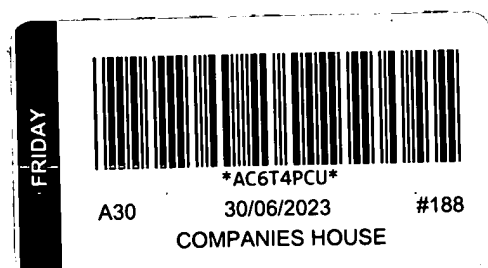


Tanglewood (PropCo) Limited

Audited Financial Statements

For the year ended 31 December 2022

Company Number: 12328549



Tanglewood (PropCo) Limited
Audited Financial Statements
For the year ended 31 December 2022

CONTENTS

	Page
Company Information	1
Directors' Report	2
Independent Auditor's Report	3 – 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 – 17

Tanglewood (PropCo) Limited

Company Information

For the year ended 31 December 2022

Directors

Amanda Robinson	(appointed 14 October 2022)
Peter Cameron	(appointed 14 October 2022)
Helen Wetherall	(resigned 14 October 2022)
Zoe Rizzuto	(resigned 14 October 2022)

Registered Office

8th Floor
1 Fleet Place
London
EC4M 7RA

Company Secretary

LHJ Secretaries Limited
3rd Floor, Gaspe House
66-72 Esplanade
St Helier
Jersey, Channel Islands
JE1 2LH

Solicitor

Pinsent Masons LLP
30 Crown Place
Earl Street
London
EC2A 4ES

Administrator

Langham Hall Fund Management (Jersey) Limited
3rd Floor, Gaspe House
66-72 Esplanade
St Helier
Jersey, Channel Islands
JE1 2LH

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Tanglewood (PropCo) Limited

Directors' Report

For the year ended 31 December 2022

The Directors present their report and financial statements for the year ended 31 December 2022 and the comparative year ended 31 December 2021.

The report has been prepared in accordance with the special provisions relating to small companies under Section 415A (1) and (2) of the Companies Act 2006.

Principal activities

Tanglewood (PropCo) Limited (the "Company") was incorporated on 22 November 2019. The Company's principal activity is a property investment company investing in residential nursing care facilities.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Results and dividends

The profit for the year amounted to £8,245,827(2021: £6,145,462). The Directors have declared dividends of £2,431,765 (2021: £2,308,133 during the year).

Directors

The following persons served as directors during the year to date of signing:

Amanda Robinson	(appointed 14 October 2022)
Peter Cameron	(appointed 14 October 2022)
Zoe Rizzuto	(resigned 14 October 2022)
Helen Wetherall	(resigned 14 October 2022)

Directors fees of £4,244 (2021: £4,120) were paid during the year to Langham Hall Fund Management (Jersey) Limited in respect of the directors.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

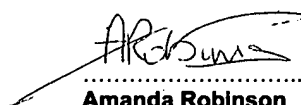
Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (the "United Kingdom Accounting Standards and Applicable Law"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Statement of Comprehensive Income of the Company for that year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

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

This report was approved by the Board of Directors and signed on its behalf by:



Amanda Robinson

Director

Date: 26/06/2023

Tanglewood (PropCo) Limited

Independent Auditor's Report

For the year ended 31 December 2022

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

We have audited the financial statements of Tanglewood (PropCo) Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 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 performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast doubt on the Company's ability to continue as a going concern for a year 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 Directors 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Tanglewood (PropCo) Limited

Independent Auditor's Report (continued)

For the year ended 31 December 2022

Other Companies Act 2006 reporting (continued)

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 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.

Our procedures included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management as to the risks of non-compliance and any instances thereof, challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to investment properties. In response to the risk of management override of controls we identified and tested journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement.

We also 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.

Tanglewood (PropCo) Limited
Independent Auditor's Report (continued)
For the year ended 31 December 2022

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

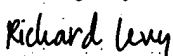
Extent to which the audit was capable of detecting irregularities, including fraud (continued)

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

DocuSigned by:

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Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory auditor,
London, United Kingdom
Date 27 June 2023

Tanglewood (PropCo) Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

		Year ended 31 Dec 2022 Total £	Year ended 31 Dec 2021 Total £ (Restated)
	Note		
Revenue	6	3,424,045	3,298,922
Other income		1,612	-
Gross profit		3,425,654	3,298,922
Administrative and other expenses	7	(22,904)	(46,578)
Changes in fair value of investment property	11	4,077,548	2,799,316
Changes in fair value of financial instruments	12	472,385	-
Operating profit		7,952,682	6,051,660
Interest payable and similar charges	8	(997,537)	(124,890)
Interest receivable and similar incomes	9	240,000	239,342
Profit for the year before tax		7,195,148	6,166,112
Taxation credit / (charge)	10	1,050,677	(20,650)
Profit and comprehensive income for the year		8,245,826	6,145,462

All amounts included in the Statement of Comprehensive Income for the year relate to continuing activities.
There are no items of comprehensive income other than the profit for the financial year.

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The accompanying notes on pages 10 to 17 form part of the financial statements

Tanglewood (PropCo) Limited

Company Number: 12328549

Statement of Financial Position

As at 31 December 2022

	Note	As at 31 Dec 2022 £	As at 31 Dec 2021 £
Assets			
Non-current assets			
Investment property	11	55,430,000	51,400,000
Trade and other receivables	13	1,999,440	1,999,440
Total non-current assets		57,429,440	53,399,440
Current assets			
Trade and other receivables	13	19,094,988	19,114,788
Derivative financial instruments	12	472,385	-
Total current assets		19,567,373	19,114,788
Liabilities			
Current liabilities			
Trade and other payables	14	36,321,207	36,657,717
Current tax liability		81,818	20,650
Total current liabilities		36,403,025	36,678,367
Total net current liabilities		16,835,652	17,563,579
Total assets less current liabilities		40,593,788	35,835,861
Non-current liabilities			
Bank borrowings	15	23,800,000	23,800,000
Deferred tax liability	10	47,992	1,104,126
Total non-current liabilities		23,847,992	24,904,126
Total net assets		16,745,796	10,931,735
Equity			
Share capital	16	200	200
Share premium	17	3,986,056	3,986,056
Capital contribution reserve	18	460	460
Retained earnings		12,759,080	6,945,019
Total equity		16,745,796	10,931,735

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 26 June 2023 and are signed on behalf of the board by


Amanda Robinson
Director

Company registration number: 12328549

The accompanying notes on pages 10 to 17 form part of the financial statement

Tanglewood (PropCo) Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance as at 1 January 2021		200	3,986,056	460	3,107,690	7,094,406
Total comprehensive income		-	-	-	6,145,462	6,145,462
Dividends declared	19	-	-	-	(2,308,133)	(2,308,133)
Balance as at 31 December 2021		200	3,986,056	460	6,945,019	10,931,735
Balance as at 1 January 2022		200	3,986,056	460	6,945,019	10,931,735
Total comprehensive income		-	-	-	8,245,826	8,245,825
Dividends declared	19	-	-	-	(2,431,765)	(2,431,764)
Balance as at 31 December 2022		200	3,986,056	460	12,759,080	16,745,796

The accompanying notes on pages 10 to 17 form part of the financial statements.

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. Corporate information

The financial statements of Tanglewood (PropCo) Limited (the "**Company**") for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 26 June 2023.

The Company is a registered private company incorporated in the England and Wales with registration number 12328549. The address for the registered office is 8th Floor, 1 Fleet Place, London, England, EC4M 7RA. The Company's principal activity is the investment of real estate in the UK.

Effective 15 November 2022, EHP Midco Ltd (the intermediate parent company) was acquired by EHP II TopCo Limited, a wholly owned subsidiary of EHP II PA LP, incorporated in Jersey. As of 31 December 2022, the Company is a member of the EHP II PA LP group which comprises of EHP II PA LP and its subsidiaries (the "**Group**").

These financial statements represent the separate financial statements of the Company.

2. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("**FRS 102**"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The Company has taken advantage of the small companies' exemption which is permissible under FRS 102 Section 1A and have not provided a Statement of Cash Flow.

Currency

The Company financial information is presented in Sterling (£) which is also the Company's functional currency and values are rounded to the nearest £ except where indicated otherwise.

Going concern

Tanglewood (Lincolnshire) Limited novated an amount of £23,800,000 to the Company under the Clydesdale Bank plc agreement. The loan has a facility agreement with an interest rate of 2.65% per annum plus the SONIA rate. The loan is due to mature in December 2024.

Under the terms of the lease, there is good visibility on the current trading of the tenant businesses and see increasing occupancy driven by new residents seeking a safer environment in which to be cared for and increased demand for beds from NHS / Local authorities for patients that need to be discharged from hospitals to free up beds. With this increased occupancy the Company is seeing increasing tenant profitability and the Company would therefore expect the tenant to remain in a strong position to continue to pay their rent on time, as they have done to date. There is significant headroom on loan to value covenants.

The primary risk to the Company Group is that of tenants falling into default on their rental payments, leaving the Company Group unable to meet its bank financing commitments. There are currently no tenants in default on their rent. Under the terms of the leases the tenants are required to provide the Company with regular KPIs which enable the Company to collect in-depth trading performance data of the operating business. If a tenant were to experience trading difficulties the Company Group would have sufficient warning to be able to take appropriate action to protect the value and medium to long term profitability of the home. This may include transferring the home to a new tenant and the Company holds a charge over the operating company of each tenant that holds the underlying residents' contracts, all staff employment contracts and the regulatory license. If a tenant were to default on the rent or the financial covenants set out in the lease, the Company would be able to exercise the charge and transfer the home as a going concern to a new tenant with all residents in situ, reducing the risk of continued non receipt of rent.

As at the year end the Company had net current liabilities of £16,835,652 (2021: £17,563,579). The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about performance, and are satisfied that the Company has sufficient resources to meet its liabilities as they fall due and to remain in operational existence for the foreseeable future, and for at least 12 months from the date of signing these accounts. The Directors have therefore prepared these financial statements under the going concern basis.

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

3. Summary of significant accounting policies

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in the year in which they arise in the Statement of Comprehensive Income.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred. The carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income statement.

Significant accounting judgements, estimates and assumptions made in the valuation of investment properties are discussed in Note 4.

Revenue

Rental income from investment property is recognised on a straight-line basis over the expected term of ongoing leases.

Taxation

Taxation on the profit or loss for the year is comprised of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted as at the balance sheet date.

Trade and other receivables

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence. The Company will not be able to collect all amounts due in accordance with the original terms of the receivables. Balances are written off to the Statement of Comprehensive Income when the probability of recovery is assessed as being remote.

Trade and other payables

Trade and other payables are classified as current liabilities if payment is due within one year or less from the end of the current accounting year. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled.

Bank borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facilities through profit or loss.

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

Finance income and finance costs

Finance income is recognised as interest accrues on cash balances held by the Company. Finance costs consist of interest payable which are expensed using the effective interest rate method over the term of the loan and other costs that the Company incurs in connection with bank and other borrowings which are expensed in the period in which they occur

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

- **Fair valuation of investment properties**

The Company's properties have been independently valued by Knight Frank LLP (the "**Independent Valuer**") in accordance with definitions published by the Royal Institute of Chartered Surveyors' ("**RICS**") Valuation – Professional Standards, July 2017, Global and UK Editions (commonly known as the '**Red Book**').

The Company uses the valuation carried out by its Independent Valuer as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and appropriate capitalisation rate. The Independent Valuer makes reference to market evidence of transaction prices for similar properties.

- **Valuation of derivative instruments**

The Company has debt facilities with Clydesdale on which interest is calculated using the aggregate of a fixed margin and the variable 3-month compounded SONIA. To reduce the exposure to the variable interest rate the Company has entered into a number of interest rate swap transactions, classified as derivative financial instruments.

The Company has engaged Chatham Financial, a financial risk management firm, to fair value the swaps on a regular basis (the '**Independent Derivative Valuer**'). The valuation is based upon commercially reasonable industry and market practices for valuing similar financial instruments. Certain inputs to the credit valuation models may be based on assumptions and best estimates that are not readily observable in the marketplace.

5. Prior year adjustment

	Year ended 31 Dec 2021 As previously stated	Prior year adjustment Correction of error	Year ended 31 Dec 2021 As restated
Statement of Comprehensive Income	£	£	£
Revenue	3,382,419	(83,497)	3,298,922
Change in fair value of investment property	2,715,819	83,497	2,799,316
Impact on the profit for the year		<u>-</u>	

In the prior year, the Company's "lease income" and the "lease incentive debtor" was overstated due to incorrect calculation of the impact of rent-free period. During the year, the Company has corrected the prior year errors by adjusting the affected line items. As the aforementioned entry impacted the "investment property" line item which resulted to a difference from fair value as per the valuation report, the Company also passed a correction entry to restate the "investment property" and "change in fair value of investment property". The correcting entries have NIL impact on the investment property line item on the statement of financial position.

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

6. Revenue

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Rental income from investment property	3,471,593	Restated 2,773,525
Tenant lease incentive	(47,548)	525,397
	<u>3,424,045</u>	<u>3,298,922</u>

Rental income is derived from investment properties and is recognised on a straight-line basis over the expected term of the relevant leases.

7. Administrative and other expenses

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Accounting fees	6,871	6,544
Administration fees	6,154	14,247
Legal and professional fees	5,635	21,666
Director fees	4,244	4,120
	<u>22,904</u>	<u>46,577</u>

8. Interest payable and similar charges

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Bank loan interest expense	973,174	124,890
Swap costs – interest rate swaps	24,363	-
	<u>997,537</u>	<u>124,890</u>

9. Interest receivable and similar income

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Interest income from loan receivable	240,000	239,342
	<u>240,000</u>	<u>239,342</u>

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

10. Taxation

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Current tax (credit) / charge		
Corporation tax on profits for the year	5,457	20,650
Deferred tax charge		
Origination and reversal of timing difference	(1,056,134)	-
Total tax (credit) / charge	(1,050,677)	20,650
	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	£	£
Profit on ordinary activities before tax	7,195,148	6,166,113
UK corporation tax at 19%	1,367,078	1,171,561
Effects of:		
Unrealised gain on valuation of investment property	(760,011)	(516,005)
Unrealised gain on valuation of financial instruments	(89,753)	-
REIT exempt income	(458,029)	(634,906)
Other adjustments	(7,036)	-
Prior year adjustment – current tax	(46,792)	-
Origination and reversal of timing differences	(1,056,134)	-
Total tax (credit) / expense	(1,050,677)	20,650
Deferred tax		
	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Opening liability	1,104,126	1,104,126
Origination and reversal of timing differences	(1,056,134)	-
Closing liability	47,992	1,104,126

Taxation on the profit for the year not exempt under UK REIT regulation comprises current and deferred tax. Current tax is expected tax payable or any non-REIT taxable income for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustments to tax payable in respect of previous years.

11. Investment property

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Opening balance	51,400,000	48,020,000
Additions during the year	-	55,287
Changes in fair value during the year	4,077,548	2,799,316
Lease incentives movement	(47,548)	525,397
Closing balance	55,430,000	51,400,000

Knight Frank LLP valued the properties at £55,430,000 (2021: £51,400,000) as at 31 December 2022. The historic cost of the properties are £44,066,764 (2021: £44,066,764).

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

12. Derivative financial instruments

	Maturity	Notional £	Strike	As at 31 Dec 2022 Assets £	As at 31 Dec 2021 Assets £
Interest rate swap – maturity within 1 year					
3 month GBP-SONIA-BBA	4-Dec-23	16,280,000	1.8500%	472,385	-
				472,385	-

13. Trade and other receivables

	<u>Non-current</u> <u>As at</u> <u>31 Dec 2022</u> £	<u>Current</u> <u>As at</u> <u>31 Dec 2022</u> £	<u>Total</u> <u>As at</u> <u>31 Dec 2022</u> £
Loan receivable from tenants	1,999,440	-	1,999,440
Amounts due from related parties	-	18,600,000	18,600,000
Share capital receivable	-	489,856	489,856
Other debtors	-	5,132	5,132
	1,999,440	19,094,988	21,094,428

	<u>Non-current</u> <u>As at</u> <u>31 Dec 2021</u> £	<u>Current</u> <u>As at</u> <u>31 Dec 2021</u> £	<u>Total</u> <u>As at</u> <u>31 Dec 2021</u> £
Loan receivable from tenants	1,999,440	-	1,999,440
Amounts due from related parties	-	18,600,000	18,600,000
Share capital receivable	-	489,856	489,856
Interest receivable from tenant	-	18,411	18,411
Other debtors	-	6,521	6,521
	1,999,440	19,114,788	21,114,228

On 4 December 2019, as part of the lease agreements with the tenant, the Company provided a working capital loan of £2,000,000 to the tenant. The tenant are liable to pay interest at an interest rate of 12% per annum. The loan matures on 4 December 2024.

14. Trade and other payables

	As at 31 Dec 2022 £	As at 31 Dec 2021 £
Amounts owed to group undertakings	35,998,945	31,519,603
Deferred rental income	300,965	288,004
Deferred interest income	20,384	20,384
Other payables	913	18,152
Dividends payable	-	4,811,574
	36,321,207	36,657,717

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

15. Bank borrowings

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Opening balance	23,800,000	5,102,600
Drawdowns	-	18,697,400
Closing balance	<u>23,800,000</u>	<u>23,800,000</u>

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Repayable in less than 1 year	-	846,000
Repayable between 1 and 2 years	23,800,000	22,954,000
Repayable between 2 and 5 years	-	-
	<u>23,800,000</u>	<u>23,800,000</u>

The loan with Clydesdale Bank plc is subject to an interest rate of 2.65% per annum plus the SONIA rate. The loan is due to mature in December 2024. The guarantors of the loan are members of the Group which consists of the Company, EHP BottomCo II Limited, Tanglewood Care Homes Limited and Tanglewood (Lincolnshire) Limited.

16. Share capital

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Authorised and issued:		
Ordinary Shares of £1.00 each	<u>200</u>	<u>200</u>

Share capital represents the nominal value of the capital subscribed for.

17. Share premium

The share premium relates to amounts subscribed for share capital in excess of the nominal value net of directly attributable share issue costs.

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Opening balance	3,986,056	3,986,056
Share premium arising during the year	-	-
Closing balance	<u>3,986,056</u>	<u>3,986,056</u>

18. Capital contribution reserve

The capital contribution reserve relates to the capital contributed by EHP BottomCo II Limited during the year for no consideration.

	As at 31 Dec 2022	As at 31 Dec 2021
	£	£
Opening balance	460	460
Capital contribution during the year	-	-
Closing balance	<u>460</u>	<u>460</u>

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

19. Dividends

	As at 31 Dec 2022 £	As at 31 Dec 2021 £
Total dividends paid for the year	2,431,765	-
Total dividends unpaid but declared for the year	-	2,308,133
Total dividends declared for the year	2,431,765	2,308,133

On 18 March 2022, the Company declared a dividend of £776,998 to the immediate parent, EHP BottomCo II Limited.

On 25 May 2022, the Company declared a dividend of £859,065 to the immediate parent, EHP BottomCo II Limited.

On 21 October 2022, the Company declared a dividend of £795,702 to the immediate parent, EHP BottomCo II Limited.

20. Operating leases - The Company as lessor

The future minimum lease receivable by the Company under operating leases as at 31 December 2022 and 2021 are as follows:

	As at 31 Dec 2022 £	As at 31 Dec 2021 £
Not later than one year	3,464,200	3,462,600
Later than one year and not more than five years	14,573,298	14,566,759
Later than five years	28,119,714	32,491,845
	46,157,212	50,521,204

The Company lease is provided for fixed rents which are reviewed on upwards only annual basis. The rent reviews are directly linked to inflation or on a fixed basis; and have long contractual terms.

21. Contingent liabilities

There were no contingent liabilities as at 31 December 2022.

Tanglewood (PropCo) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

22. Related party disclosures

As at 31 December 2022, the amounts due from group undertakings included in "trade and other receivables" are as follows:

- a. An interest free loan amount of £18,600,000 (2021: £18,600,000) owed by Tanglewood (Lincolnshire) Limited, a company registered in England and Wales. Tanglewood (Lincolnshire) Limited is owned by EHP BottomCo II Limited. The interest free loan amount is repayable on demand.
- b. An interest free loan amount of £4,786 (2021: £nil) owed by to EHP (Louth) Limited, a company registered in London. EHP (Louth) Limited is wholly owned by EHP BottomCo Limited. The interest free loan amount is repayable on demand.

As at 31 December 2022, the amounts due from group undertakings included in "trade and other payables" are as follows:

- a. An interest free loan amount of £35,871,236 (2021: £31,427,532) owed by the Company to EHP BottomCo II Limited, a company registered in Jersey. The Company is wholly owned by EHP MidCo Limited. The interest free loan amount is repayable on demand.
- b. An interest free loan amount of £20,280 (2021: £20,280) owed by the Company to EHP BottomCo Limited, a company registered in Jersey. The Company is wholly owned by EHP MidCo Limited. The interest free loan amount is repayable on demand.
- c. An interest free loan amount of £107,429 (2021: £8,546) owed by the Company to EHP MidCo Limited, a company registered in Jersey. The immediate parent of the Company, EHP BottomCo II Limited is wholly owned by EHP MidCo Limited. The interest free loan amount is repayable on demand.
- d. An interest free loan amount of £nil (2021: £63,245) owed by the Company to EHP TopCo Limited, a company registered in England and Wales. EHP MidCo Limited is owned by EHP TopCo Limited. The interest free loan amount is repayable on demand.

Directors fees of £4,244 (2021: £4,160) were paid during the year to Langham Hall Fund Management (Jersey) Ltd in respect of the directors.

23. Post balance sheet events

No significant events have occurred after 31 December 2022 to the date the Directors approved the Financial Statements.

24. Ultimate controlling party

The immediate parent company is EHP BottomCo II Limited and the ultimate parent entity is EHP II PA LP. There is no ultimate controlling party.

The largest group in which the results of the entity is consolidated is headed by EHP II PA LP, a limited partnership registered in Jersey under limited partnership registration number 4005. The registered office is located at 3rd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 2LH, Channel Islands.

The smallest group in which the results of the company is consolidated is headed by EHP BottomCo II Limited, a company incorporated and registered in Jersey under company registration number 130046. The registered office is located at 3rd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 2LH, Channel Islands.