | 447,296 |

The financial statements were approved and authorised for issue by the Board on 24/03/2022



Andrew Parsons
For and on behalf of DV4 Administration Limited
Director

The notes on pages 10 to 23 form part of these financial statements.

Company Registration No. 08872070 (England & Wales)

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Called up share capital £ 000 | Share premium reserve £ 000 | Profit and loss account £ 000 | Loan notes classified as equity £ 000 | Total equity £ 000 |
|---------------------|-------|-------------------------------------|--------------------------------------|-------------------------------------|--|-----------------------|
| At 1 January 2020 | | 11 | 119,998 | (784,087) | 1,114,187 | 450,109 |
| Loss for the year | | - | - | (10,313) | - | (10,313) |
| Loan notes issued | | - | - | - | 7,500 | 7,500 |
| At 31 December 2020 | | 11 | 119,998 | (794,400) | 1,121,687 | 447,296 |
| Profit for the year | | - | - | 64,902 | - | 64,902 |
| Loan notes issued | 13 | - | - | - | 15,460 | 15,460 |
| At 31 December 2021 | | 11 | 119,998 | (729,498) | 1,137,147 | 527,658 |

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 2006 and United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

FRS 101 sets out a reduced disclosure framework that addresses the financial reporting requirements of and disclosure exemptions available in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") and International Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Amendments are made to the requirements of IFRS where necessary so as to comply with the Companies Act 2006.

In preparing the financial statements, the directors have taken advantage of the small companies exemption provided under the Companies Act 2006.

The Company, as a qualifying entity, is a member of a group where the parent of that group, being Earls Court (London) LLP, prepares publicly available consolidated financial statements that are intended to give a true and fair view and the Company is included in the consolidation. Details of where the 2021 Annual Report and financial statements of Earls Court (London) LLP can be obtained are disclosed in note 15.

The Directors of the Company have taken advantage of the following disclosure exemptions available under FRS 101:

- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations';
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91 to 99 IFRS 13 'Fair value Measurement' in relation to investment and development property;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures';
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenues from Contracts with Customers'; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis. Given the significant impact of COVID-19 on the macro-economic conditions in which the Company is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2021.

The Company's going concern assessment covers the period from the date of authorisation of these financial statements to 31 March 2023 and considers the Company's budgeted and committed expenditure over the period. In preparing the assessment, the Directors have considered downside factors, including the ability of the Company to defer non-committed expenditure and the availability of financial support from equity holders as well as consideration of loan covenant requirements in connection with the Company's borrowings.

The assessment of the Directors demonstrates that the Company has sufficient working capital available to it throughout the going concern assessment period in both expected and reasonably plausible downside scenarios. During this period, the capital available to the Company is in excess of forecast expenditure, the majority of which is not committed. In particular, the equity holders of the Company are obliged to provide additional working capital under the terms of the Company's Loan Note Instruments. Additionally, the Directors have reviewed the ability of equity holders to meet their commitments and are satisfied that they will provide funding as required with reference to the Company's approved budgets.

Additionally, the Company has a loan facility which has £82.5m of undrawn funds which are available to fund elements of development expenditure. The Directors have concluded that the likelihood of a breach of loan covenants in respect of the Company's borrowings is remote, as the property values would need to fall in excess of 50%. The Company was compliant with all such loan covenants during the year ended 31 December 2021 and is expected to continue to comply for the foreseeable future.

With respect to the financial support from the Company's investor Transport for London (TFL), whilst the Directors are confident that it will be forthcoming, they cannot give absolute certainty this will be the case. The COVID-19 pandemic has had a significant impact on TFL and the availability of funding from the UK Department for Transport, which has only provided funding to TFL through to 24 June 2022. It is expected that the UK Government will extend funding to TFL beyond this date, however this has not been confirmed as yet. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern period, although this reliance on support being forthcoming from the TFL means there is a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern.

On this basis, the Directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

1.3 New standards and interpretations

There are no amendments to accounting standards, or interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

There are a number of standards, amendments to standards and interpretations which have been issued by the International Accounting Standards Board that are effective in the future accounting periods that the Company has decided not to adopt early.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.3 New standards and interpretations (continued)

The following amendments are effective for the period beginning on 1 January 2022:

- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendment - Onerous Contracts Cost of Fulfilling a Contract)
- IAS 16 - Property, Plant and Equipment (Amendment - Proceeds before Intended Use)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9, IFRS 16 and IAS 41 - Agriculture (Amendments - Annual Improvements to IFRS Standards 2018-2020)
- IFRS 3 Business Combinations (Amendment - References to Conceptual Framework)

The following amendments are effective for the period beginning on 1 January 2023:

- IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements (Amendment - Disclosure of Accounting Policies)
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimate)
- IAS 12 - Income Taxes (Amendment - Deferred Tax Related to Assets and Liabilities arising from a single Transaction).

The company is currently assessing the impact of these new accounting standards. The company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact of the Company.

1.4 Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial statements in accordance with FRS 101 requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses from sources not readily apparent. Although these estimates and assumptions are based on management's best knowledge of the amount, historical experiences and other factors, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The key areas of accounting judgement are:

Valuation of property

The fair value of investment property is determined by professional external valuers using recognised valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and the discount rates applicable to those assets. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date. In addition, the determination of the fair value of development land requires the use of estimates such as development costs and anticipated sales income of the completed project adjusted for planning risk.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.4 Critical accounting judgements and key sources of estimation and uncertainty (continued)

Property classification

Judgement is required in the classification of property between investment and development, trading and owner occupied. Management considers each property separately and reviews factors including the long term intention for the property in determining if trading, and the level of ancillary income to ensure the appropriate classification.

Other less significant judgements and sources of estimation and uncertainty relate to revenue recognition, significant disposals, provisions and contingent liabilities.

1.5 Turnover

Rent receivable consists of gross income calculated on an accruals basis, together with services where the Company acts as principal in the ordinary course of business, excluding sales of property. Rental income is spread evenly over the period from lease commencement to lease expiry.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews, are recorded as income in the periods in which they are earned.

Where the outcome of an outstanding rent review is reasonably certain, rent is accrued from the review date based upon an estimated annual rent. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Where turnover is obtained by the sale of property, it is recognised when the buyer obtains control of the property. This will normally take place on legal completion. Turnover arising from the sale of property under construction is recognised on completion once all performance obligations have been completed and control of the property has been transferred to the buyer.

1.6 Tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using tax rates that have been enacted or substantively enacted by the year end.

In accordance with IAS 12 'Income Taxes', deferred tax is provided for using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of those assets and liabilities. However, temporary differences are not recognised to the extent that they arise from the initial recognition of assets and liabilities that at the time of the transaction, affect neither accounting nor taxable profit or loss; or are associated with investments in subsidiaries, joint ventures and associates where the timing of the reversal of the temporary difference can be controlled by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.6 Tax (continued)

Deferred tax assets are recognised only to the extent that management believes it is probable that future taxable profit will be available against which the deferred tax assets can be recovered. Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable company or different taxable entities where there is an intention to settle balances on a net basis.

Tax is included in the income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity respectively.

1.7 Interest payable and similar charges

Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

1.8 Investment and development property

Investment and development property is owned or leased by the Company and held for long-term rental income and capital appreciation.

The Directors have chosen to use the fair value model. Property and any related obligations are initially recognised when the significant risks and rewards attached to the property have transferred to the Company. Investment and development property is initially recognised at cost and subsequently revalued at the year end to fair value as determined by professionally qualified external valuers on the basis of market value.

The fair value of property is arrived at by adjusting the market value as above for directly attributable lease incentive assets and fixed head leases. Property held under finance leases are stated gross of the recognised finance lease asset.

The valuation is based upon assumptions as outlined within the investment and development properties note (note 6). These assumptions conform with the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards. The cost of development properties includes capitalised interest and other directly attributable outgoings, with the exception of properties and land where no development is imminent in which case no interest is included. Interest is capitalised (before tax relief) on the basis of the weighted average cost of debt outstanding until the date of practical completion.

When the Company redevelops a property for continued future use, that property is classified as investment and development property during the redevelopment period and continues to be measured at fair value.

Gains or losses arising from changes in the fair value of Investment property are recognised in the income statement in the period in which they arise. Depreciation is not provided in respect of investment property including plant and equipment integral to such investment property. Investment and development properties cease to be recognised as investment and development property when they have been disposed of or when they cease to be held for the purpose of generating rental income or for capital appreciation.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.8 Investment and development property (continued)

Disposals are recognised on completion. Gains or losses arising are recognised in the income statement. The gain on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

1.9 Investments

Investments are stated at cost less impairment losses, if any. Impairment losses are determined with reference to the investment's fair value less estimated selling costs. Fair value is derived from the net assets attributable to the investment at the year end. Reversal of prior impairment is calculated on a consistent basis with the original impairment charge and may not exceed the original cost prior to impairment. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

1.10 Tangible assets

Tangible assets consist of fixtures, fittings and other equipment. Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset plus any attributable cost in bringing the asset to its working condition for its intended use. Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life. Currently, the maximum life of the Company's plant and equipment is five years.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

As at 31st December 2021, there was restricted cash of £1.7m (2020: £3.9m).

Under the terms of the lease arrangements with Network Rail and London Underground, ECPL is required to hold funds to cover future maintenance costs. Amounts held in relation to these is shown within the restricted cash balance in addition to borrowings with restricted use drawdown under the debt facility.

1.12 Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost. The Directors exercise judgement as to the collectability of the Company's debtors and determine whether it is appropriate to impair these assets. Debtors falling due after more than one year are presented under current assets in accordance with Companies Act requirements.

1.13 Impairment of financial assets

The Company applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. To measure the expected credit losses, receivables are reviewed on an individual contract basis. The expected loss rates are based on historical evidence of collection. The historical loss rates are adjusted to reflect current and future information such as estimated future cash flows or by using fair value where this is available through observable market prices and review of macroeconomic factors which may affect the counter party's ability to settle the receivables. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the original impairment was recognised, the impairment reversal is recognised in the income statement on a basis consistent with the original charge.

EARLS COURT PARTNERSHIP LIMITED

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

1 Accounting policies (continued)

1.14 Creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Creditors are recognised at fair value and subsequently measured at amortised cost until settled.

1.15 Amounts owed to group undertakings

Amounts owed to group undertakings are recognised at fair value and subsequently measured at amortised cost until settled.

1.16 Borrowings

Borrowings are recognised initially at their net proceeds as an approximation of fair value. If the transaction price is not an approximation of fair value at initial recognition, the Company determines the fair value as evidenced by a quoted price in an active market for an identical instrument or based on a valuation technique that uses data from observable markets. Where equity holders of the Company are party to the transaction, the difference between the net proceeds and fair value is recognised within equity.

Borrowings are subsequently carried at amortised cost. Any transaction costs, premiums or discounts are capitalised and recognised over the contractual life of the loan using the effective interest rate method; or on a straight line basis where it is impractical to do so. Borrowing costs are capitalised and included in investment property under development costs.

In the event of early repayment, transaction costs, premiums or discounts paid or unamortised costs are recognised immediately in the income statement.

1.17 Loan notes

The shareholders fund the Company by way of issuing loan notes. Based on the contractual agreement of the instrument the holder does not have the ability to redeem the instrument or entitlement to any interest, accordingly these instruments have been classified as equity. Loan notes are recognised at cost and are not subsequently remeasured.

1.18 Contingent liabilities and capital commitments

Contingent liabilities are disclosed where there are present or possible obligations arising from past events, but the economic impact is uncertain in timing, occurrence or amount. A description of the nature and, where possible, an estimate of the financial effect of contingent liabilities are disclosed.

Capital commitments are disclosed when the Company has a contractual future obligation which has not been provided for at the year end.

EARLS COURT PARTNERSHIP LIMITED

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

2 Gross profit

Turnover arose in the United Kingdom from continuing operations. In the opinion of the Directors, the Company carries on only one class of business.

| | 2021 £ 000 | 2020 £ 000 |
|--------------------------|---------------|---------------|
| Turnover - Rental income | 1,078 | 1,622 |
| Direct property costs | (979) | (973) |
| Gross profit | 99 | 649 |

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

| | 2021 £ 000 | 2020 £ 000 |
|-------------------|---------------|---------------|
| Less than 1 year | 301 | 869 |
| From 1 to 2 years | 182 | 290 |
| From 2 to 5 years | - | 206 |
| After 5 years | - | - |
| | 483 | 1,365 |

3 Interest payable and similar charges

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Finance costs | | |
| On loans | 1,237 | 1,611 |
| Amortisation of debt issue costs | 88 | 96 |
| Other finance costs | 2 | 2 |
| | 1,327 | 1,709 |
| Interest capitalised to property under development | (1,325) | (1,707) |
| Interest payable and similar charges | 2 | 2 |

4 Profit/(loss) on ordinary activities before taxation

The profit/(loss) before taxation of £64.9m (2020: £10.3m) is arrived at after charging:

| | 2021 £ 000 | 2020 £ 000 |
|------------------------|---------------|---------------|
| Auditors' remuneration | 35 | 39 |

There were no employees during the year (2020: nil).

Directors' emoluments

No Director received any remuneration for services to the Company or any group companies in either year.

EARLS COURT PARTNERSHIP LIMITED

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

5 Taxation

The differences between the tax assessed for the year and the amount that would arise by applying the current average standard rate of United Kingdom corporation tax of 19% (2020: 19%) are shown below:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Current tax | | |
| UK income tax | - | - |
| Prior year adjustment | - | - |
| Current tax credit | - | - |
| Factors affecting the current tax credit for the year | | |
| Profit/(loss) on ordinary activities before taxation | 64,902 | (10,313) |
| Multiplied by the basic rate of UK income tax of 19% (2020: 19%) | 12,331 | (1,959) |
| Expenses not deductible for tax purposes | 19 | (273) |
| Revaluation movement not recognised for deferred tax | (12,996) | 1,712 |
| Unrelieved losses carried forward | 646 | 520 |
| Tax on profit/(loss) on ordinary activities | - | - |

The company has an unrecognised deferred tax asset of £184.9m at 31 December 2021 (2020: £152.9m), comprising trading losses carried forward totalling £13.7m and investment and development property revaluation losses totalling £725.8m, calculated using a rate of UK tax of 25% (2020: 19%). The asset is not recognised since the Directors do not consider that it is sufficiently certain that suitable taxable profits will arise in the company against which the losses can be offset.

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The Finance Bill 2021 was substantively enacted on 24 May 2021 and therefore the deferred tax liabilities have been calculated using 25% (2020: 19%).

6 Investment and development properties

| | 2021 £ 000 | 2020 £ 000 |
|--|----------------|----------------|
| At 1 January | 515,575 | 514,475 |
| Additions from acquisitions | - | 3,447 |
| Additions from subsequent expenditure | 10,658 | 4,957 |
| Interest capitalised to development property | 1,325 | 1,707 |
| Disposals | - | - |
| Gain / (loss) on revaluation | 68,402 | (9,011) |
| Carrying value at 31 December | 595,960 | 515,575 |

EARLS COURT PARTNERSHIP LIMITED

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

6 Investment and development properties (continued)

Investment and development properties at 31 December 2021 represents an interest in property held in the Earls Court area of West London.

Borrowing costs totalling £1,325,000 (2020 - £1,707,000) have been capitalised and the associated weighted average interest cost was 1.7% (2020 - 2.2%)

The fair value of investment and development property at 31 December 2021 was determined by independent external valuers, CBRE Ltd. The valuation conforms to the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards. Fees paid to the valuer are based on fixed price contracts.

7 Tangible assets

| | 2021 £ 000 | 2020 £ 000 |
|---------------------------------|---------------|---------------|
| Cost | | |
| At 1 January | 1,320 | 1,320 |
| Additions | - | - |
| At 31 December | 1,320 | 1,320 |
| Accumulated depreciation | | |
| At 1 January | (1,320) | (1,320) |
| Depreciation charge | - | - |
| At 31 December | (1,320) | (1,320) |
| Carrying value at 1 January | - | - |
| Carrying value at 31 December | - | - |

Plant and equipment includes fixtures, fittings and other office equipment. There are no restrictions on the title of any plant and equipment, or any contractual commitments for the acquisition of further plant and equipment.

EARLS COURT PARTNERSHIP LIMITED

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

8 Investments

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

| Name of subsidiary | Principal activity | Country of incorporation and principal place of business | Proportion of ownership interest and voting rights held | |
|------------------------------|---------------------|--|---|------|
| | | | 2021 | 2020 |
| 1 and 3 Eardley Crescent Ltd | Freehold management | England and Wales | 15% | 15% |

The registered address of 1 and 3 Eardley Crescent Ltd is 25 The Avenue, Chiswick, London, W4 1HA.

At 31 December 2021, the Company held two of thirteen issued ordinary shares of £1 of 1 and 3 Eardley Crescent Ltd.

The carrying value of this investment at 31 December 2021 was £nil (2020: £nil).

9 Debtors

| | 2021 £ 000 | 2020 £ 000 |
|---------------------------------|---------------|---------------|
| Trade receivables | 89 | 169 |
| Other debtors | 539 | 898 |
| Other taxes and social security | 525 | 138 |
| Prepayments and accrued income | 529 | 10 |
| | <u>1,682</u> | <u>1,215</u> |

10 Creditors: amounts falling due within one year

| | 2021 £ 000 | 2020 £ 000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 228 | 189 |
| Other creditors | 2 | 2 |
| Amounts owed to group undertakings | - | 1,364 |
| Accruals and deferred income | 1,462 | 231 |
| | <u>1,692</u> | <u>1,786</u> |

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

EARLS COURT PARTNERSHIP LIMITED

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

11 Deferred tax

In accordance with IAS 12, the below deferred tax asset has not been recognised in the financial statements due to uncertainty regarding the level of profits that will be available in future years against which deferred tax can be recovered.

| | 2021 £ 000 | 2020 £ 000 |
|---|----------------|---------------|
| Unrecognised deferred tax asset: | | |
| Losses | | |
| At 1 January | 1,972 | 1,429 |
| Prior year adjustment due to increase in tax rates to 25% | 592 | 23 |
| Unrecognised movement during the year at 25% | 850 | 520 |
| At 31 December | 3,414 | 1,972 |
| Investment and development property | | |
| At 1 January | 150,889 | 149,298 |
| Prior year adjustment due to increase in tax rates to 25% | 47,649 | - |
| Unrecognised movement during the year at 25% | (17,100) | 1,591 |
| At 31 December | 181,438 | 150,889 |

12 Borrowings

| | 2021 £ 000 | 2020 £ 000 |
|------------|---------------|---------------|
| Borrowings | 74,706 | 73,381 |

The loan facility is repayable on 31 March 2026 and bears interest of EC Reference Rate plus a margin depending on the LTV.

This loan is secured through a first charge over certain assets with a total value (£586.1m).

13 Called up share capital

| | 2021 £ | 2020 £ |
|---|---------------|-----------|
| Issued, called up and fully paid | | |
| EC Properties LP Limited | 7,119 | 7,119 |
| TTL Earls Court Properties Limited | 4,181 | 4,181 |
| 11,300 (2020: 11,300) ordinary shares of £1 | 11,300 | 11,300 |

During the year, unsecured, non-interest bearing loan notes of £15,460,000 (2020: £7,500,000) were issued by the Company to the immediate shareholders, EC Properties LP Limited and TTL Earls Court Properties Limited. Based on the terms and conditions of the instrument £15,460,000 (2020: £7,500,000) has been classified as equity.

EARLS COURT PARTNERSHIP LIMITED

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

13 Called up share capital (continued)

The share premium represents the excess of the cash received per share, over the nominal value of per share (£1). This arose in 2015, upon issuance of additional shares.

14 Contingent Liabilities

Within the terms of the agreement of the acquisition of the Northern Access Road land, the vendor's successor in title is entitled to further payments until 2027 if certain conditions are met. Further payments become due following the grant of a planning permission for change of use or on disposal. In the event such planning permission is implemented, the payment is calculated at 50% of the uplift in land value following the grant of the permission. In the event of a disposal, the payment is calculated as 50% of the difference between the sale value against the land value without the relevant permission.

In April 2015, the Company acquired land and property interests from "EC Properties LP Limited". Pursuant to the arrangements with EC Properties, Network Rail is entitled to payments of 5.55% of the residual land value which will be payable at the time of development or disposal of each phase of the Earls Court Masterplan area, which includes the land and property interests now owned by the Company. Within the terms of the Company's agreements with EC Properties, the Company will make a further payment if the payment to Network Rail is triggered in respect of the Company's land interests. Any further payments to Network Rail will be treated as contingent rent.

15 Ultimate parent company

The ultimate parent undertaking and controlling party of the Company is Earls Court (London) LLP, a limited liability partnership incorporated and registered in England and Wales, copies of whose financial statements may be obtained from 6th Floor, Lansdowne House, Berkeley Square, London, W1J 6ER. Earls Court (London) LLP is the parent of the largest and smallest group of which the Company is a member and for which group financial statements are prepared.

The immediate parent company is EC Properties LP Limited, a company incorporated in Jersey, copies of whose financial statements may be obtained from 47 Esplanade, St Helier, Jersey, JE1 OBD. EC Properties LP Limited holds a 63% controlling interest in the Company. TTL Earls Court Properties Limited holds a 37% non-controlling interest.

The immediate parent company of TTL Earls Court Properties Limited is TTL Properties Limited, a company registered in England and Wales. The ultimate parent company of TTL Properties Limited is Transport for London, a statutory corporate body created by the Greater London Authority Act 1999.

16 Related party transactions

Significant balances outstanding between the Company and related group undertakings are the below creditors:

| | 2021 £ 000 | 2020 £ 000 |
|----------------------------|---------------|---------------|
| Related undertaking | | |
| EC Properties LP Limited | - | 1,364 |

EARLS COURT PARTNERSHIP LIMITED

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

16 Related party transactions (continued)

During the year, EC Properties Management Limited, a company with common control, charged Development Management Fees to the Company totalling £396,115 (2020 - £285,344) in line with the Business Manager Agreement. At the year end, fees totalling £238,047 have been accrued and are included in accruals and deferred income creditors falling due within one year (2020 - £38,086).

The balances are interest free and repayable on demand.

17 Events after the reporting period

In the post year end period, restrictions are still in place arising from the COVID-19 pandemic, which continue to impact the worldwide and local economy. The situation does appear to be improving with the roll-out of vaccination programmes and management continue to monitor the situation as it develops. The COVID-19 pandemic continues to have a limited impact on the Company; development planning in respect of the Company's investment properties may continue off-site and rents continue to be collected as they fall due for payment.

In February 2022 an amendment letter was signed by both Homes England and the board of directors extending the availability period under the loan facility to 30th September 2023 and lifting the draw stop under the loan.

Since the year end, the Company has issued £6m of loan notes which were taken up according to shareholder equity holdings.