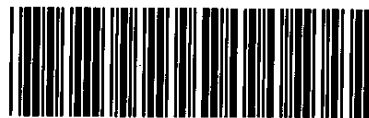


LONG HARBOUR HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022

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LONG HARBOUR

Long Harbour Holdings Limited

**Report and Financial Statements
For the year ended 31 December 2022**

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Long Harbour Holdings Limited

Strategic Report

Business review, strategic outlook and future developments

The past year (2022) has been one of continued growth for the Long Harbour group, as we continue to consolidate our position as a leading real estate investment, development and management business following a successful corporate restructure in 2021, enabling us to consolidate several separate corporate entities under one ultimate parent, giving a single point of governance, a single balance sheet for a more efficient financial framework, and the ability to raise finance both debt and equity to benefit the business.

At the time of writing this, we are only two years into a decade in which we have already experienced Covid, the conflict in Ukraine, high inflation, escalating climate change, accelerating political instability and economic downturn. Such unprecedented levels of volatility clearly has a seismic impact on our industry and the investment market, and it is unsurprising that transactions stalled in the second half of 2022.

Looking into 2023, we cannot predict the market as many variables remain impossible to predict but optimism is creeping back into the economy and here's why. Inflation has peaked, UK swap rates are falling, jobs are safe with unemployment expected to remain at historic lows, global shipping costs have fallen 90% from highs in 2021, energy prices are falling and house prices are falling but not by much.

The big challenge for investment is still pricing, and the disparity between expectations on both the seller's side and the opportunistic buyer. It's difficult to predict exactly where pricing corrections will eventually land depending on the sector. But in markets where demand is exceeding supply, rental growth will support capital values for quality assets, and UK residential is firmly placed in this bracket.

There will undoubtedly be winners and losers, however at Long Harbour we are approaching 2023 with cautious optimism and are confident we are well placed to meet the challenges with lie ahead. Why?

- We are an established business with a proud 12-year track record of navigating socioeconomic, geopolitical challenges to deliver outstanding returns for our investors
- We have an established fund management platform with backing from global consultants with Willis Towers Watson and UK and international pension schemes.
- We have assembled a best-in-class team covering the spectrum of planning, design and development and investment management expertise
- We have developed a market-leading portfolio of complex tech based operating platforms, such as (Home Ground, Way of Life, Longevity)
- We have established a number of strategic partnerships and joint ventures, with Cadillac Fairview and PSP, with whom we have established a £1.5 billion Build to Rent platform and have deployed nearly £2bn of capital in our ground rent platform.

This is shaping up to be a busy year for Long Harbour, as we seek to build on our successes of 2022:

- Progressing our £260 million investment to deliver a 495-apartment BTR development, The Mall, in Walthamstow, East London
- Launching our BTR development in Tower Hamlets, London, following a £110 million investment in partnership with Cadillac Fairview and PSP
- Further growing our Secured income investment programme, with a focus on UK and Germany
- Securing planning and accelerating the delivery of Europe's first purpose-built SMART town - Fawley Waterside, our £2.5 billion development adjacent to the New Forest National Park and Southampton Port
- Launching our Build to Rent platform third party management services platform to the market
- Almost doubling our global sustainability advisory business Longevity Partners, and launching the first Asian office in Japan

It would also be remiss to not highlight how ESG will be a common thread for Long Harbour Group and all our activities this year. It has been part of the company's DNA since our inception, and with our partners, investors and indeed all our stakeholders, will continue to be integral to our operations, with social impact and governance gaining increasing traction alongside sustainability. This year the group has set a challenge to produce its first ESG report for 2023 activity and will centralise the group strategy with clear and measurable goals for everyone to work towards collaboratively.

The year 2023 will not come without its challenges, but overall we believe there will be considerable opportunities for value-seeking investors, and at Long Harbour we have the right team – with the expertise and experience – and strategic partnerships in place to capitalise and continue our growth trajectory over the next 12 months.

Risks and uncertainties

The members consider the key risks and uncertainties facing the group for the current year to be the impact of market variables impacting the real estate market, performance yields and asset valuations of the underlying managed assets.

The business plan for 2023 has been reviewed and there is sufficient revenue to fund the group's fixed overhead for the foreseeable future. Taking account of current market conditions and unrest caused by the Ukraine crisis, the members are satisfied at the reporting date that the group has sufficient cash reserve and loan facility to operate its normal course of business for the foreseeable future and the financial statements can be prepared on a going concern basis.

Long Harbour Holdings Limited

Strategic Report

Section 172, employees and other stakeholders engagement

Long Harbour's aim is to be at the vanguard of promoting responsible stewardship of assets for the benefit of the investment community and wider public. As a leader within the residential real estate sector, Long Harbour views its role as a property custodian, not merely an owner. With this outlook, Long Harbour aims not only to fulfil its ESG duties but lead the way with their initiatives, generating economic and social value for investors and residents.

The Board continues to be updated on progress in relation to operational matters, including staff and tenant welfare, and receives updates from its ESG Committee which works to improve the group's dialogue between investors and fund managers and increase knowledge and market transparency around environmental, social and corporate governance.

This year, whilst Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 is not applicable to the group's size, the Board is aware of disclosure to report on greenhouse gas emissions, energy consumption and energy efficiency action in the foreseeable future.

On behalf of the Board, signed on 30th June 2023

The Hon W. W. Astor
C.E.O.

Long Harbour Holdings Limited**Report of the Directors****Directors**

The Hon W W Astor
J S Aumonier
R Silva

Secretary and registered office

Gravitas Company Secretarial Services Ltd
One New Change, London EC4M 9AF

Company number

08442173

Auditor

BDO LLP
55 Baker Street, London, W1U 7EU

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2022.

Principal activities and business review

The company's principal activity is that of a holding company and it has no trading activity. The group's principal activity is that of investment, development and management of real residential real estate funds. The directors expect to continue with the group's principal activity for the coming year and are pleased with the result for the year.

The directors have prepared a Strategic Report including a business review, a summary of risks and uncertainties and an indication of the likely future developments in the company and group's business.

Results and dividends

At the reporting date, and in respect of amounts attributable to shareholders of the company, the group's net assets were £11,151,000 (2021: £12,639,000) and the loss for the financial year was £1,488,000 (2021: profit £1,741,000). The key performance indicators for the group are its net asset value and performance measured by the group's profit for the year, and its relationship with key investors and reputation in the market place. Net asset value is measured by the group's net asset position at the reporting date, and performance is measured by profit for the financial year.

The directors do not recommend the payment of a dividend for the year (2021: £Nil).

Reorganisation and share issue

On 14th July 2021, the group completed its corporate reorganisation, enabling a consolidation of several corporate entities under Long Harbour Group Limited Partnership, the ultimate parent undertaking of the Group.

As part of the reorganisation, the company acquired Long Harbour Residential Freeholds Limited with the consideration being satisfied by the issue of shares in the company to the shareholders of Long Harbour Residential Freeholds Limited and ultimately the shareholders of Long Harbour Group General Partners Limited, in its capacity as general partner to Long Harbour Group Limited Partnership, a limited partnership incorporated in Guernsey, Channel Islands.

Engagement with employees and other stakeholders

The directors promote the success of the group as a whole and, in doing so, have regard to a range of stakeholders. The section in the strategic report on page 2 details the engagement with employees and other stakeholders.

Financial risk management policies

In common with many businesses, the group is exposed to a range of risks. The management of risk is embedded in the culture of the group and the way business is conducted. This is managed at an executive level through the board of directors and senior management. In order to mitigate risk, the group manages risk in a variety of ways depending on the nature of the risk and areas of potential impact. The key risks for the group are included in note 4.

Directors' Indemnity Arrangements

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force.

Long Harbour Holdings Limited
Report of the Directors (Continued)

Statement as to disclosure to auditors

Each of the directors who are a director at the time when the report is approved confirms that so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that ought to have been taken as a director, including making appropriate enquires of fellow directors and the company's auditor for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditor are aware of that information.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) 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 of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 group and 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.

On behalf of the Board, signed on 30th June 2023

The Hon W. W. Astor
Director

Independent auditor's report to the members of Long Harbour Holdings Limited**Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Long Harbour Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated and company statements of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

Independent auditor's report to the members of Long Harbour Holdings Limited (continued)

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 Group's and the Parent 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 Parent 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud.

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements. These included but were not limited to compliance with Companies Act 2006, the accounting standards and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures which included, but were not limited to:

- enquiries with Management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- agreement of the financial statements disclosures to underlying supporting documentation
- review of the reporting to the Directors with respect to compliance with laws and regulation and
- review of relevant board meeting minutes and legal correspondence.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Based on our understanding of the Company and industry, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. We determined that the principal risks were related to management bias in accounting estimates.

We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management and designed audit procedures to incorporate unpredictability around the nature, timing or extent of our testing. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Independent auditor's report to the members of Long Harbour Holdings Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy West (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LONG HARBOUR

Long Harbour Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Turnover	5	43,605	29,634
Cost of sales		(1,269)	(546)
Gross profit		42,336	29,088
Operating expenses		(35,391)	(21,559)
Operating profit	6	6,945	7,529
Interest receivable and similar income		4	1
Gain / (loss) on disposal of investments		3	(1)
Profit on ordinary activities before taxation		6,952	7,529
Taxation	8	244	(616)
Profit and total comprehensive income for the year		<u>7,196</u>	<u>6,913</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		(1,488)	1,741
Non-controlling interest		<u>8,684</u>	<u>5,172</u>
		<u>7,196</u>	<u>6,913</u>

All amounts are in respect of continuing activities.

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

Long Harbour Holdings Limited
Consolidated and Company Statement of Financial Position
at 31 December 2022

Company Number: 08442173

	Note	2022		2021	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed Assets					
Tangible assets	9	410	-	464	-
Intangible assets	10	144	-	289	-
Goodwill	12	2,752	-	3,073	-
Investments	11	1,031	12,263	994	10,264
		4,337	12,263	4,820	10,264
Current Assets					
Stock	13	8	-	8	-
Debtors	14	7,377	4,503	7,237	2,805
Cash at bank and in hand		9,724	107	10,479	19
		17,109	4,610	17,724	2,824
Creditors: amounts falling due within one year	15	(9,906)	(9,011)	(8,439)	(6,689)
Net Current Assets /(liabilities)		7,203	(4,401)	9,285	(3,865)
Total Assets less current liabilities		11,540	7,862	14,105	6,399
Creditors: amounts falling due after more than one year	16	-	-	(82)	-
Provision for liabilities	8(c)	(63)	-	(507)	(441)
Net Assets		11,477	7,862	13,516	5,958
Capital and Reserves					
Called up share capital	17	2	2	2	2
Share premium	17	5,733	5,733	5,733	5,733
Retained earnings		5,416	2,127	6,904	223
		11,151	7,862	12,639	5,958
Non-controlling interest		326	-	877	-
Total capital and reserves		11,477	7,862	13,516	5,958

The financial statements were approved by the Board of Directors
and authorised for issue on 30th June 2023
and signed on their behalf by

The Hon W. W. Astor
Director

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

Long Harbour Holdings Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Attributable to owners of the parent				
	Share capital/ Premium £'000	Retained earnings £'000	Total £'000	Attributable to non- controlling interest Total £'000	Total equity £'000
At 1 January 2021	53	5,163	5,216	79	5,295
Comprehensive income					
Profit for the year	-	1,741	1,741	5,172	6,913
Distribution in the year	-	-	-	(5,009)	(5,009)
Total comprehensive income	-	1,741	1,741	164	1,905
Issue of equity	5,682	-	5,682	-	5,682
Group reorganisation	-	-	-	635	635
Contributions by and distributions to owners	5,682	-	5,682	635	6,317
At 31 December 2021	5,735	6,904	12,639	877	13,516
At 1 January 2022	5,735	6,904	12,639	877	13,516
Comprehensive income					
Profit for the year	-	(1,488)	(1,488)	8,684	7,196
Distribution in year	-	-	-	(9,235)	(9,235)
Total comprehensive income	-	(1,488)	(1,488)	(551)	(2,039)
At 31 December 2022	5,735	5,416	11,151	326	11,477

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

Long Harbour Holdings Limited
Company Statement of Changes in Equity
For the year ended 31 December 2022

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Retained Earnings</u> £'000	<u>Total</u> £'000
At 1 January 2021	1	52	265	318
Comprehensive income				
Profit for the year	-	-	(42)	(42)
Total comprehensive income	-	-	(42)	(42)
Share issue				
Allotted share capital	1	-	-	1
Allotted share premium	-	5,681	-	5,681
At 31 December 2021	<u>2</u>	<u>5,733</u>	<u>223</u>	<u>5,958</u>

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Retained Earnings</u> £'000	<u>Total</u> £'000
At 1 January 2022	2	5,733	223	5,958
Comprehensive income				
Profit for the year	-	-	1,904	1,904
Total comprehensive income	-	-	1,904	1,904
At 31 December 2022	<u>2</u>	<u>5,733</u>	<u>2,127</u>	<u>7,862</u>

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

LONG HARBOUR

Long Harbour Holdings Limited

Consolidated Statement of Cash Flow For the year ended 31 December 2022

	<u>Note</u>	<u>2022</u> £'000	<u>2021</u> £'000
Cash flows from operating activities			
Cash generated from operations	18	8,973	7,809
Taxation paid		(253)	(220)
Net cash flow from operating activities		<u>8,720</u>	<u>7,589</u>
Cash flow from investing activities			
Purchase of tangible assets		(174)	(298)
Purchase of intangible assets		(29)	(167)
Purchase of investments		(37)	(20)
Disposal of investments		-	946
Cash acquired on acquisition of subsidiaries		-	3,807
Net cash flow from investing activities		<u>(240)</u>	<u>4,268</u>
Cash flow generated from financing activities			
Issue of share capital		-	1
Distribution to minority interest		(9,235)	(4,986)
Net cash flow from financing activities		<u>(9,235)</u>	<u>(4,985)</u>
Net (decrease) / increase in cash & cash equivalents		<u>(755)</u>	<u>6,872</u>
Cash at beginning of the period		<u>10,479</u>	<u>3,607</u>
Cash at end of the period		<u>9,724</u>	<u>10,479</u>

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

Notes

1. General Information

The Company was incorporated on 13 March 2013. The Company acts as a holding company and has no trading activities. The continuing activities of the group are that of investment, development and management of residential real estate funds. Long Harbour Ltd, the group's principal subsidiary, is authorised and regulated by the Financial Conduct Authority ("FCA") and is approved as a full scope AIFM (Alternative Investment Fund Manager) to perform regulated activities of managing assets on behalf of its investors. Other subsidiaries act as general partners of limited partnerships, into which investments are made and form part of the underlying fund platform.

The consolidated financial statements of Long Harbour Holdings Limited and its subsidiaries are presented in Pounds Sterling (GBP) to the nearest thousand pounds. GBP is the functional currency in which the majority of the group's transactions are denominated. They comprise the financial statements of Long Harbour Holdings Limited (the "Company") and its subsidiaries (together "the group") and the group's interests in associated entities drawn up for the year ended 31 December 2022.

The Company is a private company limited by shares. It is both incorporated and domiciled in the United Kingdom. The address of its registered office is One New Change, London EC4M 9AF.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Financial Reporting Standards 102 applicable in United Kingdom and Republic of Ireland, as issued by the Financial Reporting Council and the Companies Act 2006. The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

On 14th July 2021, as part of the group reorganisation, the Company acquired Long Harbour Residential Freeholds Limited with the consideration being satisfied by the issue of shares in the Company to the shareholders of Long Harbour Residential Freeholds Limited and ultimately the shareholders of Long Harbour Group General Partners Limited, in its capacity as general partner to Long Harbour Group Limited Partnership, a limited partnership incorporated in Guernsey, Channel Islands.

The group has taken advantage of the exemption available within section 408 of the Companies Act 2006 not to disclose the company statement of comprehensive income. In addition, the group has taken exemption from preparing a company statement of cash flow in accordance with FRS 102 (para 1.12(b)). The profit for the year ended 31 December 2022 for the company was £1,904,000 (2021: loss of £42,000).

(b) Basis of consolidation

Subsidiaries, including special purpose entities, which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

For subsidiaries that are consolidated in full, the results of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. The asset and liabilities of the subsidiaries are included in the group statement of financial position at 31 December 2022.

Where subsidiaries of the group are general partners of Limited Partnerships, rights to control, manage and conduct business of the Limited Partnership vest with the general partner in accordance with its partnership agreement and under the guidance of FRS 102, the accounting treatment is to consolidate in full, except where the group has severe long term restrictions, based on the fact that the general partner has no significant economic benefit or risk other than a fixed management fee from directing the financial and operating policies of the subsidiaries. Under these circumstances, the assets and liabilities and results for the period ended have not been consolidated. This is further explained in note 10.

All significant intra-group transactions and balances between Group entities are eliminated on consolidation. The Group applies a policy of treating transactions with a non-controlling interest as transactions with equity holders when control is not lost of the subsidiary, and therefore recognised in equity.

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

Notes

2. Summary of significant accounting policies (continued)

(c) Going Concern

Having assessed the financial position and forecast over a period of at least 12 months from the date of approval, the members have concluded that the Group has sufficient cash and debt funding to operate its normal course of business for the foreseeable future. The business plan for the current year has been reviewed and there is sufficient revenue to fund the group's fixed overhead for the foreseeable future and to meet its capital adequacy requirements under the prudential regulatory framework set out by the Financial Conduct Authority.

Stress testing has been performed on all major revenue streams to assess the impact on the group's financial performance and position for the foreseeable future. Taking account of any likely delays on pipeline delivery and new acquisitions, the members are satisfied that the group has sufficient cash reserves at the reporting date and the financial statements can be prepared on a going concern basis.

(d) Revenue recognition

Turnover represents property, investment advisory & management and asset management fees for the period for services rendered in accordance with terms of the signed agreement, exclusive of Value Added Tax.

Investment advisory and asset management fees are based on fixed percentages of gross and net asset values of managed funds measured and invoiced on quarterly basis, and have continuous performance obligations through the period. Estimates for gross and net asset values of managed funds include the fair value of investment properties. Such fees are defined in the management agreements but include managing the assets, sourcing, evaluating and recommending investment opportunities and ensuring management information is provided for approval, as well as the regulatory information provided as the AIFM.

Development management fees are based on a fixed percentage of actual development costs based on actual expenditure, measured and invoiced on a quarterly basis. As development fees are recognised based on actual expenditure of development, the directors assess that the development in progress and is therefore considered to have continuous measurable performance obligations.

Sustainable energy advisory services and ancillary fees are recognised based on signed service contracts in the period and have a performance obligation based on completion of work. Any fees invoiced prior to completion of work are contractual with the customer reflecting either feasibility and development work to date, or the cost of sale relating to the completion of work to date.

(e) Taxation

The Group and Company are both tax resident in the United Kingdom. Tax on the profit or loss for the year comprises current and deferred tax. The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates income. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

Notes

2. Summary of significant accounting policies (continued)

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation on fixtures & fittings, office and computer equipment is provided on a straight-line basis in order to write off each asset over its expected useful life as follows:

Fixtures & fittings	- 5 years
Office and computer equipment	- 3 years

(g) Intangible fixed assets

Intangible fixed assets are stated at cost less amortisation. Amortisation on computer software is provided at 33% per annum on a straight-line basis in order to write off each asset over its expected useful life.

(h) Goodwill

Acquired goodwill, being the excess of the cost of an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture acquired, is initially recognised at cost and subsequently at cost less any accumulated impairment losses. The gain or loss on the disposal of a subsidiary, associate or joint venture includes the carrying value of any related goodwill. Goodwill is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit and loss over the useful economic life using methods that best reflect the pattern of economic benefits and is included in operating expenses. The estimated useful economic lives for goodwill is 10 years.

(i) Investments

Investments in subsidiaries and associated undertakings are stated at cost less provision for impairment, if any. Subsidiary and associated undertakings excluded from consolidation are treated as fixed asset investments.

(j) Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(l) Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

(m) Equity instruments

Equity instruments issued by the Company are recorded at fair value of cash or other resources received or receivable, net of direct issue costs.

(n) Stock

Stock is measured at the lower of cost and net realisable value.

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

Notes

2. Summary of significant accounting policies (continued)

(o) Financial instruments

Financial instruments are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially recognised at transaction price (including transaction costs), except for those financial assets measured at fair value through profit or loss, which are initially recognised at fair value (which is normally the transactions price excluding transactions costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to a unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired. Financial liabilities are recognised initially at transaction price, net of directly attributable transaction costs. The Group's financial liabilities are based on remaining undiscounted contractual obligations, including interest payable, and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

(p) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying value amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for the decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impairment financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(q) Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the reporting date. Exchange differences arising from foreign currency transactions are reflected in the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the reporting date. Trading profits or losses are translated at average rates prevailing during the accounting period. Differences on exchange arising from the retranslation of net investments in overseas subsidiary undertakings at the year-end rates are recognised in other comprehensive income. All other translation differences are reflected in the income statement.

(r) Adoption of new and revised standards

During the year there are no new standards that came into effect with a material impact on the measurement and or disclosure of any element within the financial statements.

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

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3. Critical accounting estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. Estimates and judgements are continually made and are based on historical experience and other factors, including expectations.

The members are not aware of any material judgements at the reporting date. The members are not aware of any material estimates or assumptions at the reporting date, other than claims provisions.

4. Financial risk management

In common with many businesses, the group is exposed to a range of risks. The management of risk is embedded in the culture of the group and the way business is conducted. This is managed at an executive level through the board of directors and senior management. In order to mitigate risk, the group manages risk in a variety of ways depending on the nature of the risk and areas of potential impact. The key risks for the group include:

Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the group might suffer through holding market positions in the face of price movements. The potential impact is not significant to the directors of the company and group and the company and group have taken no steps to control market price risk.

Liquidity risk

The director's approach to managing liquidity risk is to monitor forecast cash flows to ensure, as far as possible, that the group will always have sufficient liquidity to meet its liabilities, when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Credit risk

Credit risk is the result of counterparty default exposure. Potential material areas of credit risk consist of cash, trade account receivable and amounts due from related entities and the balance of these accounts represents the group's maximum credit risk. The group manages credit risk with respect to cash by holding such assets at global financial institutions, therefore the credit risk on these balances is considered to be limited. The directors monitor the creditworthiness of the group's major counterparties, considered to be its underlying fund investors and joint venture partners. The group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Management of capital

Long Harbour Holdings Limited is regulated by the FCA and is required to hold sufficient capital to meet its regulatory capital requirements. The directors monitor the company's capital and that of the group, both in order to meet the group's strategic objectives and to meet its regulatory capital requirements.

Business continuity risk

As an investment and asset manager to the underlying fund platform, the group has an obligation to ensure it can operate at all times. Continuity plans are in place and periodically tested and off site back up for the group's IT systems is in place to cover loss of facility at our operating site, as part of the disaster recovery procedure.

5. Turnover

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Property, investment advisory & asset management fees	29,738	20,685
Other fees	13,867	8,949
	<u>43,605</u>	<u>29,634</u>
UK – country of domicile	13,929	7,900
Channel Islands and overseas	29,676	21,734
	<u>43,605</u>	<u>29,634</u>

Long Harbour Holdings Limited

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6. Operating profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	229	126
Amortisation of owned intangible assets	174	139
Auditors remuneration – audit of group accounts and subsidiaries:		
- audit fees	197	117
- tax compliance fees	59	27
- payroll fees	19	28
Operating lease rentals – land and buildings	860	187

7. Staff Costs

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	20,096	13,304
Social security costs	2,660	1,776
Pension costs	665	367
	<u>23,421</u>	<u>15,447</u>

The average number of persons employed by the group (including the directors) during the period, analysed by category, was as follows:

	2022 No.	2021 No.
Management	17	13
Investment	28	22
Administration and operations	292	175
	<u>337</u>	<u>210</u>
	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors' emoluments (including pension contributions)	<u>1,969</u>	<u>2,914</u>

No director received benefits under a money purchase pension scheme. Emoluments of the highest paid director in respect of qualifying services were £386,000 (2021: £683,000)

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

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8. Taxation

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(a) Current tax charge		
UK Corporation tax charge	156	146
Over provision in previous years	44	(1)
	200	145
Deferred tax charge (note 8c)	(444)	416
Total tax charge	(244)	561
(b) Factors affecting the tax charge (credit)		
Profit on ordinary activities before tax	6,952	7,529
Expected tax charge of 19%	1,321	1,430
Effects of:		
Capital allowances in excess of depreciation	110	(5)
Disallowable expenses	36	104
Profits not attributable to overseas tax	258	22
Profits attributable to non controlling interest	(1,764)	(936)
Carry forward losses available	-	61
Availability of group relief	195	(475)
Over provision in previous years	44	(1)
Deferred tax charge	(444)	416
Total tax charge (note 8a)	(244)	616
(c) Factors affecting the tax charge (credit)	Group 2022 £000	Group 2021 £000
At 1 January	507	24
Movement in year (note 8a)	(444)	483
At 31 December	63	507
Deferred tax on profits receivable	-	416
Capital allowances in excess of depreciation	63	91
At 31 December	63	507

On 3 March 2021, it was announced that the main rate of corporation tax would increase to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. Deferred taxes at the reporting date have been measured and reflected in these financial statements using 25% as this is the rate at which deferred tax balances are expected to unwind.

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Consolidated financial statements for the year ended 31 December 2022

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9. Tangible Fixed Assets

	Office & Computer equipment £'000	Group Fixtures & Fittings £'000	Total £'000
Cost			
At 1 January 2022	980	1,264	2,244
Additions	53	121	174
Disposals	(3)	(6)	(9)
At 31 December 2022	<u>1,030</u>	<u>1,379</u>	<u>2,409</u>
Depreciation			
At 1 January 2022	682	1,098	1,780
Charge for the year	91	137	228
Disposals	(3)	(6)	(9)
At 31 December 2022	<u>770</u>	<u>1,229</u>	<u>1,999</u>
Net book value			
At 31 December 2022	<u>260</u>	<u>150</u>	<u>410</u>
At 31 December 2021	<u>298</u>	<u>166</u>	<u>464</u>

10. Intangible Fixed Assets

	Group Computer Software £'000
Cost	
At 1 January 2022	689
Additions	29
At 31 December 2022	<u>718</u>
Amortisation	
At 1 January 2022	400
Charge for the year	174
At 31 December 2022	<u>574</u>
Net book value	
At 31 December 2022	<u>144</u>
At 31 December 2021	<u>289</u>

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11. Fixed Asset Investments

	Group £000	Company £000
Investment and loans in subsidiaries and associates		
At 1 January 2022	994	10,264
Additions	38	2,000
Disposals	(1)	(1)
At 31 December 2022	1,031	12,263

The subsidiaries and associates at the reporting date were:

<u>Name</u>	<u>Country of Incorporation or Registration</u>	<u>Proportion of Voting Rights held</u>	<u>Nature of Business</u>	<u>Accounting reference date</u>
Principal subsidiary				
Long Harbour Ltd	UK [^]	100%	Investment manager	31/12
Way of Life Management Limited	UK [^]	100%	Property management	31/12
Homeground Management Limited	UK ^{^^^}	80.1%	Property management	31/12
Longevity Partners Limited	UK [^]	50%	Sustainable energy advisor	31/12
Longevity Power Limited	UK [^]	50%	Sustainable energy advisor	31/12
Longevity Partners B.V.	Netherlands ^{^^^}	50%	Sustainable energy advisor	31/12
Longevity Partners Limited SAS	France ^{^^^}	50%	Sustainable energy advisor	31/12
Longevity Partners GmbH	Germany ^{^^^}	50%	Sustainable energy advisor	31/12
Longevity Partners Inc	USA ^{^^^}	50%	Sustainable energy advisor	31/12
Longevity Partners KK	Japan ^{^^^}	50%	Sustainable energy advisor	31/12
Other subsidiaries and associates				
Long Harbour Residential Freeholds Limited	UK [^]	100%	Holding company	31/12
Aegean General Partner Limited	Guernsey	100%	Property trading	31/03
LHRP Housing Limited*	UK [^]	100%	Dormant	30/06
Long Harbour Euro Secured Income I General Partner S.à r.l	Luxembourg	100%	European Property Investment	31/12
Long Harbour Euro Secured Income I Fund Lux Managing Limited Partner**	Luxembourg	100%	European Property Investment	31/12
LHIF General Partner Limited	Guernsey	100%	Property investment	30/06
LH Income LLP	UK [^]	90%	Property investment	31/12
LHIF General Partner 2 Limited	Guernsey	100%	Property investment	30/06
LHIF Chatham General Partner Limited	Guernsey	100%	Property investment	30/06
Long Harbour Multi Family General Partner Limited	Jersey	50%	Property investment	31/12
Long Harbour Multi Family 2 General Partner Limited	Jersey	50%	Property investment	31/12
Long Harbour Investments Limited	UK [^]	100%	Property investment	31/12
Fawley Waterside (UK) General Partner Limited	UK ^{^^^}	100%	Property investment	31/03
Fawley Partners LLP*	UK ^{^^}	33.3%	Property investment	31/03
North Northamptonshire Investment GP Limited	UK ^{^^^}	100%	Property development	31/03

* These entities are associates but not equity accounted as they are not material to the group.

[^] Register Address: One, New Change, London, EC4M 9AF, UK

^{^^} Register Address: The Estate Office, Stanswood Farm, Stanswood Road, Fawley, Southampton, SO45 1AB, UK

^{^^^} Register Address: 5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ, UK

Luxembourg Register Address: 5 Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg

Guernsey Register Address: Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH

Jersey Register Address: 44 Esplanade, St Helier, Jersey JE4 9WG

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

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11. Fixed Asset Investments (continued)

^^^^ Register Address: Gustav Mahlerplein 28, 1082 MA, Amsterdam
 ^^^^^ Register Address: 34 avenue des Champs-Élysées, 75008 Paris, France
 ^^^^^ Register Address: Theatinerstraße 7, 80333 Munich
 ^^^^^ Register Address: 500 W 2nd Street, Austin, TX 78701-4673
 ^^^^^ Register Address: 4-1-1 Toranomon Minato-ku Tokyo (東京都港区虎ノ門4-1-1)

The group's general partner subsidiaries act as general partner to the following limited partnerships:

Name	Country of Incorporation or Registration	Nature of Business	Accounting reference date
Aegean Limited Partnership	Guernsey	Property trading	31/03
Long Harbour Euro Secured Income I Fund *	Luxembourg	Property investment	31/12
Long Harbour Income Fund A Limited Partnership*	Guernsey	Property investment	30/06
Long Harbour Income Fund B Limited Partnership*	Guernsey	Property investment	30/06
Long Harbour Income Fund C Limited Partnership*	Guernsey	Property investment	30/06
Fawley Waterside Limited Partnership*	Guernsey	Property investment	31/03
Fawley Waterside (UK) Limited Partnership*	UK	Property investment	31/03
Long Harbour Multi Family Limited Partnership *	Jersey	Property investment	31/12
Long Harbour Multi Family 2 Limited Partnership *	Jersey	Property investment	31/12

* Limited partnerships and fund not consolidated due to long term restrictions as described in note 2(b).

On 25 June 2013, the group acquired LHIF General Partner Limited, who in turn became the controlling party of Long Harbour Income Fund A Limited Partnership, by means of its role of general partner. On 18 December 2015, the group acquired LHIF General Partner 2 Limited, who in turn became the controlling party of Long Harbour Income Fund B Limited Partnership and Long Harbour Income Fund C Limited Partnership by means of its role of general partner. On 11 September 2015, the group acquired Fawley Waterside General Partner Limited, who in turn became the controlling party of Fawley Waterside Limited Partnership, by means of its role of general partner.

On 2 December 2014, the group acquired a 90% interest in LH Income LLP ("LLP"), a limited liability partnership incorporated in the United Kingdom. LH Income LLP is a limited partner of the underlying limited partnership, Long Harbour Income Fund A Limited Partnership.

On 19 October 2015, the group (via Long Harbour Investments Limited) invested capital contribution of £329,400 in Fawley Waterside Limited Partnership. The group (via Long Harbour Investments Limited) also acquired a 20% interest in Fawley Partners LLP ("LLP"), a limited liability partnership incorporated in the United Kingdom. Fawley Partners LLP is a limited partner of the underlying limited partnership, Fawley Waterside Limited Partnership.

On 10 July 2018, the group acquired North Northamptonshire Investment GP Limited, who in turn became the controlling party of North Northamptonshire Investment Limited Partnership, by means of its role of general partner.

On 16 April 2019, the group acquired Long Harbour Multi Family General Partner Limited, who in turn became a party of Long Harbour Multi Family Limited Partnership, by means of its role of general partner.

On 11 September 2019, the group acquired Long Harbour Euro Secured Income I General Partner S.à.r.l., who in turn became a party of Long Harbour Euro Secured Income I Limited Partnership, by means of its role of general partner, and acquired a second structure vehicle, Long Harbour Euro Secured Income I Fund Lux Managing Limited Partner at the same time.

Long Harbour Holdings Limited

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11. Fixed Asset Investments (continued)

On 30th July 2021, Long Harbour closed a further round of fund raising by bringing Cadillac Fairview, the investment arm of Ontario Teachers' Pension Plan, into Long Harbour's third multi-family fund alongside PSP Investments. The new joint venture partnership is Long Harbour Multi Family 2 Limited Partnership, incorporated in Jersey. The group acquired a shareholding in Long Harbour Multi Family 2 General Partner Limited, the general partner of Long Harbour Multi Family 2 Limited Partnership.

On 18 November 2021, the group incorporated and acquired a 100% shareholding in Fawley Waterside (UK) General Partner Limited, general partner of Fawley Waterside UK Limited Partnership. Both entities are incorporated in UK.

The group has a majority shareholding in all of the following subsidiaries. All of the subsidiaries were entitled to, and have opted to take, exemption from the requirement to have an audit of its financial statements for the period ended 31 December 2021 under section 479A of the Companies Act 2006 (UK) relating to subsidiary companies. The group has provided a guarantee in respect of the liabilities of the companies where the exemption has been taken.

- Long Harbour Investments Limited (registered number: 09814054)
- LH Income LLP (registered number: 0C386236)
- Long Harbour Residential Freeholds Limited (registered number: 08231184)

12. Goodwill

	Goodwill £'000
Cost	
At 1 January 2022	3,207
At 31 December 2022	3,207
Amortisation	
At 1 January 2022	134
Charge for the year	321
At 31 December 2022	455
Net book value	
At 31 December 2022	2,752
At 31 December 2021	3,073

On 14 July 2021, as part of the group reorganisation, the company acquired Long Harbour Residential Freeholds Limited for a consideration of 104,376 ordinary £0.01 shares at value of £5,682,000. The net assets acquired were as follows:

	Book value £'000	Fair value £'000
Tangible Fixed Assets	283	283
Debtors	553	553
Cash	3,808	3,808
Creditors	1,555	1,555
Net assets acquired	3,089	3,089
Less: non-controlling interest	(614)	(614)
	2,475	2,475
Consideration value		5,682
Goodwill		3,207

Long Harbour Holdings Limited

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13. Stock

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Finished goods	8	-	8	-

The total amount of stock recognised as an expense was £Nil (2021: £Nil).

14. Debtors

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade debtors	5,223	-	4,502	-
Amounts due from related undertakings (see note 20)	-	4,348	-	1,997
Other debtors	321	155	783	238
Group relief receivable	-	-	-	380
Prepayments and accrued income	1,830	-	1,952	190
Tax	3	-	-	-
	<u>7,377</u>	<u>4,503</u>	<u>7,237</u>	<u>2,805</u>

Included in other debtors is £440,000 (2021: £440,000) relating to a rental deposit which is due in more than one year.

15. Creditors: amounts falling due within one year

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade creditors	1,162	-	828	-
Amounts due to related undertakings (see note 20)	3,705	8,953	3,507	6,499
Tax payable	142	52	196	-
Other tax and social security	3,545	-	2,125	-
Accruals and deferred income	1,276	6	1,783	190
Other creditors	76	-	-	-
	<u>9,906</u>	<u>9,011</u>	<u>8,439</u>	<u>6,689</u>

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

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Accruals and deferred income	63	-	82	-

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17. Share Capital and Share Premium

	Share Capital £	Share Premium £'000
Allotted, issued and fully paid ordinary shares		
At 1 January 2022	2	5,733
Movement in year	-	-
At 31 December 2022	2	5,733
	<u>Allotted, issued and fully paid No 2022</u>	<u>Allotted, issued and fully paid No 2021</u>
<i>Represented by:</i>		
100 ordinary A shares of £0.01 each	100	100
204,176 ordinary B shares of £0.01 each	204,176	204,176
	<u>204,276</u>	<u>204,276</u>

On 14 July 2021, as part of the group reorganisation, a subdivision of shares occurred whereby 975 ordinary shares and 25 ordinary B shares with a value of £1 each, were subdivided in to 100,000 shares with an individual value of £0.01 each. No changes in ownership occurred as a result of this sub-division. At the same time, an allotment of 104,276 ordinary £0.01 shares was issued for a consideration of £5,682,000. It was authorised to re-designate 204,276 ordinary shares of £0.01 each, into 100 ordinary A shares of £0.01 and 204,176 ordinary B shares of £0.01 each. The A shares have attached to them a full voting, dividend and capital distribution rights and they do not confer any rights of redemption.

18. Cash generated from operations

	Group 2022 £'000	Group 2021 £'000
Profit before tax	6,952	7,675
<i>Adjustments for:</i>		
Depreciation	229	233
Amortisation – intangibles	174	89
Amortisation – goodwill	321	136
Profit on disposal of investment	-	(2)
<i>Changes in working capital:</i>		
(Increase) in debtors	(140)	(4,605)
Increase in creditors	1,437	4,283
Cash generated from operations	<u>8,973</u>	<u>7,809</u>

19. Operating Lease Commitment

	Group 2022 £'000	Group 2021 £'000
At 31 December 2022 the group had total commitments under non-cancellable operating leases as follows:		
Within one year	518	985
Within two to five years	581	960
	<u>1,099</u>	<u>1,945</u>

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20. Related Party Transactions

During the year, the group advanced a loan to Longevity Partners Limited, a subsidiary of the company for working capital requirements with interest accruing at 6% on the first £500,000 and 12% on the remaining balance per annum and repayable on demand. At the reporting date, the loan balance was £3,331,000 (including accrued interest) (2021: £1,997,000).

At the reporting date, the group owed LH Income 2 LLP, a UK partnership under common control, an amount due of £3,000 (2021: £5,000).

At the reporting date, the group owed Northants Partners LLP, a UK partnership under common control, an amount due of £2,000 (2021: £2,000).

During the year, the group received a loan from Baffin Holdings Limited, the parent company of the group. The loan is interest free and repayable on demand. At the reporting date, the loan balance was £3,700,000 (2021: £3,500,000).

During the year, the group charged asset and investment management fees of £2,283,000 (2021: £6,184,000) to Aegean General Partners Limited, acting as general partners of Aegean Limited Partnership, a partnership incorporated in Guernsey.

The Group has taken advantage of the exemption conferred by FRS102 not to disclose transactions with its wholly owned subsidiaries. Balances with related undertakings at the reporting date are as follows:

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Amounts due from related undertakings				
Longevity Partners Limited	-	3,331	-	1,997
Long Harbour Residential Freeholds Limited	-	2	-	-
Long Harbour Investment Limited	-	1,015	-	-
	-	4,348	-	1,997
Amounts due to related undertakings				
Long Harbour Ltd	-	4,989	-	6,280
Homeground Management Limited	-	6	-	-
Northants Partners LLP	2	2	2	2
Way of Life Management Limited	-	256	-	217
Baffin Holdings Limited	3,700	-	3,500	-
LH Income 2 LLP	3	-	5	-
	3,705	5,253	3,507	6,499

21. Financial instruments

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Financial assets				
Financial assets (including bank accounts)	9,724	107	10,479	19
Financial assets at amortised cost (trade & other debtors and amounts due to related undertakings)	5,544	4,503	5,282	2,235
	15,268	4,610	15,761	2,254
Financial liabilities				
Financial liabilities at amortised cost (trade & other creditors, amounts due to group undertakings and accruals)	8,274	8,953	6,186	6,499
	8,274	8,953	6,186	6,499

Long Harbour Holdings Limited

Consolidated financial statements for the year ended 31 December 2022

Notes

22. Contingent liabilities

The Company is party to a group credit revolving facility of £8,000,000 with a third party lender, and its principal subsidiaries are guarantors and obligors under the facility, which hold a first ranking fixed and floating charge over the assets and shares of the Group. Any liability would give rise only in the event of default which includes: (1) material breach of a regulatory requirement; (2) breach of financial covenant or of the facility agreement; and (3) insolvency.

23. Parent and Ultimate Controlling Party

As at the reporting date, the ultimate parent undertaking of the group was Long Harbour Group General Partner Limited, a company incorporated in Guernsey, Channel Islands.

In the opinion of the directors, there is no one ultimate controlling party.