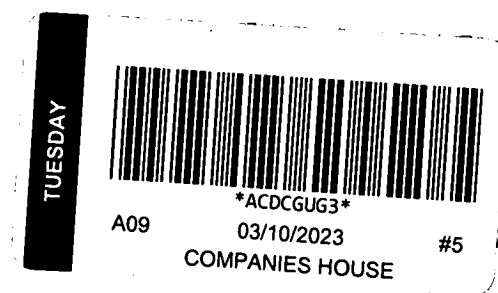


Registration number: OC390365

Anglo Scandinavian Estates 4 LLP

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Anglo Scandinavian Estates 4 LLP

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Anglo Scandinavian Estates 4 LLP

LLP Information

Designated Members	Anglo Scandinavian Estates Company Limited Anglo Scandinavian Estates LLP
Registered office	Sloane Square House 1 Holbein Place London SW1W 8NS
Auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick, West Sussex RH6 0PA

Anglo Scandinavian Estates 4 LLP

Members' Report for the Year Ended 31 December 2022

The limited liability partnership ("LLP") members ("Members") present their report together with the audited financial statements for the year ended 31 December 2022.

Results and members' capital

The Statement of Comprehensive Income is set out on page 10 and shows the loss for the year.

The Members do not propose the withdrawal of capital (2021 - £ Nil).

Income distributions totalling £ Nil (2021 - £ Nil) were payable to Members in respect of the year.

Principal activity

The LLP's principal activity is that of owning and renting investment property in the UK.

Review of business, key performance indicators and future developments

The LLP held one property at year end (2021 - one). The LLP holds 1,500 ordinary shares (2021 - 1,500 ordinary shares) at an issue price of £1,000 per share in Alpha Works (Birmingham) Limited, a provider of shared office and co-working facilities.

The LLP made a loss after tax of £6,743,263 (2021 - profit after tax of £899,307) primarily as a result of a loss on the change in fair value of investment properties of £4,743,425 (2021 - gain of £3,171,183) and loss in impairment provisions against investments in subsidiaries of £97,742 (2021 - loss of £207,504).

The LLP is a subsidiary within a property group, headed by ASE Holdings S.à r.l. (the "Group"). The LLP holds one property within the Group's five properties, with total rental collections (including amounts recoverable under agreed payment plans) for the Group at 98% (2021 - 97%). The Group's rental collection represents the total value of rent demanded against the value of rent collected (including amounts recoverable under agreed payment plans).

The Members monitor the business performance of the group of which the LLP is a member on a quarterly basis in detail.

The Members do not consider the Group to be directly exposed to the economic uncertainties that have arisen through the Russia-Ukraine conflict beyond the impact already reflected in the accounts.

Principal risks, uncertainties and financial instruments

The LLP's income derives from a wide tenant base. This diversifies the principal risks which arise in the LLP's business.

All of the LLP's current borrowings are either fixed or substantially hedged facilities therefore interest rate risk is substantially mitigated.

The Members monitor the business performance of the group of which the LLP is a member on a quarterly basis in detail. This includes 5 year rolling cash flow forecasts, detailed management information for the rental business and banking covenants reports. This allows the Members to ensure that appropriate facilities and internal resource are available, and where necessary further funds are made available from Members.

Anglo Scandinavian Estates 4 LLP

Members' Report for the Year Ended 31 December 2022 (continued)

Designated Members

The following were designated Members, (as defined by the Limited Liability Partnerships Act 2000) during the year:

Anglo Scandinavian Estates Company Limited

Anglo Scandinavian Estates LLP

Statement of Members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial period. Under these regulations the Members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under these regulations the Members 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 LLP and of the profit or loss of the LLP for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Policies in relation to drawings, capital and profits

The policy for Members' drawings is that they are determined by the members on a quarterly basis in line with the terms of the Limited Liability Partnership Deed dated 5 February 2014. These drawings are determined by taking into account the need to retain sufficient funds to finance the working capital and other needs of the business. Drawings will only be taken after these requirements have been met.

Individual Members' capital contributions are also determined on a quarterly basis by the Members' having regard to the short, medium and long term needs of the business.

Profits of the LLP which are not yet divided among the Members are reflected under 'Retained Earnings'. These reserves are allocated once all criteria have been met in accordance with the Limited Liability Partnership Deed.

Anglo Scandinavian Estates 4 LLP

Members' Report for the Year Ended 31 December 2022 (continued)

Going concern

The Members consider that it is appropriate to adopt the going concern basis in preparing the financial statements. For further details see note 1 to the financial statements.

Reappointment of auditors

BDO LLP have expressed their willingness to continue in office.

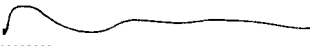
Events subsequent to the reporting period

Details of events that have occurred since the year end are set in note 20 to the financial statements.

Disclosure of information to auditor

Both of the current Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Members

DocuSigned by:

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Andrew Woods
For and on behalf of
Anglo Scandinavian Estates Company Limited
Designated Member

Date: 29 September 2023 | 9:28 PM BST

ANGLO SCANDINAVIAN ESTATES 4 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO SCANDINAVIAN ESTATES 4 LLP

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2022 and of its loss 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of Anglo Scandinavian Estates 4 LLP ("the Limited Liability Partnership") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Members' Interests, the Statement of Financial Position, 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 101 *Reduced Disclosure Framework* (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 Limited Liability 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.

Material uncertainty related to going concern

We draw attention to the disclosures made in Note 1 to the financial statements which indicates that the Limited Liability Partnership is reliant on the ability of ASE Holdings S.à r.l., the ultimate parent company, to provide financial support. The Group consolidated financial statements included material uncertainties related to going concern which would have a direct impact on the Group's ability to provide required financial support to the Limited Liability Partnership. As stated in Note 1 these events or conditions, along with the other matters set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the Limited Liability Partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

ANGLO SCANDINAVIAN ESTATES 4 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO SCANDINAVIAN ESTATES 4 LLP (continued)

Other information

The Members are responsible for the 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. 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 as applied to limited liability partnerships

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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.

Responsibilities of Members

As explained more fully in the statement of members' responsibilities in respect of the financial statements, the Members 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 Members 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 Members are responsible for assessing the Limited Liability 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 Members either intend to liquidate the Limited Liability 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.

ANGLO SCANDINAVIAN ESTATES 4 LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO SCANDINAVIAN ESTATES 4 LLP (continued)

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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Limited Liability Partnership and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Limited Liability Partnership's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice), UK limited liability partnership law and UK tax legislation.

The Limited Liability Partnership is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with tax authorities for any instances of non-compliance with laws and regulations; and
- review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Limited Liability Partnership's policies and procedures relating to:
 - detecting and responding to the risks of fraud; and
 - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering interest cover covenants present on debt financing facilities and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, valuation of investment property and management override of controls, where management may feel pressure to achieve expected results to meet interest cover covenants or achieve bonuses.

ANGLO SCANDINAVIAN ESTATES 4 LLP

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO SCANDINAVIAN
ESTATES 4 LLP (continued)**

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for bias relating to:
 - adjustments used in revenue recognition including the deferral of rental income and rent incentive smoothing through testing a sample of adjustments to supporting documentation; and
 - inputs used by the valuer in valuing the investment property through testing a sample of inputs to supporting documentation.
- to address the fraud risk in relation to revenue recognition we reviewed a sample of new or amended lease agreements and ensured that any lease incentives were correctly recorded. We recalculated the expected amounts to be recognised under each applicable lease and compared amounts recorded and traced a further sample of leases from management's prepared calculations to source documentation. For all new, amended and existing leases, we set expectations for the rental income to be received under the lease agreement, investigating any variances. For a sample of new, amended and existing leases, we verified cash receipts and payee details as per the lease agreement to bank statements, investigating any variances. For a sample of new, amended and existing leases, we verified the deferred income balances recognised through recalculation of the deferral based on the lease period invoiced in advance; and
- we also addressed the risk of management override of internal controls by evaluating whether there was evidence of bias by management or those charged with governance that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

ANGLO SCANDINAVIAN ESTATES 4 LLP

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO SCANDINAVIAN
ESTATES 4 LLP (continued)**

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Partnership and the Limited Liability Partnership'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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Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom
Date: 30 September 2023

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

Anglo Scandinavian Estates 4 LLP

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Revenue	4	2,831,763	2,810,764
Operating expenses	5	(821,410)	(993,972)
Other operating income	5	<u>415,643</u>	<u>144,171</u>
Gross profit		2,425,996	1,960,963
Administrative expenses	5	(628,622)	(594,243)
Change in fair value of investment property	10	<u>(4,743,425)</u>	<u>3,171,183</u>
Operating (loss)/profit	6	(2,946,051)	4,537,903
Change in fair value of financial instruments	15	523,491	53,354
Movement in impairment provisions against investments in subsidiaries	11	(97,742)	(207,504)
Finance income	7	85,306	3,722
Finance costs	7	<u>(4,308,267)</u>	<u>(3,488,168)</u>
(Loss)/profit before tax		(6,743,263)	899,307
Taxation	8	<u>-</u>	<u>-</u>
(Loss)/profit and total comprehensive (loss)/income for the financial year attributable to Members		<u><u>(6,743,263)</u></u>	<u><u>899,307</u></u>

The above results were derived from continuing operations.

Anglo Scandinavian Estates 4 LLP

Statement of Changes in Members' Interests for the Year Ended 31 December 2022

	Members' Capital £	Retained earnings £	Total £
Balance at 1 January 2022	8,090,001	(10,784,431)	(2,694,430)
Comprehensive loss for the year	-	(6,743,263)	(6,743,263)
Amounts due to Members on 31 December 2022	<u>8,090,001</u>	<u>(17,527,694)</u>	<u>(9,437,693)</u>

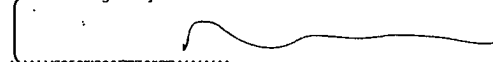
	Members' Capital £	Retained earnings £	Total £
Balance at 1 January 2021	8,090,001	(11,683,738)	(3,593,737)
Comprehensive income for the year	-	899,307	899,307
Amounts due to Members on 31 December 2021	<u>8,090,001</u>	<u>(10,784,431)</u>	<u>(2,694,430)</u>

Anglo Scandinavian Estates 4 LLP**(Registration number: OC390365)****Statement of Financial Position as at 31 December 2022**

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	9	23,661	11,962
Investment properties	10	48,269,037	53,169,135
Investments in subsidiary	11	-	97,742
Derivative financial assets	15	462,415	-
		<u>48,755,113</u>	<u>53,278,839</u>
Current assets			
Trade and other receivables	12	183,057	152,324
Cash and cash equivalents		769,720	602,975
Derivative financial assets	15	51,856	-
		<u>1,004,633</u>	<u>755,299</u>
Total assets		<u>49,759,746</u>	<u>54,034,138</u>
Members' Interest and liabilities			
Members' interests	16	9,437,693	2,694,430
Non-current liabilities			
Loans and borrowings	13	(26,647,530)	(27,445,390)
Long term lease liabilities	17	(3,169,037)	(3,169,135)
		<u>(29,816,567)</u>	<u>(30,614,525)</u>
Current liabilities			
Trade and other payables	14	(1,815,624)	(1,826,544)
Loans and borrowings	13	(27,565,248)	(24,278,279)
Derivative financial liabilities	15	-	(9,220)
		<u>(29,380,872)</u>	<u>(26,114,043)</u>
Total liabilities		<u>(59,197,439)</u>	<u>(56,728,568)</u>
Total Members' interest and liabilities		<u>(49,759,746)</u>	<u>(54,034,138)</u>

The financial statements were approved by the Members and authorised for issue on 29 September 2023 | 9:28 PM BST

DocuSigned by:



Andrew Woods

For and on behalf of Anglo Scandinavian Estates Company Limited
Designated Member

The notes on pages 13 to 38 form an integral part of these financial statements.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies

Anglo Scandinavian Estates 4 LLP is a limited liability partnership incorporated in England & Wales under the Companies Act. The address of the registered office is given on the LLP information page and the nature of the LLP's principal activities are set out in the Members' Report.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared on a historical cost basis except that derivative financial instruments and investment property are measured at fair value.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the LLP's Members to exercise judgement in applying the LLP's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The LLP's financial statements are presented in Sterling (GBP), which is the LLP's functional currency and all values are rounded to the nearest pound (£) except where otherwise indicated. The functional currency is the currency of the primary economic environment in which the LLP operates. Accordingly, the LLP measures its financial results and financial position in Sterling. The reporting currency used for the preparation of the financial statements is Sterling, which is the currency in which the Members' capital in the LLP is denominated.

The financial statements contain information about Anglo Scandinavian Estates 4 LLP as an individual LLP and do not contain consolidated financial information as the parent of a group. The LLP has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of ASE Holdings S.à r.l. The consolidated financial statements of ASE Holdings S.à r.l., within which the LLP is included, can be obtained from that company's registered address which is 8, Rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand-Duchy of Luxembourg.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Basis of preparation (continued)

FRS 101 sets out a reduced disclosures framework for a 'qualifying entity', as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK adopted international accounting standards.

The LLP is a qualifying entity for the purposes of FRS 101. The LLP's transition date to FRS 101 was 1 January 2020. The LLP has notified its Members in writing about, and they do not object to, the use of the disclosure exemptions used by the LLP in these financial statements.

FRS 101 sets out amendments to UK adopted international accounting standards that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Members' Interests for the year ended 31 December 2022.

Summary of disclosure exemptions

In preparing these financial statements the LLP has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Related party transactions with two or more wholly owned members of the group
- A Statement of Cash Flows and related disclosures for cash flows
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- Disclosures in relation to the objectives, policies and process for managing capital
- Disclosure of the effect of future accounting standards not yet adopted
- The remuneration of key management personnel
- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of ASE Holdings S.à r.l. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- Fair value measurements - details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Going Concern

As at 31 December 2022, the LLP had net current liabilities of £28,376,239 (2021: £25,358,744) which is primarily amounts due to fellow group undertakings which gives rise to uncertainty in the LLP's ability to discharge its obligations as they fall due. The Members have taken actions to mitigate the LLP's cost base and cash outflows during this period.

ASE Holdings S.à r.l., the ultimate parent, has confirmed in writing that it will provide the necessary level of financial support to enable the LLP to satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As such, the Members believe that it remains appropriate to prepare the financial statements on a going concern basis.

In making this assessment the Members have considered the ability of ASE Holdings S.à r.l. to provide the necessary resources to enable the LLP to rely upon the letter of support. Reference has been made to the disclosures highlighted in the ASE Holdings S.à r.l. Group financial statements for the year ended 31 December 2022 and due consideration has been made to the factors which the going concern assessment of the Group is dependent on. This includes analysis of the Russia-Ukraine conflict, performance of rental collections, continued access to funding and the ability to continue to operate the Group's secured debt structure within its financial covenants.

The Group consolidated financial statements included material uncertainties related to going concern as the Group cash flow forecast includes a breach of the ICR and DSCR loan covenants and there is no formally documented facility agreement to reflect the agreed remedy for the ICR and DSCR covenant breaches arising from additional property sales. There is also no formalised agreement for refinancing of a debt facility due to mature in June 2024.

The Group is actively pursuing various options and remains confident that a solution will be reached. Based on the conducted analysis and stress testing, the Group Managers believe it is appropriate to prepare the Group financial statements on a going concern basis.

As the LLP is reliant on the Group for financial support and the Group consolidated financial statements included material uncertainties related to going concern, which would have a direct impact on the Group's ability to provide required financial support to the LLP, this indicates that a material uncertainty exists that may cast significant doubt on the LLP's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group has a number of options available which the Group Managers are pursuing but they remain confident a solution will be reached, and therefore the Members believe the Group will be able to provide the support to LLP and therefore the LLP's financial statements are prepared on the going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective for the current year

During the year, the LLP adopted the amendments to IFRS 3, IAS 16 and IAS 37 and adopted the amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 arising from the annual improvement cycle to IFRSs. There was no material change to the LLP's accounting policies and disclosures as a result.

There were no other new or amended standards issued by the International Accounting Standards Board ("IASB") as adopted by the UK Endorsement Board that are relevant to operations, during the year, and none of the interpretations issued by the IFRS Interpretations Committee ("IFRIC") have led to any material changes in the LLP's accounting policies or disclosures during the year.

Standards and interpretations in issue not yet adopted

The IASB and IFRIC have issued or revised IFRS 17, IAS 1, IFRS 2, IAS 8, IAS 12, IFRS 17 and IFRS 16 but these are not expected to have a material effect on the operations of the LLP.

The LLP does not expect any other standards, amendments or interpretations issued by the IASB or IFRIC, but not yet effective, to have a material impact on the LLP.

Revenue recognition

Revenue represents rental income receivable from external customers at invoiced amounts less value added tax or other taxes on sales.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the LLP provides incentives to customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Income from property, which is derived from the rental of property held in the United Kingdom, is accounted for on an accruals basis.

Interest revenue and costs are recognised in the Statement of Comprehensive Income for all interest-bearing instruments on an accruals basis, unless collectability is in doubt.

Investment revenue is recognised when it accrues, unless collectability is in doubt.

Borrowing costs

Interest costs are charged against income without restriction. The LLP does not incur any other interest costs that qualify for capitalisation under IAS 23 Borrowing costs.

Property, plant and equipment

Property, plant and equipment is stated in the Statement of Financial Position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	Straight Line with useful life of 3 years

Investment property

Property held for long term rental yields which is not occupied by the LLP is classified as investment property. Investment property principally comprises land and buildings. Investment property is treated as a long term investment and is carried at fair value, determined annually. Fair value is the estimated price that should be received for selling an investment property in an orderly transaction between market participants at the measurement date and is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the Statement of Comprehensive Income.

When the LLP decides to dispose of an investment property without development it continues to treat the property as an investment property. Similarly, if the LLP begins to redevelop or refurbish an existing investment property for continued future use as investment property, it remains an investment property.

Depreciation is not provided in respect of investment properties.

Acquisitions and disposals of investment properties are recognised on unconditional exchange of contracts where it is reasonable to assume at the balance sheet date that completion of the acquisition or disposal will occur. Gains on disposal are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous published balance sheet adjusted for any subsequent capital expenditure or capital receipts.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Financial assets

The LLP classifies its financial assets into the categories listed below, depending on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The LLP has not classified any of its financial assets as held to maturity.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through the profit or loss:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss.

The LLP's accounting policy for each category is as follows:

Fair value through profit or loss

The LLP's financial derivative instruments that are in-the-money are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income. The LLP does not hold or issue derivative instruments for speculative purposes, but for hedging purposes which are not designated as hedging instruments. Other than these derivative financial instruments, the LLP does not have any assets held for trading nor has it designated any financial assets as being at fair value through profit or loss.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Financial assets (continued)

Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through rental and service charge income from tenants (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that there will be expected credit losses of the full value of the trade receivables. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within revenue in the Statement of Comprehensive Income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The LLP's receivables comprise trade and other receivables (including amounts owed by group undertakings) in the Statement of Financial Position. Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the Statement of Financial Position at amortised cost.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The LLP recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at fair value through the profit & loss, namely:

- Trade and other receivables
- Related party receivables

The LLP classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the LLP recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the LLP recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the LLP recognises the lifetime ECL.

For trade receivables, the LLP applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables assets have been grouped based on shared credit risk characteristics and the days past due.

For related party receivables, the LLP applies the simplified approach, which requires the expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses an assessment of whether the borrower has sufficient available liquid resources if the loan was called is made. In the case that there are insufficient available liquid resources, realisation scenarios of illiquid assets are used with estimated outcomes and probabilities of their occurrence to determine the expected credit losses.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date. Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Impairment of assets

Assets including land that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose of assigning impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Financial liabilities

The LLP classifies its financial liabilities into one of the categories listed below:

Fair value through profit or loss

The LLP's financial derivative instruments that are out-of-the-money are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income. The LLP does not hold or issue derivative instruments for speculative purposes, but for hedging purposes which are not designated as hedging instruments. Other than these derivative financial instruments, the LLP does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings and other loans are initially recognised at fair value net of any transaction costs directly attributable to the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. Interest expense in this context includes initial transaction costs as well as any interest payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Anglo Scandinavian Estates 4 LLP

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

1 Accounting policies (continued)

Fair value measurement hierarchy

IFRS 13: Fair Value Measurement requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see notes 2,10 and 15). The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair value assets and liabilities are classified in their entirety into only one of the three levels.

Members' capital

Financial instruments issued by the "LLP" are treated as equity only to the extent that they do not meet the definition of a financial liability.

Tax

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP. The relevant income tax is the responsibility of the members of the LLP.

Investment in subsidiary undertakings

Investments by the LLP in subsidiary undertakings are accounted for by the cost method of accounting. Provisions are recorded where, in the opinion of the members, there is long term impairment in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of subsidiary undertakings are reflected in the financial statements of the holding LLP only to the extent of distributions receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Comprehensive Income.

Anglo Scandinavian Estates 4 LLP

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

2 Critical accounting judgements and key sources of estimation uncertainty

The LLP makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Valuation of investment properties

The LLP obtains valuations performed by external valuers or its managing agent, Commercial Estates Group Limited, in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 10.

Valuation of interest rate swaps

In respect of derivative financial instruments, the Members have relied on the valuation carried out by issuing banks and further information as set out in note 15.

Fair value of loans and borrowings

The LLP determines the fair value of its loans and borrowings at the date of drawdown using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets.

Carrying value of investments

Valuations of investments at the balance sheet date are undertaken with reference to the LLP's share of net assets of the investee entity. Provisions are made where the Members consider the carrying value of the investment may not be recoverable in the long-term.

Anglo Scandinavian Estates 4 LLP

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

3 Financial instruments - risk management

Financial risk factors

The LLP is exposed through its operations to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

In common with all other businesses, the LLP is exposed to risks that arise from its use of financial instruments. This note describes the LLP's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the LLP's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the LLP from which financial instrument risk arises are as follows:

- Trade and other receivables;
- Related party receivables;
- Cash at bank;
- Trade and other payables;
- Bank and other loans;
- Lease liabilities; and
- Interest rate swaps.

All of the LLP's financial assets designated at fair value through profit and loss are defined as level 2 in accordance with IFRS 13 as they are derived from inputs other than quoted prices which are observable for the instruments.

The Members have overall responsibility for the determination of the LLP's risk management objectives and policies. The Members receive quarterly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

Anglo Scandinavian Estates 4 LLP

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

3 Financial instruments - risk management (continued)

Financial risk factors (continued)

The overall objective of the Members is to set policies that seek to reduce risks as far as possible without unduly affecting the LLP's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

The LLP's exposure to credit risk arises from the potential financial loss if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the LLP's receivables from tenants and other third parties.

Trade and other receivables

The LLP's activities focus exclusively in United Kingdom and its exposure to credit risk, arising from trade and other receivables, is influenced by the individual characteristics of each tenant. The LLP operates a policy whereby the credit worthiness of each tenant is assessed prior to lease or pre-lease terms being agreed. The process includes reviewing financial information in the public domain. In certain cases, the LLP will require collateral in order to support these lease obligations. This usually takes the form of a rent deposit, parent company guarantee or bank guarantee. The LLP regularly receives reports on payment performance and intelligence on the continuing financial viability of tenants where rent collections are outsourced to managing agents. Arrears are monitored on a weekly basis and a strategy for dealing with significant potential defaults is presented on a timely basis to the members. Outstanding tenant balances are reviewed on a quarterly basis for impairment.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The LLP aims to maintain flexibility in funding by keeping committed credit lines available.

The LLP's liquidity position is monitored on a daily basis. The liquidity position is reviewed quarterly by the Members.

(iii) Interest rate risk

The LLP uses interest rate swaps and similar instruments to manage its interest rate exposure on borrowings (note 15).

Capital risk management

The Members monitor the capital needs of the LLP on an ongoing basis and formally on a quarterly basis the equity, debt and overall capital position of the LLP. The members monitor the LLP's capital specifically by reviewing the bank debt loan to value and interest cover ratios. The LLP ensures that the overall loan to value (being total bank debt divided by total assets) of the LLP does not exceed that set down in the LLP's banking arrangements.

Anglo Scandinavian Estates 4 LLP

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

4 Segmental information and revenue

During the year, the LLP operated in and was managed as one business segment, being property investment, with all investment properties located in United Kingdom. The Members review quarterly reports which are prepared on a basis that aggregates the performance of all properties and focuses on total returns on Members' capital. Revenue consists of rental income receivable from third parties in United Kingdom.

	2022 £	2021 £
Rental income from investment property	<u>2,831,763</u>	<u>2,810,764</u>

5 Operating expenses, administrative expenses and other income

	2022 £	2021 £
Legal and professional	53,605	6,914
Empty property costs	705,825	778,443
Repairs and maintenance (net of tenant contributions)	23,052	13,955
Insurance	-	84,617
Provision for bad debts (release)	(11,037)	(4,046)
Marketing	54,341	20,303
Ground rent	(4,376)	93,786
	<u>821,410</u>	<u>993,972</u>

	2022 £	2021 £
Management fees (note 18)	470,000	469,088
Taxation fees	-	37,919
Other professional	9,234	4,756
Depreciation	8,891	57,152
Office repairs	17,286	8,373
Sundry	123,211	16,955
	<u>628,622</u>	<u>594,243</u>

Other operating income totalling £415,643 (2021: £144,171) represents Dilapidations settlements £Nil (2021: £109,060); Utility recoveries £18,402 (2021: £21,910); Repairs and maintenance income £164,007 (2021: £Nil), release of historic retention balances £218,644 (2021: £Nil) and other £14,590 (2021: £13,201).

Anglo Scandinavian Estates 4 LLP

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

6 Operating (loss)/profit

The auditor's remuneration for audit services has been borne by a fellow group undertaking.

The LLP had no employees during the year (2021 - Nil). Other than a £20,000 (2021 - £20,000) management fee paid to Anglo Scandinavian Estates Company Limited, no Member received any remuneration during the year (2021 - £ Nil). The average number of Members in the year was 2 (2021 - 2) both of whom were Designated Members.

The operating loss is stated after charging depreciation of £8,891 (2021 - £57,152).

7 Finance income and costs

	2022 £	2021 £
Finance income		
SWAP Interest	85,306	3,722
Finance costs		
Interest on bank overdrafts and borrowings	(1,113,620)	(547,994)
Interest on loans from group undertakings	(3,002,705)	(2,731,798)
Amortised finance costs	(62,040)	(78,470)
Interest on lease liabilities	(129,902)	(129,906)
Total finance costs	<u>(4,308,267)</u>	<u>(3,488,168)</u>
Net finance costs	<u>(4,222,961)</u>	<u>(3,484,446)</u>

8 Taxation

The financial statements do not include any charges or liabilities for taxation on the results of the LLP as the relevant income tax and any tax on capital gains is the responsibility of the individual partners.

Anglo Scandinavian Estates 4 LLP

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

9 Property, plant and equipment

Year ended 31 December 2022

	Furniture, fittings and equipment £
At 1 January 2022	11,962
Additions	20,590
Depreciation charge	<u>(8,891)</u>
As at 31 December 2022	<u>23,661</u>

Year ended 31 December 2021

	Furniture, fittings and equipment £
At 1 January 2021	59,759
Additions	9,355
Depreciation charge	<u>(57,152)</u>
As at 31 December 2021	<u>11,962</u>

10 Investment properties

	Leasehold investment properties £
Year ended 31 December 2022	
At 1 January 2022	53,169,135
Additions	54,612
Fair value adjustments	(4,954,612)
Movement in right of use asset	<u>(98)</u>
At 31 December 2022	<u>48,269,037</u>

Anglo Scandinavian Estates 4 LLP

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

10 Investment properties (continued)

	Leasehold investment properties £
Year ended 31 December 2021	
At 1 January 2021	49,869,229
Additions	121,992
Fair value adjustments	3,178,008
Movement in right of use asset	<u>(94)</u>
At 31 December 2021	<u>53,169,135</u>

Included within the carrying value of investment properties at 31 December 2022 is £856,152 (2021 - £1,067,437) in respect of the smoothing of lease incentives over the contractual lease term. The difference between rents on a straight line basis and rents actually receivable is included within, but does not increase, the carrying value of investment properties. The effect of this adjustment on the revaluation movement is as follows:

	2022 £	2021 £
Revaluation movement	(4,954,612)	3,178,008
Movement in rent smoothing adjustment	211,285	(6,731)
Change in fair value of right of use asset	<u>(98)</u>	<u>(94)</u>
Revaluation movement in the income statement	<u>(4,743,425)</u>	<u>3,171,183</u>

Under the LLP's accounting policy, in line with International Financial Reporting Standards, the carrying value of leasehold property is grossed up by the present value of minimum head lease payments. The corresponding liability to the head leaseholder is included in the balance sheet as a lease liability. The reconciliation between the carrying value of the investment properties and their independent external valuation is as follows:

	2022 £	2021 £
Carrying value	48,269,037	53,169,135
Gross-up of head lease liabilities	<u>(3,169,037)</u>	<u>(3,169,135)</u>
Independent external valuation	<u>45,100,000</u>	<u>50,000,000</u>

Anglo Scandinavian Estates 4 LLP

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

10 Investment properties (continued)

Investment properties held at 31 December 2022 have been externally valued at fair value by independent valuers Allsop LLP, who are members of the Royal Institute of Chartered Surveyors (RICS). As at 31 December 2022, the total fair value of the property was estimated to amount to £45,100,000 (2021 - £50,000,000).

The investment property has been valued using a yield methodology approach using unobservable inputs (level 3). The significant unobservable inputs used in the valuation at 31 December 2022 are the estimated rental value (ERV) of the property and the market capitalisation rate (yield). The ERV has been determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region.

The market capitalisation rate has been determined by reference to actual market transactions for properties in that region, with adjustment made to reflect the particular characteristics of the LLP's property. The resulting valuations are then cross checked against the initial yields and the fair market values per square foot derived from these actual market transactions.

A decrease in the ERV or an increase in the market capitalisation rate will decrease the fair value of the investment property.

At 31 December 2022, the historical cost of investment properties amounted to £30,760,641 (2021: £30,706,029).

There are currently obligations to construct or develop existing investment property. At 31 December 2022, contractual obligations to purchase additions amounted to £56,800 (2021: £43,862).

As at 31 December 2022 the investment properties were pledged as collateral for borrowings. The banking facilities stipulate defined amortisation payments from the proceeds of sale of an investment property.

Anglo Scandinavian Estates 4 LLP

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

11 Investments

Investments in subsidiary undertakings	2022 £	2021 £
At 1 January	97,742	305,246
Impairment	<u>(97,742)</u>	<u>(207,504)</u>
At 31 December	<u><u>-</u></u>	<u><u>97,742</u></u>

The historical cost of investments in subsidiary undertakings is £1,500,000 (2021 - £1,500,000).

The impairment reflects the subsidiary underlying net assets as at 31 December 2022.

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Registered office	Nature of ownership interests	Proportion of ownership interest
Alpha Works Limited (Birmingham)	Sloane Square House 1 Holbein Place London SW1W 8NS United Kingdom	1,500 ordinary shares at nominal value of £1 each	100%

Anglo Scandinavian Estates 4 LLP

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

12 Trade and other receivables

	31 December 2022 £	31 December 2021 £
Amounts falling due within one year:		
Trade receivables	83,658	68,990
Provision for impairment of trade receivables	<u>(4,692)</u>	<u>(21,158)</u>
Net trade receivables	78,966	47,832
Other receivables	2,500	31,663
Amounts owed by related parties	<u>39,105</u>	<u>10,329</u>
Total financial assets other than cash and cash equivalents classified as loans and receivables	120,571	89,824
Other prepayments	<u>62,486</u>	<u>62,500</u>
Total current trade and other receivables	<u><u>183,057</u></u>	<u><u>152,324</u></u>

Fair value approximates to book value at 31 December 2022 and 2021 as credit risk has been addressed as part of the impairment provisioning and due to the receivables not being subject to ongoing fluctuations in market rates as a result of their short term nature.

The LLP applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the LLP's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the LLP's tenants.

Credit risk for receivables from related parties has not increased significantly since their initial recognition.

As at 31 December 2022, trade receivables of £Nil (2021: £10,484) had lifetime expected credit losses of the full value of the receivables.

Amounts owed by related parties are due from Alpha Works (Birmingham) Limited and are unsecured, interest free and repayable on demand.

Anglo Scandinavian Estates 4 LLP

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

13 Loans and borrowings

The book value of loans and borrowings are as follows:

	31 December 2022 £	31 December 2021 £
Current		
Bank borrowings	859,901	859,901
Amounts due to related parties	26,705,347	23,418,378
Non-current		
Bank borrowings	26,742,223	27,602,124
Unamortised capitalised finance costs	(94,693)	(156,734)
Total loans and borrowings	<u>54,212,778</u>	<u>51,723,669</u>

The ageing analysis of these loans and borrowings is as follows:

	31 December 2022 £	31 December 2021 £
Within one year	27,565,248	24,278,279
From one to five years	<u>26,647,530</u>	<u>27,445,390</u>
Total loans and borrowings	<u>54,212,778</u>	<u>51,723,669</u>

Anglo Scandinavian Estates 4 LLP

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

13 Loans and borrowings (continued)

Fair value approximates to book value at 31 December 2022 and 2021 as the interest payments on the loans and borrowings are based on commercial terms and market rates which are not considered to have substantially changed since the loan agreements were entered into.

The HSBC facility amounts to £28,677,000 and expires June 2024. Total bank debt as at 31 December 2022 was £27,602,124 (2021: £28,462,025).

The bank loans are secured by fixed and floating charges over the properties of the LLP and will expire on 30 June 2024. They are cross collateralised with fellow subsidiaries within the group headed by ASE Holdings S.à r.l.. The total amount owed under the agreement at year end was £76,730,360 (2021: £96,545,562) and properties charged to the bank were valued at £135,335,000 (2021: £175,700,000). The bank loan is subject to a an interest rate of 2.6%+SONIA+Spread.

The ASE Finance S.à r.l. financing and interest accrual loans of £15,261,080 and £2,491,996 respectively (2021 - £14,581,080 and £566,173 respectively) are unsecured, repayable on demand, and subject to an interest rate of 12.17% (2021 - 12.17%).

The ASE Finance S.à r.l. other loan of £196,160 (2021 - £196,160) is unsecured, repayable on demand, and subject to an interest rate of 2.27%+SONIA (2021 - 2.27%+SONIA).

The ASE Finance S.à r.l. drawdown loan of £8,756,111 (2021 - £8,074,965) is unsecured, repayable on demand, and subject to an interest rate of 2.32%+SONIA (2021 - 2.32%+SONIA).

14 Trade and other payables

	31 December 2022 £	31 December 2021 £
Trade payables	734,255	281,674
Other payables	269,085	754,926
Accrued expenses	369,153	206,742
Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost	1,372,493	1,243,342
Social security and other taxes	33,694	82,207
Deferred income	409,437	500,995
Total trade and other payables	1,815,624	1,826,544

Due to the short term nature of the payables, they are not subject to ongoing fluctuations in market rates, and so the fair value approximates to book value at 31 December 2022 and 2021.

Anglo Scandinavian Estates 4 LLP

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

14 Trade and other payables (continued)

Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash flows):

	31 December 2022 £	31 December 2021 £
Up to one year	<u>1,372,493</u>	<u>1,243,342</u>

Trade payables are interest free and have settlement dates within one year.

15 Financial instruments

The LLP uses derivative financial instruments to manage its exposure to interest rate movements on certain of its interest bearing loans and borrowings. The fair value of these instruments is recorded in the statement of financial position and is determined by the issuing banks.

Derivative financial assets/(liabilities) - interest rate swaps

	31 December 2022 £	31 December 2021 £
Fair value at 1 January	(9,220)	(62,574)
Fair value movement	<u>523,491</u>	<u>53,354</u>
Fair value at 31 December	<u>514,271</u>	<u>(9,220)</u>

The terms of the LLPs interest rate swaps is detailed below:

2022

Interest Rate Swaps	Margin (less SONIA)	Maturity	Value £
SWAP 1 - £2,800,000	0.814%	June 2023	51,856
SWAP 2 - £8,400,000	0.885%	June 2024	<u>462,415</u>
			<u>514,271</u>

2021

Interest Rate Swaps	Margin (less SONIA)	Maturity	Value £
SWAP - £7,500,000	0.567%	January 2022	(9,220)

During the year, a fellow group undertaking, ASE RE B LLP, novated the following swaps to ASE 4 LLP;

- £2,800,000 with a 0.814% margin (expiry June 2023)
- £8,400,000 with a 0.885% margin (expiry June 2024)

Anglo Scandinavian Estates 4 LLP

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

16 Reserves

Members' capital

Amount subscribed for capital in line with the LLP agreement.

Retained earnings

Cumulative net gains and losses recognised in the Statement of Comprehensive Income less amounts distributed to Members.

17 Leases

Operating leases - lessor

The LLP earns rental income by leasing its investment properties to tenants under non-cancellable operating leases. The properties are let to tenants for a fixed period at a market rate. Standard lease provisions include service charge recovery and rent reviews. On review, rents are increased either by contractual formulae or to current market rent (estimated rental value or ERV). Typically, single let properties are leased on terms where the tenant is responsible for repairs, insurance and running costs, while multi-let properties are leased on terms which include recovery of share of service charge, expenditure and insurance.

Future minimum lease payments receivable by the LLP under such leases were as follows:

	31 December 2022 £	31 December 2021 £
Minimum rents receivable:		
Within one year	2,902,845	2,451,933
In two to five years	4,856,336	6,458,975
In over five years	729,986	634,861
	<u>8,489,167</u>	<u>9,545,769</u>

Investment property leases - lessee

The LLP lease consists only of one investment property lease. Information about the lease for which the LLP is a lessee is presented below.

Right of use asset	2022 £	2021 £
At 1 January	3,169,135	3,169,229
Revaluation	(98)	(94)
At 31 December	<u>3,169,037</u>	<u>3,169,135</u>

Anglo Scandinavian Estates 4 LLP

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

17 Leases (continued)

Lease liability	2022 £	2021 £
Current	-	-
Non-current	<u>(3,169,037)</u>	<u>(3,169,135)</u>
	<u>(3,169,037)</u>	<u>(3,169,135)</u>
 Amounts recognised in the income statement	 2022 £	 2021 £
Fair value movement on right of use asset - investment property	(98)	(94)
Interest on lease liability	<u>129,902</u>	<u>129,906</u>
	<u>129,804</u>	<u>129,812</u>

18 Related party transactions

The LLP has taken advantage of the exemption under FRS 101 paragraph 8(k) not to disclose information about transactions entered into between two or more members of the group where any subsidiary which is party to the transactions is wholly owned by such a member.

Entities forming part of the group headed by ASE Holdings S.à r.l., the ultimate parent company of the LLP, are considered by the Members to be related parties.

Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions.

	2022 £	2021 £
Members' capital provided by:		
Anglo Scandinavian Estates LLP	8,090,000	8,090,000
Anglo Scandinavian Estates Company Limited	<u>1</u>	<u>1</u>
	<u>8,090,001</u>	<u>8,090,001</u>

During the year the LLP incurred management fees of £20,000 (2021: £20,000) from Anglo Scandinavian Estates Company Limited.

Anglo Scandinavian Estates 4 LLP

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

18 Related party transactions (continued)

The entities listed above are all members of the group headed by ASE Holdings S.à r.l. (see note 19).

During the year the LLP incurred property management fees of £450,000 (2021 - £430,600) from Commercial Estates Group Limited, the managing agent.

Commercial Estates Group Limited is considered to be a related party since one of the company's ultimate beneficial owners is also one of the beneficial owners of ASE Holdings S.à r.l., the ultimate parent company of Anglo Scandinavian Estates 4 LLP.

19 Controlling party information

The immediate controlling member is Anglo Scandinavian Estates LLP, an LLP incorporated in England and Wales.

ASE Holdings S.à r.l. is the parent of the largest and smallest group for which consolidated accounts are publicly available and in which the results of the LLP are consolidated. These accounts are available from that company's registered address which is 8, Rue Lou Hemmer, L-1748, Senningerberg, Grand-Duchy of Luxembourg.

There is no single ultimate controlling party.

20 Events subsequent to the reporting period

There are no subsequent events after the reporting period that are required to be disclosed.