

BARINGS CORE FUND KEEL OPERATING LIMITED

Registered Number 09017238

Annual Report and Unaudited Financial Statements

For the year ended 31 December 2021

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Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

	PAGE
Company Information	1
Directors' Report	2
Directors' Responsibilities Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 12

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Company Information

DIRECTORS: Darren Michael Hutchinson
Michael John Vlandys (appointed on 7 October 2021)
James Salmon
Ian Nicholas Mayhew (resigned on 6 October 2021)

REGISTERED OFFICE: 1 Bartholomew Lane
London
EC2N 2AX

REGISTERED NUMBER: 09017238 (England and Wales)

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Directors' report

The directors present their financial report and unaudited financial statements for Barings Core Fund Keel Operating Limited (the "Company") for the year ended 31 December 2021.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies. The Company is availing of the exemption from preparing a strategic report or enhanced business review under part 15 of section 414B of the Companies Act 2006.

Principal activity

The principal activity of the Company in the year under review was that of acting as an operating manager.

Directors

The directors of the Company who served during the year and up to the date of signing were:

Darren Michael Hutchinson
Michael John Vlandys (appointed on 7 October 2021)
James Salmon
Ian Nicholas Mayhew (resigned on 6 October 2021)

The Directors had no interest in the share capital of the Company for the year to 31 December 2021.

Domicile and Legal Form

Barings Core Fund Keel Operating Limited is a private company limited by shares and is incorporated and domiciled in England. The principal place of business is shown on page 1.

Dividends paid and declared

During the year, an interim dividend of £nil was paid. No dividends were proposed.

Going Concern

The Directors are of the opinion that Barings European Core Property Fund SCSP SICAV-SIF (the ultimate parent of the Company) will continue to support the Company to enable it to meet its liabilities as they fall due for the next twelve months. Therefore, these financial statements have been prepared on a going concern basis.

Substantial Shareholdings

As at the date of this report, the Company did not receive any notifications under Chapter 5 of the Disclosure Guidance and Transparency Rules.

Principal risks and uncertainties

Risk is reviewed and managed through the Company's business performance and risk management process. A further description of the risks affecting the Company is disclosed in Note 11.

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles (United Kingdom Accounting Standards, comprising FRS 102). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- make an assessment of the Company's ability to continue as a going concern.

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

ON BEHALF OF THE BOARD:



Michael Vlandys

Director

Date: 06 October 2022

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Statements of Comprehensive Income for the Year ended 31 December 2021

		2021 £	2020 £
	Notes		
Turnover		2,572,010	2,219,107
Cost of sales		<u>(3,699,116)</u>	<u>(3,383,388)</u>
Gross Loss		(1,127,106)	(1,164,281)
Administrative expenses		<u>(93,498)</u>	<u>(66,683)</u>
Operating Loss	5	(1,220,604)	(1,230,964)
Tax on profit		<u>-</u>	<u>-</u>
Loss after tax		<u><u>(1,220,604)</u></u>	<u><u>(1,230,964)</u></u>
Retained Earnings at the beginning of the year		(1,858,497)	(627,533)
Loss for the year		(1,220,604)	(1,230,964)
Retained earnings at the end of the year		<u><u>(3,079,101)</u></u>	<u><u>(1,858,497)</u></u>

The notes on pages 7 to 12 form an integral part of these financial statements.

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Statement of Financial Position as at 31 December 2021

		2021 £	2020 £
	Notes		
Fixed assets:			
Tangible assets	6	<u>611,854</u>	<u>178,864</u>
Current Assets			
Debtors: amounts falling due within one year	7	36,223	80,915
Cash at bank and in hand		<u>1,036,099</u>	<u>598,999</u>
		1,072,322	679,915
Creditors: amounts falling due within one year	8	<u>(4,763,276)</u>	<u>(2,717,274)</u>
Net current liabilities		<u>(3,690,954)</u>	<u>(2,037,360)</u>
Total assets less current liabilities		<u>(3,079,100)</u>	<u>(1,858,496)</u>
Net liabilities		<u>(3,079,100)</u>	<u>(1,858,496)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>(3,079,101)</u>	<u>(1,858,497)</u>
		<u>(3,079,100)</u>	<u>(1,858,496)</u>

The notes on pages 7 to 12 form an integral part of these financial statements.



1 December 2021, the Company was entitled to exemption from audit under section 477 of the relating to small companies.

The members have not required the Company to obtain an audit of its accounts for the year in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Barings Core Fund Keel Operating Limited were approved and authorised for issue by the Directors and were signed on its behalf by:



Michael Vlandys

Director

Date: 06 October 2022

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share Capital £	Retained earnings £	Total equity £
As at 1 January 2021	1	(1,858,497)	(1,858,496)
Loss for the year	-	(1,220,604)	(1,220,604)
As at 31 December 2021	<u>1</u>	<u>(3,079,101)</u>	<u>(3,079,100)</u>

	Share Capital £	Retained earnings £	Total equity £
As at 1 January 2020	1	(627,533)	(627,532)
Loss for the year	-	(1,230,964)	(1,230,964)
As at 31 December 2020	<u>1</u>	<u>(1,858,497)</u>	<u>(1,858,496)</u>

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Notes to the Financial Statements

1. GENERAL INFORMATION

Barings Core Fund Keel Operating Limited is a private Company, limited by shares, incorporated in England and Wales (United Kingdom) under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations is presented on page 2.

2. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard 102, and the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Going concern

The Company has net liabilities as stated on page 5. The financial statements have been prepared on the going concern basis. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Barings Core Fund Keel Operating Limited by Barings European Core Property Fund SCSP SICAV-SIF (the ultimate parent of the Company).

Judgements in applying accounting policies and key estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the Director's opinion, there are no significant judgements and key sources of estimation uncertainty.

Financial instruments

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. In this case, the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar instrument. Basic financial instruments are subsequently measured at amortised cost using the effective interest method. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial assets expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constituted a financing transaction. In this case, the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar instrument. Basic financial liabilities are subsequently measured at amortised cost, using the effective interest rate method. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the Financial Statements (continued)

2. STATEMENT OF ACCOUNTING POLICIES (continued)

Statement of cash flows

The Company has taken advantage of the exceptions available not to prepare a statement of cash flows as it is a wholly owned subsidiary undertaking and the consolidated financial statements in which the Company is included are publicly available.

Functional and presentational currency

The financial statements of the Company are presented in Sterling (£) as this is the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The Company is subject to UK Corporation Tax at a tax rate of 19%.

Trade and other receivables

Trade receivables are recorded initially at fair value and thereafter at net realisable value after deducting any allowance for impairment.

The Company makes judgements on a customer by customer basis as to its ability to collect outstanding receivables and provides an allowance for impairment based on a specific review of significant outstanding invoices.

Trade receivable balances are written off when the Company determines that it is unlikely that future remittances will be received.

Trade and other payables

Payables are financial liabilities with fixed or determinable values that are not quoted in an active market. They arise when the Company either receives services from another entity or purchases some goods which remain outstanding as at the balance sheet date. Payables are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised cost using the effective interest method. Given the nature of payables, however, and the short length of time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Expenses

All items of expenses are recognised on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position unless they form part of a cash pooling arrangement where there is an intention to settle on a net basis, in which case they are reported net of related cash balances.

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Notes to the Financial Statements *(continued)*

3. DIRECTORS' REMUNERATION

The Directors did not receive any remuneration from the Company during the year.

4. STAFF COST

There were no staff costs during the year. The average number of employees, excluding Directors during the year was nil (2020: nil).

5. OPERATING LOSS

The below fees are included in the Operating Loss for the period ending:

	31 Dec 2021 £	31 Dec 2020 £
Professional fees	<u>18,842</u>	<u>4,183</u>

6. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2021 £	31 Dec 2020 £
Cost, fixtures and fittings		
Opening balance	212,457	92,755
Additions	<u>507,260</u>	<u>119,702</u>
Closing balance	<u>719,717</u>	<u>212,457</u>
Provision for depreciation		
Opening balance	(33,593)	(13,697)
Charges for the year	<u>(74,270)</u>	<u>(19,896)</u>
Closing balance	<u>(107,863)</u>	<u>(33,593)</u>
Carrying amount		
Opening balance	<u>178,864</u>	<u>79,058</u>
Closing balance	<u>611,854</u>	<u>178,864</u>

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Notes to the Financial Statements *(continued)*

7. TRADE AND OTHER RECEIVABLES

	31 Dec 2021	31 Dec 2020
	£	£
Trade debtors	112,825	133,318
Provision for Bad debts	(104,020)	(105,321)
Other debtors	15,000	46,000
Prepayments and accrued income	12,418	6,918
	<u>36,223</u>	<u>80,915</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

8. TRADE AND OTHER PAYABLES

	31 Dec 2021	31 Dec 2020
	£	£
Trade creditors	405,113	235,475
Amounts owing to group undertakings	4,251,230	2,251,230
Accruals and deferred income	106,933	230,569
	<u>4,763,276</u>	<u>2,717,274</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Amounts owned by group undertakings are unsecured and repayable on demand.

9. SHARE CAPITAL

Issued and fully paid:

Ordinary shares of £1 each	Number of shares	Nominal value
		£
Opening balance	<u>1</u>	<u>1</u>
Closing balance	<u>1</u>	<u>1</u>

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Notes to the Financial Statements (continued)

10. ACCUMULATED LOSSES

	31 Dec 2021
	£
Opening balance	(1,858,497)
Loss for the financial year	(1,220,604)
Closing balance	<u><u>(3,079,101)</u></u>
	31 Dec 2020
	£
Opening balance	(627,533)
Loss for the financial year	(1,230,964)
Closing balance	<u><u>(1,858,497)</u></u>

11. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework by identifying and analysing the risks faced by the company, to set appropriate limits and controls, and to monitor risks and adherence to limits.

The principal risks faced by the Company are outlined below:

Strategic risks: property markets are cyclical. Performance depends on general economic conditions and demand for the type of property held by the Company.

Asset management risks: failure of tenants, failure to let vacant unit and failure to identify asset management opportunities.

Operational risks: failure to comply with health and safety requirements and failure to comply with environmental requirements.

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company does not have any capital commitments or contingent liabilities that have not been included in these financial statements.

13. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate controlling party of the Company is Barings Core Fund Keel Property S.à r.l., which is registered in Luxembourg. The ultimate controlling party is Barings European Core Property Fund SCSp SICAV-SIF.

Barings Core Fund Keel Operating Limited Annual Report and Unaudited Financial Statements

Notes to the Financial Statements *(continued)*

14. SUBSEQUENT EVENTS

There were no events after the report date requiring disclosure in, or adjustment to, the financial statements as at the date of the Director signing the financial statements.

15. RELATED PARTY TRANSACTIONS

The Company has taken the exemption not to disclose transactions with its parent undertakings and fellow subsidiary undertakings of any group company on the grounds that it is both a 100% owned subsidiary and the consolidated financial statements of the group, in which the Company is included, are publicly available.