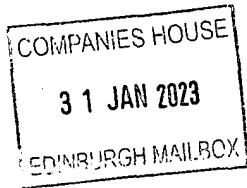


Company number 12524275



LONDON BTR INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



ANNUAL REPORT AND FINANCIAL STATEMENTS

CONTENTS	PAGE
COMPANY INFORMATION	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITOR'S REPORT	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
COMPANY STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS	12
ACCOUNTING POLICIES	13
NOTES TO THE FINANCIAL STATEMENTS	16

COMPANY INFORMATION

Directors	Panayiotis Shacalis Nisha Raghavan Nicholas Jopling Graham Barnett
Secretary	Sigma Capital Property Ltd
Company Number	12524275
Registered Office	Floor 3, 1 St. Ann Street Manchester M2 7LR
Auditors	CLA Evelyn Partners Limited 45 Gresham Street London EC2V 7BG

DIRECTORS' REPORT

The Group and Company were incorporated on 18 March 2020. The directors present their report and financial statements for year ended 31 December 2021. The prior period is from incorporation to 31 December 2020 (the "Period to 31 December 2020").

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and accordingly no strategic report has been provided.

Saturn Holding Co S.à.r.l. owns a 95% shareholding interest in the Group and Sigma Capital Property Ltd owns a 5% shareholding interest. The Company is controlled pursuant to the shareholders and operating agreement between Saturn Holding Co S.à.r.l., Sigma Capital Property Ltd and London BTR Investments Limited dated 21 September 2020.

Principal activities

The principal activity of the Group and Company is the investment in and development of Build to Rent property ("BTR") in the areas of greater London.

Results and Dividends

The statement of comprehensive income is set out on page 8. The loss for the period is £2,355,987 (2020: Loss £733,020). The directors do not recommend the payment of a dividend for the year ended 31 December 2021.

Directors

The directors who served the Company during the year are set out on page 2.

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 period. Under that law the directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business; and
- state whether they have been prepared in accordance with applicable UK Accounting Standard, subject to any material departures disclosed and explained in the financial statements;

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

Awareness of relevant audit information

At the date of signing this report insofar as the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT (CONT.)

Going concern

The directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor

CLA Evelyn Partners Limited (previously known as Nexia Smith & Williamson Audit Limited) were appointed as the Company's auditors during the year. The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies note

The directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a strategic report.

By order of the board



GF Barnet
Director

31 January 2023

INDEPENDENT AUDITOR'S REPORT
to the members of London BTR Investments Limited

Opinion

We have audited the financial statements of London BTR Investments Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise Consolidated Statement of comprehensive income, Consolidated and Company Statement of financial position, the Consolidated Statement of Changes in Equity, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company 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.

Basis for opinion

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

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 and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 obtained a general understanding of the Group and Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations.

We understand that the Group and Company complies with requirements of the framework through:

- Maintaining clear policies;
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings; and
- Engaging external experts as required, including assistance with investment property valuations and tax compliance.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, and which are central to the Group and Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and Company:

- Companies Act 2006 in respect of the preparation and presentation of the financial statements;
- UK-adopted international accounting standards in respect of the preparation and presentation of the Group financial statements;

- FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) in respect of the preparation and presentation of the Parent Company financial statements; and
- Health and Safety Legislation regarding building safety standards

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We made enquiries of management, including relating to legal correspondence, and reviewed board meeting minutes; and
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified in this discussion were with regard to manipulation of the financial statements through manual journal entries and incorrect valuations of investment properties.


Audit procedures performed by the engagement team on the above areas included:

- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals; and
- Reviewing the valuation process of investment property

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

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.


 Andrew Bond (Jan 31, 2023 19:25 GMT)

Andrew Bond
 Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
 Statutory Auditor
 Chartered Accountants
 45 Gresham Street
 London
 EC2V 7BG
 31 January 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group Year to 31 December 2021 £	Group Period to 31 December 2020 £
Revenue		846,516	-
Cost of sales		(172,163)	-
Gross profit		674,353	-
Unrealised loss on revaluation of investment property		(392,037)	-
Administrative expenses		(311,417)	(733,020)
Loss from operations	2	(29,101)	(733,020)
Finance income		5	-
Finance costs		(410,788)	-
Loss before taxation		(439,884)	-
Taxation	4	(1,916,103)	-
Loss after tax for the period		(2,355,987)	(733,020)

The accompanying notes are an integral part these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Group 31 December 2021 £	Group 31 December 2020 £
Assets			
Non-current assets			
Investment property	5	120,300,000	-
Tangible assets	6	368,040	-
		<u>120,668,040</u>	<u>-</u>
Current assets			
Trade and other receivables	8	6,431,446	100
Cash at bank and in hand		2,206,975	243,470
		<u>8,638,421</u>	<u>243,570</u>
Total assets		<u>129,306,461</u>	<u>243,570</u>
Liabilities			
Non-current liabilities			
Interest bearing loans	10	64,004,351	-
Deferred tax	12	1,916,103	-
		<u>65,920,454</u>	<u>-</u>
Current liabilities			
Trade and other payables	11	6,034,455	231,490
Current tax liability		10,796	-
		<u>6,045,251</u>	<u>231,490</u>
Total liabilities		<u>71,965,705</u>	<u>231,490</u>
Net assets		<u>57,340,756</u>	<u>12,080</u>
Equity			
Called up share capital	13	556	316
Share premium account		60,429,207	744,784
Retained earnings		(3,089,007)	(733,020)
Equity attributable to equity holders of the Company		<u>57,340,756</u>	<u>12,080</u>

The accompanying notes are an integral part these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	Company 31 December 2021 £	Company 31 December 2020 £
Assets			
Non-current assets			
Investments	7	733,100	733,100
Trade and other receivables	8	58,691,136	-
Total non-current assets		59,424,236	733,100
Current assets			
Trade and other receivables	8	181,905	100
Cash at bank and in hand		801,797	242,980
Total current assets		983,702	243,080
Total assets		60,407,938	976,180
Liabilities			
Current liabilities			
Trade and other payables	11	288,565	231,100
Total liabilities		288,565	231,100
Net assets		60,119,373	745,080
Equity			
Called up share capital	13	556	316
Share premium account		60,429,207	744,784
Retained earnings		(310,390)	(20)
Equity attributable to equity holders of the Company		60,119,373	745,080

The accompanying notes are an integral part these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

All of the activities of the Group and Company are classed as continuing. The Company loss for the year was £310,370 (period from incorporation to 31 December 2020 - loss: £20).

The financial statements were approved and authorised for issue by the Board of Directors on 31 January 2023 and were signed on its behalf by:



GF Barnet
Director

31 January 2023

Registered number
12524275

STATEMENT OF CHANGES IN EQUITY

GROUP

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
Balance at 18 March 2020	-	-	-	-
Issue of shares	316	744,784	-	745,100
Loss for the period	-	-	(733,020)	(733,020)
Balance at 31 December 2020	316	744,784	(733,020)	12,080
Issue of shares	240	59,684,423	-	59,684,558
Loss for the period	-	-	(2,355,987)	(2,355,987)
Balance at 31 December 2021	556	60,429,207	(3,089,007)	57,340,651

COMPANY

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
Balance at 18 March 2020	-	-	-	-
Issue of shares	316	744,784	-	745,100
Loss for the period	-	-	(20)	(20)
Balance at 31 December 2020	316	744,784	(20)	745,080
Issue of shares	240	59,684,423	-	59,684,558
Loss for the period	-	-	(310,370)	(310,370)
Balance at 31 December 2021	556	60,429,207	(310,390)	60,119,268

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Group 31 December 2021 £	Group 31 December 2020 £
Cash flows from operating activities			
Cash generated (used in)/from operations	14	(1,818,874)	(501,630)
Net cash inflow/(outflow) from operating activities		<u>(1,818,874)</u>	<u>(501,630)</u>
Cash flows from investing activities			
Purchase of property and equipment		(409,349)	-
Purchase of investment property		(119,602,804)	-
Finance income received		(5)	-
Finance cost paid		410,788	-
Net outflow from investing activities		<u>(119,601,370)</u>	<u>-</u>
Cash flows from financing activities			
Bank and other loans		63,699,191	-
Issue of shares		59,684,558	745,100
Net cash inflow from financing activities		<u>123,383,749</u>	<u>745,100</u>
Net increase in cash and cash equivalents		1,963,505	243,470
Cash and cash equivalents at beginning of period/year		243,470	-
Cash and cash equivalents at end of period/year		<u><u>2,206,975</u></u>	<u><u>243,470</u></u>

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period for the Group and Company, is set out below.

London BTR Investments Limited (the “Company”) is a Company incorporated and domiciled in the UK.

The Company maintains its books and records in British Pounds (“£”). The Statement of Financial Position and Statement of Comprehensive Income are expressed in this currency.

These financial statements present information about the Company as a group and as a company.

The consolidated financial statements of the Group have been prepared in accordance with the UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company's separate financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), the Companies Act 2006 and in accordance with applicable accounting standards.

The following exemptions have been applied in the preparation of the Company's separate financial statements, in accordance with FRS 101:

- a cash flow statement and related notes;
- disclosure in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective accounting standards.

The accompanying policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

New and amended Standards which became effective in the year

No new standards or amendments to standards that are mandatory for the first time for the financial year commencing 1 January 2021 affected any of the amounts recognised in the current year or prior period and is not likely to affect future periods.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 16 Intended Use	Property, Plant and Equipment – Proceeds before
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 16	Leases – COVID-19 related rent concessions
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases

The Directors have assessed that there will be no material impact on the financial statements as a result of these changes.

Measurement convention

The accounts have been prepared under the historical cost convention except for the revaluation of investment property at fair value through profit or loss, and in accordance with applicable accounting standards.

ACCOUNTING POLICIES (CONT.)

Going concern

The directors have reviewed the trading prospects and projected cash flows of the business and on that basis the directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future, being for these purposes at least 12 months from the signing date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group expects, over the coming years, to finance its operations through a combination equity and debt financings.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and fitting	33% straight line
-----------------------	-------------------

Investments in subsidiaries - Company

Parent Company investments in subsidiaries are stated at cost less provision for permanent diminution in value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property under IAS 40. Investment property including that which is being constructed for future use as investment property is measured initially at cost including related transaction costs. After initial recognition investment property is carried at fair value. Gains or losses arising from changes in the fair value of the Group's investment properties are included in profit from operations in the statement of comprehensive income of the period in which they arise. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13. Further details are provided in note 19 and in the Market Risk section below.

Taxation

Tax on the profit or loss for the period comprises current tax and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Revenue Recognition

IFRS15 Revenue from Contracts excludes rents receivable. The Group's income comprises from tenant leases and is outside the scope of the standard. The financial impact of the standard is considered immaterial and does not materially impact the financial statements.

Revenue comprises rental income from tenancy occupied properties net of Value Added Tax where appropriate; Rental income is recognized in the Income Statement on an accruals basis.

ACCOUNTING POLICIES (CONT.)

Trade receivables

Trade receivables are initially recognized at the transaction price in accordance with IFRS15. IFRS9 requires the Group to make an assessment of Expected Credit Losses ("ELCs") on its debtors based on tenant payment history and the Directors' assessment of the future credit risk relating to its trade receivables at reporting dates.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank

Staff numbers

There were no employees other than the Directors in the current year or prior period. No compensation was paid to the Directors either in the current year or prior period.

Finance income and finance expense

Finance costs comprise interest payable recognised in the Consolidated statement of profit and loss, using the effective interest method. Finance income comprises bank interest income.

Interest income and interest payable are recognised in the Consolidated statement of profit and loss as it accrues, using the effective interest method.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern whilst providing an adequate return to shareholders by balancing its trading performance with continuing investment in investment property. The capital structure of the Group consists of cash, long term bank loans, and equity attributable to the owners, comprising issued capital, reserves and retained earnings.

Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Investment property valuation

Investment properties both completed and under construction are held at fair value, based on independent CBRE (UK) Limited valuations, acting in the capacity of External Valuers as defined in the RICS Red Book.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the useful economic lives and residual values of the assets. The useful economic lives and residual values of assets are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets.

Impairment of trade and other receivables

The Company regularly assesses the recoverability of its trade and other receivables for evidence of impairment. This assessment involves judgement in respect of estimating the probability of default.

NOTES TO THE FINANCIAL STATEMENTS

1. Financial Risk Management

Financial risk factors

The Group's business activities are set out in the Directors' Report on pages 3 to 4. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. The Group only operates in the UK and transacts in sterling. It is not therefore directly exposed to any foreign currency exchange risk.

Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. The capital structure of the Group consists of cash and cash equivalents, equity and debt. The Group meets its objectives by aiming to achieve a steady growth by mitigating risk, which will generate regular and increasing returns to the shareholders. The Group also seeks to minimise the cost of capital and optimise its capital structure. At 31 December 2021 the Group had long term debt of £64,004,000 (2020: £Nil). There were no changes in the Group's approach to capital management during the year.

Financial instruments

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group's principal financial liabilities are loans, the main purpose of which is to finance the acquisition and development of the Group's investment property portfolio.

	Amortised cost	
	31 Dec 2021	31 Dec 2020
	£'000	£'000
Financial assets		
Trade and other receivables	6,431	-
Cash and other cash equivalents	2,207	244
Total financial assets	8,638	244
Financial liabilities		
Trade and other payables	7,962	231
Interest bearing loans	64,004	
Total financial liabilities	71,966	231

Market risk

Price risk

It is not considered that the Group is exposed to any price risk.

Fair values

IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 Unobservable inputs for the asset or liability.

The investment properties are externally valued by CBRE. CBRE are qualified external valuers who hold a recognised and relevant professional qualification. Gains or losses arising from changes in the fair value of

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

the Group's investment properties are included in profit from operations in the income statement of the period in which they arise. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS13. The valuations include a number of unobservable inputs and other valuation assumptions.

The significant unobservable inputs and the range of values used are:

Type	Range
Investment yield	3.75% to 4.15%
Gross to net assumption	25.0% to 26.0%

Interest rate risk

The impact of interest rate risk is on income and operating cash flow and arises from changes in market interest rates. The Group has limited interest rate risk in respect of the loan from Homes England and National Westminster Bank plc which is utilised to fund property investment and partially manages this with the use of an interest rate cap. As at 31 December 2021, the total loans outstanding were £64.0m (2020: £nil). The Group has not been affected by the interest rate benchmark reform.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other current assets.

During the period ended 31 December 2021, the Group's cash and cash equivalents were held with The Royal Bank of Scotland plc and National Westminster Bank plc.

The concentration of credit risk from trade receivables and other current assets varies throughout the period depending on the timing of transactions.

Property rental income arises from the Group's investment property. Rental income is derived from multiple tenants across the Group's portfolio. It is paid monthly in advance and currently the Group has suffered limited bad debts. Under IFRS 9, the Group is required to consider historic, current and forward-looking information when assessing whether to recognise any credit losses.

Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board regularly reviews available cash to ensure there are sufficient resources for working capital requirements. As at 31 December 2021 the Group's net current assets/liabilities were £2.6m (2020: £0.12m) and the Group had positive cash balances of £2.2m (2020: £0.2m).

The Group's loan facilities are with Homes England and National Westminster Bank plc.

The table below summarises the maturities of the Group's financial liabilities, excluding tax, as at 31 December 2021:

	On demand £'000	< 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
As at 31 December 2021						
Trade and other payables	-	6,034	-	-	-	6,034
Loans	-	-	-	64,004	-	64,004
	-	6,034	-	64,004	-	70,038
As at 31 December 2020						
Trade and other payables	-	231	-	-	-	231
Loans	-	-	-	-	-	-
	-	231	-	-	-	231

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. Operating loss

	Group Year to 31 December 2021	Group Period to 31 December 2020
	£	£
Operating loss is stated after charging:		
Depreciation	41,309	-
	<u>41,309</u>	<u>-</u>

3. Auditor's remuneration

	Group Year to 31 December 2021	Group Period to 31 December 2020
	£	£
Audit of the Company's financial statements	7,905	-
Audit of Group undertakings.	77,730	-
Total	<u>85,635</u>	<u>-</u>

4. Taxation

	Group Year to 31 December 2021	Group Period to 31 December 2020
	£	£
UK corporation tax on profit for year/period	-	-
Deferred tax – origination of timing differences	1,916,103	-
	<u>1,916,103</u>	<u>-</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	Year to 31 December 2021	Period to 31 December 2020
	£	£
Loss on ordinary activities before tax	<u>(439,884)</u>	<u>(733,020)</u>
Loss on ordinary activities at the effective rate of corporation tax in the UK of 19%	(83,578)	(139,274)
Losses carried forward	148,361	-
Expenses not deductible for tax purposes	(64,783)	139,274
Deferred tax in respect of investment property	1,916,103	-
Tax charge for year/period	<u>1,916,103</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. Investment property

Group

	Completed Assets £	Assets under Construction £	Total £
At 1 January 2021	-	-	-
Properties acquired on acquisition of subsidiaries	48,448,522	-	48,448,522
Property additions – subsequent expenditure	-	72,243,516	72,243,516
Change in fair value	351,478	(743,516)	(392,038)
As at 31 December 2021	<u>48,800,000</u>	<u>71,500,000</u>	<u>120,300,000</u>

The investment properties were independently valued by CBRE (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book. The valuations accord with the requirements of IFRS13 and the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards, effective from 31 January 2020, incorporating the IVSC International Valuation Standard (the "RICS Red Book"). CBRE (UK) Limited are an accredited External Valuer with recognised and relevant professional qualifications and recent experience of location and category of the investment property being valued.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

6. Tangible fixed assets

Group

	Furniture & Fittings £
Cost	
At 1 January 2021	-
Additions	409,349
At 31 December 2021	<u>409,349</u>
Depreciation	
At 1 January 2021	-
Charge for year	41,309
At 31 December 2021	<u>41,309</u>
Net book value	
At 31 December 2021	<u>368,040</u>
At 31 December 2020	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

7. Fixed asset investments

Company	Shares in Group companies
	£
Cost	
At 31 December 2020 and 31 December 2021	<u>733,100</u>
Net book value	
At 31 December 2020 and 31 December 2021	<u>733,100</u>

The Company has investments in the following subsidiaries as at 31 December 2021:

Name	Principal activity	Class of shares	Holding
London BTR Investments Holdings Limited	Holding company	Ordinary	100%
London BTR Investments (NW) Holdings Limited	Holding company	Ordinary	100%
London BTR Investments (NW) Holdings 2 Limited	Holding company	Ordinary	100%
London BTR Minority Investments (NW) Holdings Limited	Holding company	Ordinary	100%
London BTR Investments (Cheshunt 1B) Limited	Property	Ordinary	100%
London BTR Investments (Fulbourne Road Block A) Limited	Property	Ordinary	100%
Sigma PRS Investments (Beam Park V&W) Limited	Property	Ordinary	100%
Sigma PRS Investments (Fresh Wharf) Limited	Property	Ordinary	100%
London BTR Investments (Fresh Wharf Block H) Limited	Property	Ordinary	100%
London BTR Investments (Fresh Wharf Block H) OpCo Limited	Dormant	Ordinary	100%
London BTR Investments (NW II) Holdings Limited	Holding company	Ordinary	100%
London BTR Investments (NW II) Holdings 2 Limited	Holding company	Ordinary	100%
London BTR Investments Holdings 1 Limited	Holding company	Ordinary	100%
London BTR Investments Holdings 2 Limited	Holding company	Ordinary	100%
London BTR Minority Investments Holdings Limited	Holding company	Ordinary	100%
London BTR Investments (Alma Blocks 34 & 35) Limited	Property	Ordinary	100%
London BTR Investments (Alma Blocks 40 & 41) Limited	Property	Ordinary	100%
London BTR Investments (Ark Soane) Limited	Property	Ordinary	100%
London BTR Investments (Beam Park Block N) Limited	Property	Ordinary	100%
London BTR Investments (Beam Park Block T) Limited	Property	Ordinary	100%

The registered office of all the above companies is: Floor 3, 1 St Ann Street, Manchester, England M2 7LR.

Subsequent to the year end the Company has investments in the following additional subsidiaries:

London BTR Investments (Gallions Reach) Limited	Property	Ordinary	100%
London BTR Investments (Clapham Park Block F) Limited	Property	Ordinary	100%
London BTR Investments (Clapham Park Block G) Limited	Property	Ordinary	100%
London BTR Investments (Fulbourne Road Block E) Limited	Property	Ordinary	100%
London BTR Investments (Fulbourne Road Block F) Limited	Property	Ordinary	100%
London BTR Investments (Ark Soane) OpCo Limited	Property	Ordinary	100%
London BTR Investments (Beam Park Block T) OpCo Limited	Property	Ordinary	100%
London BTR Investments (Beam Park Block N) OpCo Limited	Property	Ordinary	100%
London BTR Investments (Beam Park Block N4) Limited	Property	Ordinary	100%

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. Trade and other receivables

	Group 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2021 £	Company 31 December 2020 £
Trade receivables	143,690	-	1,800	-
Prepayments and accrued income	2,825,256	-	180,000	-
Other receivables	292,738	100	105	100
Other taxes and social security	3,169,762	-	-	-
Amounts owed by other Group companies	-	-	-	-
	<u>6,431,446</u>	<u>100</u>	<u>181,905</u>	<u>100</u>

The Directors consider that the carrying amount of trade receivables approximates to their fair value. Debts provided for and written off are determined on an individual basis and included administrative expenses in the financial statements. The Group's maximum exposure on credit risk is fair value on trade receivables as presented above. The Group has no pledge as security on trade receivables.

9. Trade and other receivables greater than one year

	Company 31 December 2021 £	Company 31 December 2020 £
Amounts owed by other group undertakings	<u>58,691,236</u>	-

The Company's receivables due from Group undertakings are intercompany loan balances due from its UK subsidiaries. As of 31 December 2021, the directors believe that there has been no impairment to these values.

The Company considers that the amounts included in receivables due from group undertakings will prove recoverable. However the timing of and the ultimate repayment of these amounts will depend primarily on the disposal of the investment property held by the subsidiary. The amounts owed by group undertakings are included in non-current assets. These are unsecured, interest free and have no fixed repayment date.

10. Interest bearing loans

	Group 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2021 £	Company 31 December 2020 £
Bank loans	<u>64,004,351</u>	-	-	-

The bank loans are utilised to fund the Company's investment in private rented sector property. Interest is charged on the facility at commercial rates and is secured on the Company's investment property.

Directly attributable Group borrowing costs totaling £0.3m (2020: £nil) have been capitalised in the year.

All development loan interest in respect of any given development site is capitalised up until the project reaches practical completion. During 2021 and 2020 all development loan interest incurred was capitalised. Interest incurred in respect of completed assets is charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

11. Trade and other payables

	Group 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2021 £	Company 31 December 2020 £
Trade payables	2,976,904	-	-	-
Amounts owed to Group undertakings	-	-	-	231,000
Other payables and accruals	3,057,551	231,490	288,565	100
Corporation tax	10,796	-	-	-
	<u>6,045,251</u>	<u>231,490</u>	<u>288,565</u>	<u>231,100</u>

12. Deferred tax liability

	Group Year to 31 December 2021 £	Group Period to 31 December 2020 £	Company Year to 31 December 2021 £	Company Period to 31 December 2020 £
Amounts due to be paid greater than one year	1,916,103	-	-	-

The movement in the year and prior period in the Group and Company net deferred tax liability position was as follows:

	31 December 2021 £	31 December 2020 £
Opening balance	-	-
Charge to statement of comprehensive income for the period	-	-
Deferred tax charged directly to profit and loss reserves	-	-
At 31 December 2021	<u>-</u>	<u>-</u>
Charge to statement of comprehensive income for the period	1,916,103	-
Deferred tax charged directly to profit and loss reserves	-	-
At 31 December 2021	<u>1,916,103</u>	<u>-</u>

The deferred tax liability relates to the property valuations. A rate of 25% (2020: 19%) was applied as at 31 December 2021 (prior period ending 31 December 2020), being the rate substantively enacted at that date.

13. Share capital and share premium

Group and Company	No. of Shares £	Ordinary Shares £	Share Premium £	Total £
Opening balance as at 1 January 2021	31,580	316	744,784	745,100
Equity issued during the year	60,398,183	240	59,684,423	59,684,663
Closing balance as at 31 December 2021	<u>60,429,763</u>	<u>556</u>	<u>60,429,207</u>	<u>60,429,763</u>

All shares are issued at a par value of 1p per share (2020: 1p per share). All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

14. Cashflow from operating activities

	Group 31 December 2021 £	Group 31 December 2020 £	Company 31 December 2021 £	Company 31 December 2020 £
Total comprehensive income for the period	(2,355,987)	(733,020)	(310,730)	(20)
<i>Adjustments for:</i>				
Depreciation	(41,309)	-	-	-
Finance costs	(410,788)	-	-	-
Finance income	5	-	-	-
Unrealised loss on revaluation of investment property	(392,037)	-	-	-
Decrease/(increase) in trade and other receivables	(6,431,241)	(100)	(58,876,460)	(100)
(Decrease)/increase in trade and other payables	7,729,864	231,490	61,089	231,100
Cash flows from operating activities	<u>(1,818,874)</u>	<u>(501,630)</u>	<u>(59,125,740)</u>	<u>230,980</u>

15. Capital commitments

The Group have entered into contracts with unrelated parties for the construction of residential housing with a total value of £140.8m (2020: £nil). As at 31 December 2021, £108.9m of such commitments remained outstanding.

16. Related party relationships and transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

There have been no further related party transactions in the year.

17. Post balance sheet events

Since 31 December 2021, the Group has acquired seven new development sites for a total price of £51.4m, which was financed through both debt and equity in a 40:60 split respectively.

The Group has entered into contracts with unrelated parties for the construction of residential housing with a value of £107.9m.

18. Controlling parties

The ultimate controlling party of the Company is EQT Real Estate II SCSp who, indirectly, own more than 75% but less than 100% of the shares in the Company. EQT Real Estate II SCSp is a Company incorporated and registered in Luxembourg with company number B227967. It's registered office is at 51A Boulevard Royal, Luxembourg 2449.

The smallest group of undertakings for which Group accounts for the period ended 31 December 2021 have been drawn up is that headed by Saturn Holding Co S.à.r.l. Saturn Holding Co S.à.r.l is a Company incorporated and registered in Luxembourg with company number B243116. It's registered office is at 26A Boulevard Royal, Luxembourg 2449.