
Fort Kinnaird GP Limited
Report and Consolidated Financial Statements
for the Year Ended 31 March 2022



Company number: 11198360

Fort Kinnaird GP Limited

STRATEGIC REPORT
for the Year Ended 31 March 2022

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

Business review and principal activities

The company acts as the General Partner of Fort Kinnaird Limited Partnership ('the Partnership'), for which it receives partnership share income.

The Partnership's principal activity is as an investment holding company in the United Kingdom (UK).

Fort Kinnaird GP Limited and its subsidiaries (the 'group') includes the company and Fort Kinnaird Nominee Limited, and is 50 percent owned by Edger Investments Limited and 50 percent owned by HUT Investments Limited.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 8.

The group recognised £5,000 (2021: £5,000) of partnership share income during the year and loss on ordinary activities before taxation totalled £147 (2021: profit before taxation of £1,575).

No dividends were declared or paid during the year (2021: £nil).

The Balance Sheet on page 9 shows that the group's financial position at the year end, in net assets terms, has decreased to £2,934 (2021: £3,053).

The directors of the group uses total return, to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year distributions.

The company made no political donations or incurred any political expenditure during the year (2021: £nil).

Principal risks and uncertainties

This company acts as the General Partner of a property investment limited partnership. As such, the fundamental underlying risks for this company are those of the property partnership as disclosed below.

The partnership generates returns to Partners through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation; and
- engagement of development contractors with strong covenants.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The partnership's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The company has no third party debt and no associated third party interest rate exposure.

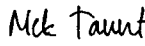
The general risk environment in which the Company operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year with a stabilisation in rents, improved rental collection and footfall and sales returning close to, and in some cases above, pre-pandemic levels. The improvement in the general risk environment will directly impact the degree of certainty around the valuation of investment properties at year end which in turn will directly impact the degree of certainty around the carrying value of investments in subsidiaries.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Company's financial statements owing to the nature of the Company's UK focused operations and limited exposure to Ukrainian and Russian businesses.

This report was approved by the Board on 20 September 2022.

Director

York House
45 Seymour Street
London W1H 7LX

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Nick Taunt

Fort Kinnaird GP Limited

DIRECTORS' REPORT
for the Year Ended 31 March 2022

The directors present their report and audited consolidated financial statements for the year ended 31 March 2022.

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law UK Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors

The directors who served during the year were:

J M Duxbury
J M Pinkstone (resigned 7 September 2021)
R J Harwood
M J Reed
B T Grose
K N Williams
N Taunt (appointed 19 November 2021)

Fort Kinnaird GP Limited

**DIRECTORS' REPORT (CONTINUED)
for the Year Ended 31 March 2022**

Environmental matters

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the Company's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Company.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 15.

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the Company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Disclosure of information to auditors

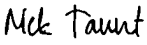
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

Independent Auditors

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

This report was approved by the Board on 20 September 2022.

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Nick Taunt

Director

York House
45 Seymour Street
London W1H 7LX

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORT KINNAIRD GP 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 March 2022 and of the Group's loss 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 Fort Kinnaird GP Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement 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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORT KINNAIRD GP LIMITED
(CONTINUED)**

Other information

The Directors are responsible for the other information. The other information comprises all of the information in the Report and Consolidated Financial Statements 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:

- adequate accounting records have not been kept by 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORT KINNAIRD GP LIMITED
(CONTINUED)**

Responsibilities of Directors (continued)

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.

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 using our general commercial and sector experience and through discussion with the Directors and other senior management of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud;
- We enquired of management and the Directors as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- We performed our own checks of compliance with relevant areas identified which included financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, health & safety and anti-money laundering;
- We communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit;
- We agreed the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- We reviewed Board meeting minutes and enquired of the Directors and management as to the risks of non-compliance and any instances thereof;
- We challenged assumptions and judgements made by management in their significant accounting estimates;
- In relation to the risk of management override of internal controls, we undertook procedures to review journal entries processed during and subsequent to the year end and evaluated whether there was a risk of material misstatement due to fraud; and
- We designed audit procedures to respond to 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORT KINNAIRD GP LIMITED
(CONTINUED)**


Auditor's responsibilities for the audit of the financial statements (continued)

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: <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 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.

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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 26 September 2022

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

Fort Kinnaird GP Limited**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 March 2022**

| | Note | Year ended 31 March 2022 Group & Company £ | Year ended 31 March 2021 Group & Company £ |
|---|------|---|---|
| Revenue | | | |
| Partnership share income | 4 | 5,000 | 5,000 |
| Total turnover | | <u>5,000</u> | <u>5,000</u> |
| Administrative expenses | | (5,147) | (3,425) |
| Operating (loss)/profit | | <u>(147)</u> | <u>1,575</u> |
| (Loss)/profit on ordinary activities before taxation | | (147) | 1,575 |
| Taxation | 8 | 28 | (299) |
| (Loss)/profit for the year | | <u><u>(119)</u></u> | <u><u>1,276</u></u> |

Turnover and results were derived from continuing operations within the United Kingdom.

The Group has no other comprehensive income other than those passing through the Consolidated statement of statement of comprehensive income. All the Group's revenues and costs are derived from continuing operations. The Group's revenues and costs are reported on a historical cost basis. Accordingly there is no difference between historic retained earnings and those presented.

The notes on pages 12 to 15 form part of these financial statements.

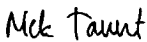
Fort Kinnaird GP Limited**CONSOLIDATED BALANCE SHEET**
As at 31 March 2022

| | Note | 31 March 2022 | | 31 March 2021 | |
|--|------|----------------|----------------|-----------------|-----------------|
| | | £ Group | £ Company | £ Group | £ Company |
| Fixed Assets | | | | | |
| Investments | 9 | - | 1 | - | 1 |
| Current assets | | | | | |
| Debtors | 10 | 7,874 | 7,873 | 15,100 | 15,099 |
| | | <u>7,874</u> | <u>7,874</u> | <u>15,100</u> | <u>15,100</u> |
| Creditors amounts falling due within one year | | | | | |
| Corporation tax | 11 | - | - | (299) | (299) |
| Other creditors | 11 | (4,940) | (4,940) | (11,748) | (11,748) |
| | | <u>(4,940)</u> | <u>(4,940)</u> | <u>(12,047)</u> | <u>(12,047)</u> |
| Net current assets | | 2,934 | 2,934 | 3,053 | 3,053 |
| Total assets less current liabilities | | <u>2,934</u> | <u>2,934</u> | <u>3,053</u> | <u>3,053</u> |
| Net assets | | <u>2,934</u> | <u>2,934</u> | <u>3,053</u> | <u>3,053</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | 100 | 100 | 100 | 100 |
| Retained Earnings | | 2,834 | 2,834 | 2,953 | 2,953 |
| Total Shareholders' funds | | <u>2,934</u> | <u>2,934</u> | <u>3,053</u> | <u>3,053</u> |

These financial statements were approved by the Board of Directors on

20 September 2022.

DocuSigned by:



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Nick Taunt

Director

The notes on pages 12 to 15 form part of these financial statements.

Fort Kinnaird GP Limited**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As at 31 March 2022**

| Group | Share capital | Retained Earnings | Total |
|------------------------------------|----------------------|--------------------------|--------------|
| | £ | £ | £ |
| Balance as at 1 April 2021 | 100 | 2,953 | 3,053 |
| Loss for the year | - | (119) | (119) |
| Balance as at 31 March 2022 | 100 | 2,834 | 2,934 |

| Company | Share capital | Retained Earnings | Total |
|------------------------------------|----------------------|--------------------------|--------------|
| | £ | £ | £ |
| Balance as at 1 April 2021 | 100 | 2,953 | 3,053 |
| Loss for the year | - | (119) | (119) |
| Balance as at 31 March 2022 | 100 | 2,834 | 2,934 |

As at 31 March 2021

| Group | Share capital | Retained Earnings | Total |
|------------------------------------|----------------------|--------------------------|--------------|
| | £ | £ | £ |
| Balance as at 1 April 2020 | 100 | 1,677 | 1,777 |
| Profit for the year | - | 1,276 | 1,276 |
| Balance as at 31 March 2021 | 100 | 2,953 | 3,053 |

| Company | Share capital | Retained Earnings | Total |
|------------------------------------|----------------------|--------------------------|--------------|
| | £ | £ | £ |
| Balance as at 1 April 2020 | 100 | 1,677 | 1,777 |
| Profit for the year | - | 1,276 | 1,276 |
| Balance as at 31 March 2021 | 100 | 2,953 | 3,053 |

The notes on pages 12 to 15 form part of these financial statements.

Fort Kinnaird GP Limited**CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2022**

| | Year ended 31 March 2022 Group & Company £ | Year ended 31 March 2021 Group & Company £ |
|---|---|---|
| Reconciliation of operating (loss)/profit to net cash flow from operating activities | | |
| Operating (loss)/profit for the financial year | (147) | 1,575 |
| Adjustments for: | | |
| Decrease/(Increase) in debtors | 7,226 | (5,000) |
| (Decrease)/Increase in creditors | <u>(7,079)</u> | <u>3,425</u> |
| Cash from operations | - | - |
| Net cash from operating activities | - | - |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | - | - |
| Movement in cash in the year | <u>-</u> | <u>-</u> |

The notes on pages 12 to 15 form part of these financial statements.

Fort Kinnaird GP Limited

Notes to the Financial Statements
for the Year Ended 31 March 2022

1. General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom. The address of its registered office is:
York House, 45 Seymour Street, London, W1H 7LX.

2. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

Basis of preparation

This company is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is York House, 45 Seymour Street, London, W1H 7LX.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") as issued in August 2014.

Consolidation

The consolidated financial statements include the results of Fort Kinnaird GP Limited and Fort Kinnaird Nominee Limited, a wholly owned subsidiary.

Going Concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the Company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Turnover

Partnership share income is recognised in the Statement of Comprehensive Income on an accruals basis.

Revenue relates to Partnership Share income where the company acts as general partner to Fort Kinnaird Limited Partnership. This income is recognised when the company has obtained the right to consideration.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Cash and cash equivalents

Cash in banks and short-term deposits that are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk to changes in value.

Debtors

The Partnership has elected to apply Section 11.2c of FRS 102 which allows the application of the recognition and measurement provisions of IFRS 9, with the disclosure and presentation requirements of Section 11 and 12 of FRS 102. Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. Trade debtors are shown after deducting provisions for bad and doubtful debts calculated under an incurred loss model.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments.

Fort Kinnaird GP Limited**Notes to the Financial Statements (Continued)
for the Year Ended 31 March 2022****3. Critical accounting judgements and key sources of estimation uncertainty**

In applying the Group's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

The general risk environment in which the Company operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year with a stabilisation in rents, improved rental collection and footfall and sales returning close to, and in some cases above, pre-pandemic levels. The improvement in the general risk environment will directly impact the degree of certainty around the valuation of investment properties at year end which in turn will directly impact the degree of certainty around the carrying value of investments in subsidiaries.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Company's financial statements owing to the nature of the Company's UK focused operations and limited exposure to Ukrainian and Russian businesses.

Key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of investments. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Critical accounting adjustments

The directors do not consider there to be any other critical accounting judgements in the preparation of the Company financial statements.

4. Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

| | 31 March 2022 | 31 March 2021 |
|--------------------------|---------------|---------------|
| | Group | Group |
| | £ | £ |
| Partnership share income | 5,000 | 5,000 |
| | <u>5,000</u> | <u>5,000</u> |

5. Staff costs

The group had no employees during the year (2021: no employees).

6. Directors' Remuneration

No directors received any remuneration for services to the company for the current year (2021: nil).

7. Auditors' Remuneration

A charge of £800 (2021: £800) is deemed payable to BDO LLP in respect of the audit of the financial statements for the year ended 31 March 2022.

No non-audit fees were paid to BDO LLP in the current year (2021: nil).

8. Taxation

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| | Group | Group |
| | £ | £ |
| Current tax (credit)/charge | <u>(28)</u> | <u>299</u> |
| Tax Reconciliation | | |
| (Loss)/profit on ordinary activities before taxation | <u>(147)</u> | <u>1,575</u> |
| Tax on (loss)/profit on ordinary activities at UK corporation tax rate of 19% | <u>(28)</u> | <u>299</u> |

On 24 May 2021 legislation was substantially enacted to increase the corporation tax rate to 25% from 1 April 2023. Where relevant this has been reflected in the deferred tax calculation.

Fort Kinnaird GP Limited**Notes to the Financial Statements (Continued)**
for the Year Ended 31 March 2022**9. Investments**

| | Shares in subsidiaries Company £ |
|---|--|
| Underlying net asset value of investment | |
| 1 April 2021 | 1 |
| 31 March 2022 | 1 |
| Underlying net asset value of investment | |
| 1 April 2020 | 1 |
| 31 March 2021 | 1 |
| At cost | |
| 1 April 2021 | 1 |
| 31 March 2022 | 1 |
| At cost | |
| 1 April 2020 | 1 |
| 31 March 2021 | 1 |

Subsidiaries

The company owns 100% of the share capital of Fort Kinnaird Nominee Limited, which is incorporated in the United Kingdom and is a dormant company. This subsidiary was incorporated on 28 March 2018. The registered office address for Fort Kinnaird Nominee Limited is York House, 45 Seymour Street, London, W1H 7LX.

10. Debtors due within one year

| | 31 March 2022 | | 31 Mar 2021 | |
|---------------------------------------|---------------|--------------|---------------|---------------|
| | Group £ | Company £ | Group £ | Company £ |
| Amounts owed by Fort Kinnaird Limited | 7,746 | - | 15,000 | 15,000 |
| Other debtors | 128 | 127 | 100 | 99 |
| | 7,874 | 127 | 15,100 | 15,099 |

The amounts owed by Fort Kinnaird Limited Partnership are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

11. Creditors amounts falling due within one year

| | 31 March 2022 | | 31 Mar 2021 | |
|-----------------|----------------|----------------|-----------------|-----------------|
| | Group £ | Company £ | Group £ | Company £ |
| Corporation tax | - | - | (299) | (299) |
| Others | (4,940) | (4,940) | (11,748) | (11,748) |
| creditors | (4,940) | (4,940) | (12,047) | (12,047) |

12. Share capital

| | 31 March 2022 | | 31 Mar 2021 | |
|----------------------------------|---------------|--------------|-------------|--------------|
| | Group £ | Company £ | Group £ | Company £ |
| Allotted, called up and not paid | | | | |
| 100 ordinary shares of £1 each | 100 | 100 | 100 | 100 |
| | 100 | 100 | 100 | 100 |

Fort Kinnaird GP Limited

**Notes to the Financial Statements (Continued)
for the Year Ended 31 March 2022**

13. Capital commitments

The group and company had capital commitments contracted at 31 March 2022 of £nil (2021: £nil).

14. Related parties

The Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Services provided to related parties

During the year, the Company served as General Partner for Fort Kinnaird Limited Partnership. The Company is entitled to a Partnership Share from the partnership each year equal to £5,000. As at 31 March 2022 the amount receivable from the Partnership was £20,000 (2021: £15,000).

15. Subsequent events

There have been no significant events since the year-end.

16. Immediate parent and ultimate holding company

The holding entities and controlling parties are HUT Investments Limited, a Jersey domiciled property unit trust and Edger Investments Limited.

Registration number: LP019239

Fort Kinnaird Limited Partnership

Annual Report and Financial Statements

for the Year Ended 31 March 2022

Fort Kinnaird Limited Partnership

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Fort Kinnaird Limited Partnership

Strategic Report for the Year Ended 31 March 2022

The General Partner present their strategic report for the Fort Kinnaird Limited Partnership ("the Partnership") for the year ended 31 March 2022.

Business review and principal activities

The Partnership's principal activity is property investment in the United Kingdom (UK).

The Partnership's General Partner is Fort Kinnaird GP Limited, a limited company incorporated in the United Kingdom and registered in England and Wales.

As shown in the Partnership's Profit and Loss Account on page 9, the Partnership's turnover of £19,156k has decreased £1,958k compared with turnover of £21,114k in the prior year, primarily due to the receipt of a one-off surrender premium in the prior year. Profit on ordinary activities before taxation is £13,746k compared to a profit on ordinary activities before taxation of £12,074k in the prior year.

Distributions of £16,200k (2021: £10,825k) were paid in the year.

The revaluation of investment properties in the year was a surplus of £18,400k (2021: deficit of £52,597k).

The value of investment properties held as at 31 March 2022 has increased £18,635k to £199,379k (2021: £180,744k) as shown in note 8 to the Partnership's Balance Sheet. Details of how investment properties are valued can be found in note 8 to the Partnership's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The Balance Sheet on page 11 shows that the Partnership's financial position at the year end, in net assets terms, has increased to £204,733k (2021: £186,559k), primarily due to the increase in value of investment property held.

Fort Kinnaird Limited Partnership

Strategic Report for the Year Ended 31 March 2022 (continued)

Principal risks and uncertainties

The Partnership generates returns to Partners through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation; and
- engagement of development contractors with strong covenants.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to the General Partner and is considered and managed on a continuous basis. The General Partner uses their knowledge and experience to knowingly accept a measured degree of market risk.

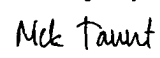
The general risk environment in which the Partnership operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year with a stabilisation in rents, improved rental collection and footfall and sales returning close to, and in some cases above, pre-pandemic levels. The improvement in the general risk environment will directly impact the degree of certainty around the valuation of investment properties at year end.

The Partnership's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Partners do not consider the conflict at this stage to have had a material impact on the Partnership's financial statements owing to the nature of the Partnership's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Partners and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Partnership operates.

The Partnership has no third party debt. It therefore has limited interest rate exposure.

Approved by the General Partner on 20/09/2022 :

DocuSigned by:

AT38C1505C2549E...
Nick Taunt

On behalf of Fort Kinnaird GP Limited
General Partner

Fort Kinnaird Limited Partnership

**Report of the General Partner
for the Year Ended 31 March 2022**

The General Partner present their report and the audited financial statements for the year ended 31 March 2022.

The Partnership

The Partnership was established on 26 February 2018 and was registered as a Limited Partnership under the Limited Partnerships Act of 1907. The Partnership is a qualifying Partnership under Companies Act 2006.

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 ("the Regulations"), requires the general partner to prepare partnership financial statements for each financial year. Under that law the general partner has elected to prepare the partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, as applied to qualifying partnerships, the general partner 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 qualifying partnership and of the profit or loss of the qualifying partnership for that year. In preparing the financial statements, the general partner 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;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease.

The general partner is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the Partnership's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Partnership. As part of the valuation process, the Partnership has discussed the impact of climate change with the external valuers who value the investment and development properties of the Partnership.

Partners' interests

At 31 March 2022 the Partners' interests were as follows:

| | 31 March 2022 |
|--|----------------------|
| Hercules Unit Trust | 50% |
| The Prudential Assurance Company Limited | 50% |

Fort Kinnaird Limited Partnership

**Report of the General Partner
for the Year Ended 31 March 2022 (continued)**

Disclosure of information to Auditors

The General Partner at the date of approval of this report confirms that:

- (a) so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- (b) the General Partner has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Going concern

Having reviewed the Partnership's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas described within the risk management section of the Strategic Report, the General Partner considers that the Partnership has adequate resources to continue its operations for the foreseeable future, despite the continued impact that the Covid-19 pandemic has had on the economy. As a result, they continue to adopt the going concern basis in preparing the financial statements.

Subsequent events

Details of significant events since the Balance Sheet date, if any, are contained in note 17.

Reappointment of independent auditors

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

Approved by the Board on 20/09/2022 and signed on its behalf by:

DocuSigned by:

X136C1505C2549E...
Nick Taunt

On behalf of Fort Kinnaird GP Limited
General Partner

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF FORT KINNAIRD LIMITED PARTNERSHIP

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements of Fort Kinnaird Limited Partnership ("the Partnership") for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in net assets attributable to partners, the 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 Partnership 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 General Partner's 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 Partnership'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 General Partner with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF FORT KINNAIRD LIMITED
PARTNERSHIP (CONTINUED)**

Other information

The General Partner is responsible for the other information. The other information comprises all of the information 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 Report of the General Partner for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the General Partner have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Report of the General Partner.

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
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF FORT KINNAIRD LIMITED PARTNERSHIP (CONTINUED)

Responsibilities of General Partner

As explained more fully in the Statement of General Partner's Responsibilities, the General Partner is 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 General Partner 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 General Partner is responsible for assessing the qualifying partnership'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 General Partner either intend to liquidate the qualifying partnership 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 using our general commercial and sector experience and through discussion with the General Partner and other senior management of the legal and regulatory framework applicable to the Partnership and the industry in which it operates, and considered the risk of acts by the Partnership that were contrary to applicable laws and regulations, including fraud;
- We enquired of management and the General Partner as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- We performed our own checks of compliance with relevant areas identified which included financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, health & safety and anti-money laundering;
- We communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit;
- We agreed the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- We reviewed Board meeting minutes and enquired of the General Partner and management as to the risks of non-compliance and any instances thereof;

Auditor's responsibilities for the audit of the financial statements (continued)


- We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment property;
- In relation to the risk of management override of internal controls, we undertook procedures to review journal entries processed during and subsequent to the year end and evaluated whether there was a risk of material misstatement due to fraud; and
- We designed audit procedures to respond to 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.

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: <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 Partnership's partners, as a body, in accordance with Partnership (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership's partners 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 Partnership and the Partnership's partners as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 26 September 2022

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

Fort Kinnaird Limited Partnership**Profit and Loss Account for the Year Ended 31 March 2022**

| | Note | 2022 £ 000 | 2021 £ 000 |
|---|------|----------------------|------------------------|
| Turnover | 4 | 19,156 | 21,114 |
| Cost of sales ¹ | | <u>(4,952)</u> | <u>(8,571)</u> |
| Gross profit | | 14,204 | 12,543 |
| Administrative expenses | | <u>(457)</u> | <u>(468)</u> |
| Net operating profit on ordinary activities before interest | | 13,747 | 12,075 |
| Interest payable and similar charges | 5 | <u>(1)</u> | <u>(1)</u> |
| Profit for the financial year before distributions | | 13,746 | 12,074 |
| Finance costs: distributions paid | 12 | <u>(16,200)</u> | <u>(10,825)</u> |
| Finance costs: distributions receivable/(payable) | 12 | <u>2,454</u> | <u>(1,249)</u> |
| Result for the financial year before capital items | | - | - |
| Movement in unrealised gain/(loss) on revaluation of properties | 13 | 18,400 | (52,521) |
| Tenant incentives amortisation not distributed and other timing differences | 13 | (232) | (81) |
| Elimination of intragroup debtor transfer | 13 | <u>-</u> | <u>(2,185)</u> |
| Total profit/(loss) for the year | | <u>18,168</u> | <u>(54,787)</u> |

1. Included within Cost of sales is a charge relating to provision for impairment of tenant debtors, accrued income and tenant incentives of £879,974 (2021: £4,620,769).

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 14 to 23 form an integral part of these financial statements.

Fort Kinnaird Limited Partnership**Statement of Comprehensive Income for the Year Ended 31 March 2022**

| | Note | 2022 £ 000 | 2021 £ 000 |
|---|------|----------------------|------------------------|
| Surplus for the financial period before distributions and income charged to capital | | <u>13,746</u> | <u>12,074</u> |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Surplus/(deficit) on revaluation of assets | 13 | 18,400 | (54,706) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Finance costs: distributions paid | 12 | (16,200) | (10,825) |
| Finance costs: distributions receivable/(payable) | 12 | 2,454 | (1,249) |
| Tenant incentives amortisation not distributed & other timing differences | 13 | <u>(232)</u> | <u>(81)</u> |
| | | <u>(13,978)</u> | <u>(12,155)</u> |
| Total comprehensive income/(expense) for the year | | <u><u>18,168</u></u> | <u><u>(54,787)</u></u> |

The notes on pages 14 to 23 form an integral part of these financial statements.

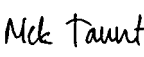
Fort Kinnaird Limited Partnership

(Registration number: LP019239)

Balance Sheet as at 31 March 2022

| | Note | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|--|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Investment properties | 8 | 199,379 | 180,744 |
| | | <u>199,379</u> | <u>180,744</u> |
| Current assets | | | |
| Debtors due within one year | 9 | 8,711 | 12,483 |
| Cash at bank and in hand | 10 | 8,638 | 6,521 |
| | | <u>17,349</u> | <u>19,004</u> |
| Creditors due within one year | 11 | (11,995) | (13,189) |
| Net current assets attributable to Partners | | <u>5,354</u> | <u>5,815</u> |
| Total assets less current liabilities | | <u>204,733</u> | <u>186,559</u> |
| Net assets attributable to Partners | | <u>204,733</u> | <u>186,559</u> |
| Capital and reserves | | | |
| Partners' capital classified as equity | | 351 | 351 |
| Partners' loans | | 350,940 | 350,934 |
| Revaluation reserve | | (148,840) | (167,240) |
| Other reserves | | <u>2,282</u> | <u>2,514</u> |
| Partners' funds | | <u>204,733</u> | <u>186,559</u> |

Approved by the General Partner and authorised for issue on 20/09/2022

DocuSigned by:

 AT36C1503C2549E.....
 Nick Taunt

On behalf of Fort Kinnaird GP Limited
 General Partner

The notes on pages 14 to 23 form an integral part of these financial statements.

Fort Kinnaird Limited Partnership**Statement of Changes in Net Assets Attributable to Partners for the Year Ended**

| | Partners' capital classified as equity £ 000 | Partners' loans £ 000 | Revaluation reserve £ 000 |
|--|---|----------------------------------|--|
| Partners funds at 1 April 2019 | <u>351</u> | <u>351,234</u> | <u>(112,5)</u> |
| Total comprehensive expense for the period | - | - | (54,7) |
| Amounts advanced | - | (300) | |
| Partners' funds at 31 March 2021 | <u>351</u> | <u>350,934</u> | <u>(167,2)</u> |
| Partners' funds at 1 April 2021 | <u>351</u> | <u>350,934</u> | <u>(167,2)</u> |
| Total comprehensive income for the year | - | - | 18,4 |
| Amounts advanced | - | 6 | |
| Partners' funds at 31 March 2022 | <u>351</u> | <u>350,940</u> | <u>(148,8)</u> |

The notes on pages 14 to 23 form an integral part of these financial statements.

Fort Kinnaird Limited Partnership**Statement of Cash Flows for the Year Ended 31 March 2022**

| | 2022 £ 000 | 2021 £ 000 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Operating profit before interest | 13,747 | 12,075 |
| Adjustments to cash flows from financing activities | | |
| Finance costs | <u>(1)</u> | <u>(1)</u> |
| | 13,746 | 12,074 |
| Working capital adjustments | | |
| Decrease/(increase) in trade and other debtors | 3,689 | (308) |
| (Decrease)/increase in trade and other creditors | <u>1,043</u> | <u>192</u> |
| Net cash flow from operating activities | <u>18,478</u> | <u>11,958</u> |
| Cash flows used in investing activities | | |
| Capital expenditure | (167) | (938) |
| Cash flows used in financing activities | | |
| Proceeds from issue/(repayment) of Partner Capital | 6 | (300) |
| Distributions paid | <u>(16,200)</u> | <u>(10,825)</u> |
| Net cash flows used in financing activities | <u>(16,194)</u> | <u>(11,125)</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,117 | (105) |
| Cash and cash equivalents at the beginning of the year | <u>6,521</u> | <u>6,626</u> |
| Cash and cash equivalents at the end of the year | <u><u>8,638</u></u> | <u><u>6,521</u></u> |

The notes on pages 14 to 23 form an integral part of these financial statements.

Fort Kinnaird Limited Partnership

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The Partnership is registered and domiciled in England, United Kingdom under the Companies Act 2006. The Partnership is a qualifying Partnership under Companies Act 2006.

The address of its registered office is:
York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102").

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Limited Partnership has elected to apply Section 11.2c of FRS 102 which allows the application of the recognition and measurement provisions of IFRS 9, with the disclosure and presentation requirements of Section 11 and 12 of FRS 102.

Going concern

Having reviewed the Partnership's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas described within the risk management section of the Strategic Report, the General Partner considers that the Partnership has adequate resources to continue its operations for the foreseeable future, despite the continued impact that the Covid-19 pandemic has had on the economy. As a result, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Rental income from investment property

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Fort Kinnaird Limited Partnership

**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)**

2 Accounting policies (continued)

Turnover continued

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Service charge income is recognised on an accruals basis in line with the service being provided.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Taxation

The Partners are personally liable for taxation on their share of the profits of the Partnership. Consequently no reserve for taxation is made in the financial statements in respect of partners' tax liabilities, and profits are shown within 'Partners' other interests' without any deduction of tax.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. Trade debtors are shown after deducting provisions for bad and doubtful debts calculated under an incurred loss model.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Partners' Loans

Partner's loans are capital contributions to the Partnership from each partner. No interest is payable on these loans. The loans are only repayable on the termination or liquidation of the partnership and therefore are classified as equity.

Distributions

Income distributions, are calculated and paid quarterly, within 20 business days after each quarter end date. Distributions are recognised at the point they are paid to partners in the Profit and Loss Account. Details of distributions paid during the year are included in Note 12 of the Financial Statements.

Fort Kinnaird Limited Partnership

**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)**

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Partnership's accounting policies, the Partners are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

The general risk environment in which the Partnership operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year with a stabilisation in rents, improved rental collection and footfall and sales returning close to, and in some cases above, pre-pandemic levels. The improvement in the general risk environment will directly impact the degree of certainty around the valuation of investment properties at year end.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Partners do not consider the conflict at this stage to have had a material impact on the Partnership financial statements owing to the nature of the Partnership's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Partners and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Partnership operates.

Key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained. In accounting for net rental income, the Partnership is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for the Partners to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the Partnership's business, to be limited.

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by the Partners, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances. The loss rates attributed to each credit risk rating for tenant incentives tends to be lower than that attributed to lease debtors on the basis that the associated credit risk on these balances, which relate to the tenant's future lease liabilities, is lower than that associated to tenant debtors outstanding as a result of Covid-19.

Critical accounting judgements

The Partners do not consider there to be any other critical accounting judgements in the preparation of the Partnership financial statements.

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****4 Turnover**

The analysis of the Partnership's turnover for the year from continuing operations is as follows:

| | 2022 | 2021 |
|--|---------------|--------------|
| | £ 000 | £ 000 |
| Rental income from investment property | 16,694 | 18,754 |
| Service charge income | 2,462 | 2,360 |
| | 19,156 | 21,114 |

5 Interest payable and similar charges

| | 2022 | 2021 |
|--------------|--------------|--------------|
| | £ 000 | £ 000 |
| Bank charges | 1 | 1 |
| | 1 | 1 |

6 Auditors' remuneration

A charge of £11,200 (2021: £11,200) is deemed payable to BDO LLP in respect of the audit of the financial statements for the year ended 31 March 2022.

No non-audit fees (2021: £nil) were paid to BDO LLP in the current year.

7 Staff costs

No partner (2021: nil) received any remuneration for services to the Partnership in either year. The remuneration of Partners was borne by another company, for which no apportionment or recharges were made.

Average number of employees of the Partnership during the year was nil (2021: nil).

8 Investment properties

| | £ 000 |
|---------------------------|----------------|
| Fair value | |
| 1 April 2021 | 180,744 |
| Additions | 384 |
| Lease incentive movements | (149) |
| Revaluation | 18,400 |
| 31 March 2022 | 199,379 |

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****8 Investment properties (continued)**

| | £ 000 |
|---------------------------------------|----------------|
| Fair value | |
| 1 April 2020 | 232,613 |
| Additions | 767 |
| Lease incentive movements | (39) |
| Revaluation | (52,597) |
| 31 March 2021 | <u>180,744</u> |
| Analysis of cost and valuation | |
| 31 March 2022 | |
| Cost | 329,184 |
| Valuation | (129,805) |
| Net book value | <u>199,379</u> |
| 31 March 2021 | |
| Cost | 328,800 |
| Valuation | (148,056) |
| Net book value | <u>180,744</u> |

At 31 March 2022 the book value of freehold investment properties owned by the Partnership was £199,379,414 (2021: £180,744,461).

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Properties were valued to fair value at 31 March 2022 by Jones Lang LaSalle Limited, external valuers, in accordance with the RICS Valuation - Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

In preparing their valuations during the pandemic lockdown periods in 2020/21, our valuers had considered the impact of concessions agreed with tenants at the relevant balance sheet date, which mainly related to rent deferrals and rent-free periods, on valuations, primarily of retail assets. With the lifting of lockdown restrictions during 2021/22, the number of concessions agreed with tenants has decreased and following the cessation of the general moratorium on commercial evictions and restrictions on commercial rent arrears recovery on 25 March 2022, the valuers have assumed that rental income will be received, unless there are specific concession agreements in place. The valuers have also given consideration to occupiers in higher risk sectors, and those assumed to be at risk of default, in determining the appropriate yields to apply.

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****8 Investment properties (continued)**

The valuers of the Partnership's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risk related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Partnership has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would. Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

The Partnership leases out all of its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

| | 31 March 2021 £ 000 | 31 March 2020 £ 000 |
|-----------------------------------|------------------------------------|------------------------------------|
| Leases less than one year | 14,409 | 15,548 |
| Leases between one and five years | 40,599 | 37,431 |
| Leases greater than five years | 22,839 | 19,772 |
| | 77,847 | 72,751 |

9 Debtors

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|--|------------------------------------|------------------------------------|
| Trade debtors | 3,622 | 3,893 |
| Provisions for bad debts | (3,297) | (2,883) |
| Net trade debtors | 325 | 1,010 |
| Accrued income | 465 | 738 |
| Prepayments | 476 | 3,285 |
| Other debtors | 24 | 144 |
| Unamortised tenant incentives and capitalised letting fees | 7,421 | 7,306 |
| | 8,711 | 12,483 |

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****10 Cash at bank and in hand**

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|--------------|------------------------------------|------------------------------------|
| Cash at bank | <u>8,638</u> | <u>6,521</u> |
| | <u>8,638</u> | <u>6,521</u> |

11 Creditors due within one year

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|---------------------------------|------------------------------------|------------------------------------|
| Trade creditors | 627 | - |
| Accrued expenses | 4,892 | 4,490 |
| Amounts due to Partners | 6,237 | 8,498 |
| Social security and other taxes | <u>239</u> | <u>201</u> |
| | <u>11,995</u> | <u>13,189</u> |

12 Reconciliation of Distributions

| | £ 000 |
|--|-----------------------|
| Distributions | |
| April 2021 | 3,600 |
| July 2021 | 3,600 |
| October 2021 | 4,500 |
| January 2022 | <u>4,500</u> |
| Distributions paid in the financial year | <u>16,200</u> |
| Current period distributable differences | |
| Prior year amounts distributed in April 2021 | (3,600) |
| Profit to be distributed in April 2022 | 5,569 |
| Movement in accrued rents receivable - rent frees | (82) |
| Movement in amortisation of capital lease incentives | (375) |
| Retention movements | <u>(3,966)</u> |
| Finance costs: Distributions receivable | <u>(2,454)</u> |
| Net operating income available for distribution | <u>13,746</u> |

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****13 Reconciliation of movement in Revaluation and Other Reserves**

| | Revaluation reserve on Freehold Property £ 000 | Tenant incentives (i) £ 000 | Total revaluation reserve £ 000 | Other income reserve (ii) £ 000 | Total £ 000 |
|---|---|--------------------------------------|--|---|------------------|
| Partners' funds at 1 April 2021 | (159,934) | (7,306) | (167,240) | 2,514 | (164,726) |
| Movements in respect of: | | | | | |
| - unrealised surplus on revaluation of properties | 18,516 | - | 18,516 | - | 18,516 |
| - rent free incentives not distributed | - | (497) | (497) | (82) | (579) |
| - capital incentives | - | 225 | 225 | (376) | (151) |
| - letting fees | - | 156 | 156 | (282) | (126) |
| - retention movements | - | - | - | 537 | 537 |
| - other timing differences | - | - | - | (29) | (29) |
| Closing Partners' funds at 31 March 2022 | <u>(141,418)</u> | <u>(7,422)</u> | <u>(148,840)</u> | <u>2,282</u> | <u>(146,558)</u> |

- (i) Tenant incentives represent the unamortised balance of cash amounts paid to tenants as lease incentives as well as the unamortised balance of rent free incentives granted to tenants, in accordance with the accounting policies outlined in Note 2 and are included within the revaluation reserve.
- (ii) The other income reserve represents amortisation of capital tenant incentives and income in relation to rent free periods. The Partnership does not distribute its rent free income and the undistributed amounts are taken to the Partnership's Income Reserve. These are non-cash accounting entries which are included in the Statement of Income but not taken into account for distributions.

14 Capital commitments

The total amount contracted for but not provided in the financial statements was £544k (2021: £643k).

Fort Kinnaird Limited Partnership**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****15 Financial instruments**

The Partnership holds cash and liquid resources as well as having trade receivables and trade payables that arise directly from its operations. Financial instruments identified are:

- Cash
- Trade receivables and payables arising from operations
- Amounts due to Partners

The principal risks arising from the Partnership's financial instruments are market price risk, credit risk, liquidity risk. The Partnership is only exposed to sterling and hence is not exposed to currency risks. The General Partner regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Market price risk

The Partnership's performance is determined by:

- (i) The valuation performance or eventual selling price of the investment properties directly and indirectly held by the Trust. As a consequence, it participates in the deficit when property values fall.
- (ii) The rental income obtainable from the direct and indirect properties during the period they are held. The risk arises when there are adverse movements in the property rental market.

The General Partner monitors the market value of investment properties by having valuations carried out at the end of each reporting period by a firm of independent chartered surveyors. Valuations are generally a matter of an independent valuer's opinion and subject to estimation uncertainty and therefore there is no assurance that the estimates will reflect the actual sales price, even where a sale occurs shortly after the valuation date.

In order to mitigate the risk relating to exposure to conditions in the property rental market, the General Partner had regard to market conditions in the formulation of its investment strategy.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as and when they fall due. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it 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 Partnership's reputation. The Partnership monitors this risk on a timely basis through regular meetings to discuss and consider the potential timing of the maturity of the financial assets and liabilities.

The following table indicates the maturity analysis of the financial assets and liabilities:

| | 6 months or less | 6 months - 2 years | 2-5 years | Greater than 5 years | Total |
|-------------------------|---------------------|-----------------------|-----------|-------------------------|---------|
| Assets | | | | | |
| Debtors | 3,281 | - | - | - | 3,281 |
| Liabilities | | | | | |
| VAT Payable | (239) | - | - | - | (239) |
| Creditors | (2,418) | - | - | - | (2,418) |
| Amounts due to Partners | (6,232) | - | - | - | (6,232) |

Debtors balance excludes VAT, prepayments and unamortised tenant incentives and capitalised letting fees.

Fort Kinnaird Limited Partnership

**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)**

15 Financial instruments (continued)

Credit risk

Credit risk is the risk of the Partnership's distributable income changing due to a counterparty (also called an obligor or debtor) defaulting on its obligations. The maximum exposure to credit risk is equal to the carrying value of balances owed by counterparties to the Partnership. The Partnership is exposed to credit risks primarily from the transaction counterparties and occupiers. The total unimpaired rent receivable from occupiers was £3,356k as at 31 March 2022 (2021: £6,079k).

Interest rate risk

Exposure to market price risk for changes in interest rates relates primarily to the Partnership's interest earned on cash balances, therefore the Partnership is not significantly exposed to the risk of interest rate changes.

16 Related party transactions

During the year, the Partnership paid the General Partner, Fort Kinnaird GP Limited, £5,000. Fort Kinnaird GP Limited is entitled to this fee each year. As at 31 March 2022 the amount recognised in creditors was £20,000 (2021: £15,000).

During the year, the Partnership paid total distributions of £16,200,000 (2021: £10,825,000) to Hercules Unit Trust and the Prudential Assurance Company Limited as equal joint venture partners.

17 Subsequent events

There have been no significant events since the year end.

18 Parent and ultimate parent undertaking

The Partnership is operated as a joint venture between Hercules Unit Trust and The Prudential Assurance Company Limited.