Brockton Everlast Inc. Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Company number: 11189374

Brockton Everlast Inc. Limited

Annual Report for the year ended 31 December 2021
Contents

	Pages
Company Information	2
Strategic Report	3-5
Directors' Report	6-8
Independent Auditor's Report	9-16
Consolidated Statement of Comprehensive Income	17
Consolidated Statement of Financial Position	18
Company Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Company Statement of Changes in Equity	21
Consolidated Cash Flow Statement	22
Company Cash Flow Statement	23
Notes to the Consolidated Financial Statements	24-58

Brockton Everlast Inc. Limited

Company Information

Directors	Moti Barzilay Oren Frenkel Nathan Hetz David Marks Jason Blank Richard Selby (alternate)
Company Number	11189374
Registered office and business address	89 Wardour Street London W1F 0UB United Kingdom
Independent auditor	Deloitte LLP 1 New Street Square London, EC4A 3HQ United Kingdom
Banker	Barclays plc 1 Churchill Place London E14 5HP United Kingdom
Valuers	Cushman & Wakefield Debenham Tie Leung Limited 125 Old Broad Street London EC2N 1AR

Brockton Everlast Inc. Limited

Strategic Report
For the year ended 31 December 2021

Introduction

The Directors present their strategic report on Brockton Everlast Inc. Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021.

Review of the business

The Group was incorporated on 6 February 2018 and, on 22 March 2018, acquired Brockton Capital LLP ("BC LLP"), the Investment Advisor to three Private Equity Real Estate Funds. In the year to 31 December 2021 the Group acquired nine buildings totalling c.256,000 sq ft plus 9.7 acres of mixed-use land in Cambridge for a total of £253.26 million (including associated costs). This increased the Group's investment property portfolio to c.1.15m sq ft, the majority of which is in Central London. In the year to 31 December 2021 the Group also acquired an interest in a private equity real estate fund, as well as the fund's general partner, for £12.02m and issued a short term loan of £18m to a residential development in Mayfair, London.

In the year the Company issued at par 150,082,348 of fully paid ordinary shares of £1 each, as well as cancelling 40,000,000 of fully paid ordinary shares of £1 each.

The Group's net operating income increased by £5.28m in the year, driven mainly by the increase in the size of the Group's portfolio. Despite a £7.25m decrease in the tax credit in the year (principally due to a large one-off credit in last year's accounts) and a £5.09m increase in administrative expenses (due to an increased accrual for the Group's LTIP), the profit for the year increased by £231.67m to £231.06m, due to the fair value movements on investment property being a £224.64m gain in the year, versus a loss of £9.85m in the year to 31 December 2020.

Future developments

The Group continues to appraise real estate investment opportunities, with a particular focus on the workplace in, and around, both Greater London and Cambridge.

Key performance indicators

The key performance indicators are rental growth, both current and potential, and high occupancy level. These underpin long-term growth in capital values.

Net operating income from the Group's investment properties increased from £31.00m in the year to 31 December 2020 to £36.28m in the year to 31 December 2021. This was substantially as a result of acquisitions in the year.

Occupancy remains very high, at 93.0% at 31 December 2021 (31 December 2020: 95.1%).

Principal risks and uncertainties

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

- credit risk;
- market risk;
- liquidity risk;
- failure to manage environmental and sustainability issues;
- risks associated with Brexit; and
- risks associated with Covid-19.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has two tenants, which, at the year end, constituted approximately 43% of the Group's rental income. The tenants are a UK government agency, and a FTSE 250 corporation, which both have an excellent credit history. During the reporting periods the Group was exposed to credit risks from both its leasing activities and financing activities, including deposits held with banks and financial institutions. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. The Group manages credit risk by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. Cash balances are held and derivatives are agreed only with financial institutions with high credit ratings. The Group has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks in the reporting periods arose from open positions in interest-bearing assets and liabilities, to the extent that these positions were exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Group enters into interest rate hedging agreements to manage the interest rate risks arising from the Group's operations and its sources of finance.

During the reporting period the Group was exposed to price risk other than in respect of financial instruments, such as property price risk (which includes property rentals risk when property is available for let). The Group was exposed to the risk that the revenue from properties and property values may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Group operates, the attractiveness of the properties to tenants, the quality of the property management, competition from other available properties and increased operating costs (including real estate taxes). The Group manages the risk by monitoring the indicators of market direction and forward planning of investment decisions; where possible, selection of a large and diversified tenant base; review of tenant covenants before new leases are signed; long-term leases and active credit control process; good relationships with tenants and property managers and active asset management of the properties to control operating costs and ensure the properties' continuing attractiveness to the market and existing tenants.

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment. The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, facilities and other credit lines as appropriate.

Failure to manage environmental and sustainability issues

Environmental and sustainability issues are becoming increasingly important for investors and featuring in their decision-making processes. If the Group has not adequately addressed these matters, new investors may choose to not invest and existing investors could disinvest if the Group does not meet their required environmental and sustainability standards. At a property level, if environmental and sustainability matters are not addressed, it could lead to properties being unlettable or unsellable, or could impact on their rental value. Failure to manage climate-related risks including both physical and transition risks, could lead to increased operational costs, business disruption, reduced occupier demand and asset value impairment.

At a property level, suitable due diligence is undertaken when assets are acquired and when refurbishment, asset management or development take place. The Group's approach to environmental and sustainability matters includes implementation of energy efficiency measures, which is in turn expected to reduce the energy demand and operating costs at property level. The Group is well placed to address shifting consumer and investor preferences, which could lead to increased revenues and capital availability.

Risks associated with Brexit

Following the UK leaving the EU on 31 January 2020 (commonly referred to as “Brexit”), and the end of the transition period on 31 December 2020, there continues to be uncertainty surrounding the long-term impact of the changes to the rules on trade, travel, and business between the UK and EU, and the potential this could have on London as a major global city. Brexit has brought change and challenges, but also the potential for economic and financial benefits, not least for businesses and exporters looking to move into or expand in the UK. Given the complexities surrounding the nature of the arrangements between the UK and EU from 1 January 2021, it is especially important to analyse economic, financial and business news and data carefully before drawing conclusions. To date, Brexit has had minimal impact on the Group’s operations and performance, but this continues to remain an area that the Group is monitoring, particularly as full customs controls on goods entering the UK from the EU only came in to effect from 1 January 2022.

Risks associated with Covid-19

The continuing Covid-19 pandemic has created a number of uncertainties and risks that may affect the Group’s performance going forwards. This includes an increased risk of tenants defaulting or tenant failure, reduced demand for Central London office space, and additional costs required to ensure that the Group’s portfolio is adaptable to social distancing requirements and reduced occupational density. There is also a risk associated with adverse market valuation movements which may affect the Group’s balance sheet. To date, Covid-19 has had minimal impact on the Group’s default rate, and the Group continues to monitor the impact that Covid-19 is having on demand for office space, but the Group is firmly of the opinion that its portfolio is well positioned to meet the demands facing occupiers post Covid-19.

This strategic report was approved by the board on 22 February 2022 and signed on behalf of the Board by:

Jason Blank
Director

David Marks
Director

Brockton Everlast Inc. Limited

Directors' Report
For the year ended 31 December 2021

The Directors present their report together with the audited financial statements of Brockton Everlast Inc. Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021.

Directors

The directors shown below have held office during the year and up to the date of this report:

Moti Barzilay
Oren Frenkel
Nathan Hetz
David Marks
Jason Blank
Richard Selby (alternate director)

Dividends

During the year the Company paid dividends of £12m (year to 31 December 2020: £nil).

Subject to market conditions and performance, financial position and financial outlook, it is the Directors' intention to pay an appropriate level of dividends to shareholders on a bi-annual basis.

As the Company is a REIT, the Board must also ensure that dividends are paid in accordance with the requirements of the UK REIT regime (pursuant to part 12 of the UK Corporation Tax Act 2010) in order to maintain the Company's REIT status. Shareholders should note that the dividend policy is not a profit forecast and dividends will only be paid to the extent permitted in accordance with the Companies Act 2006 and the UK REIT regime.

Directors' indemnities and insurance

The Group has in place contractual entitlements for the directors of the Company and its subsidiaries to claim indemnification by the Group for certain liabilities they might incur in the course of their duties. We have established these arrangements, which constitute qualifying third-party indemnity provision, in compliance with the relevant provisions of the Companies Act 2006. They include provision for the Company to fund the costs incurred by directors in defending certain claims against them in relation to their duties. The Group also maintains an appropriate level of directors' liability insurance in respect of potential legal action against its directors.

Financial risk management objectives and polices

Details of the Group's financial risk management objectives and policies can be found in the Strategic Report and form part of this report by cross-reference.

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 35 to the financial statements.

Going concern

After making due and proper enquiries, the Group has formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of the approval of these accounts, and on that basis can continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the Group has considered the net current liability position at 31 December 2021 of £33,618,021. The net current liability position is as a consequence of a shareholder loan of £34,676,808, where repayment will not be sought until the Group has adequate resources. The Group has also received a letter of support from its ultimate controlling party, Alony-Hetz Properties & Investments Limited for a period of 12 months from the date of approval of these accounts.

Independent auditors

Our auditor, Deloitte LLP, has indicated their willingness to continue in office. The Board, on the advice of the Audit Committee, recommends their re-appointment, and a resolution that they be re-appointed will be proposed.

Streamlined energy and carbon reporting

The Group is not required to make disclosures under the Streamlined Energy and Carbon Reporting as none of its subsidiary undertakings meet the disclosure thresholds.

Disclosure of information to auditors

Each of the persons who is a Director of the Company at the date of approval of this report confirms that:

- So far as he/she is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities statement (continued)

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This Director's report was approved by the board on 22 February 2022 and signed on behalf of the Board by:

Jason Blank (Director)

David Marks (Director)

Independent Auditor's Report to the Members of Brockton Everlast Inc. Limited
Report on the audit of the financial statements
For the year ended 31 December 2021

1. Opinion

In our opinion the financial statements of Brockton Everlast Inc. Limited (the 'parent company') and its subsidiaries (the 'group')

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the company cash flow statement; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we have identified in the current year is: • Valuation of investment properties Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £25,000,000 which was determined on the basis of 2% of total assets. We applied a lower threshold of £780,000 for testing of all balances impacting the statement of comprehensive income, based on 2% of revenue.
Scoping	Our audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement.

4. Conclusions relating to going concern

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

Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- We challenged the judgements and assumptions applied by management in their going concern assessment and associated forecasts of financial performance and financial position, considering the reasonableness of assumptions regarding rental collection levels, historical trading performance and Covid 19.
- We reviewed key loan documentation to understand the principal terms, including financial covenants, and performed a review of the group's existing and forecast compliance with debt covenants and any associated cure mechanism and cash traps.
- We have assessed the net current liabilities position and evaluated whether the Group has the necessary resources across the next 12 months are in place.
- This entity received a the letter of support received from the ultimate parent in respect of the availability to support in a range of possible scenarios. In doing so an assessment of the ability of the parent company to provide said support has been performed.
- We applied further sensitivities to management’s forecasts and considered the extent of change in the underlying assumptions that either individually or collectively would be required for the group and the parent company to no longer have the resources to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of investment properties

Key audit matter description	The investment property portfolio has a carrying value of £1,171.7 million at 31 December 2021 (2020 - £661.1 million) , comprising 94% of the group's assets. The portfolio consists of four office buildings in London, one property in Oxford and a further five properties held in Cambridge. The investment property portfolio is disclosed in Note 15 to the group financial statements We evaluated the fair value of the group's property portfolio to be a significant area of focus due to the level and nature of the judgements and assumptions from management that form inputs, into the valuation process performed by the group's independent valuers, such as yields and occupancy, rental growth and collections. The valuations are consequently based on subjective evidence. Changes in these assumptions and judgements could lead to significant movements in property values and consequently unrealised gains or losses in the consolidated statement of comprehensive income. There is also a risk of fraud in relation to the valuation of the property portfolio, where the use of assumptions and judgements is more critical and could be subject to undue influence by management. Furthermore, we have considered the data provided by management, used within the external valuations. The accounting policy for investment property is set out in Note 2 to the group financial statements including management's assessment of this as a key source of estimation uncertainty.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the group's relevant controls around investment property valuations and tested the implementation of the control. • We evaluated the competence, capabilities and objectivity of the external valuers. • We met with the group's external valuers and challenged the significant judgements, assumptions applied and ongoing impact of Covid 19 on the valuation model. • We challenged movements in the significant judgements and assumptions and benchmarked the inputs against market data with the involvement of our internal real estate valuation specialists, who are members of the Royal Institution of Chartered Surveyors. • We analysed the individual property valuations to understand significant movements against prior year and comparative market evidence considered by the valuers. • We sample tested the integrity of the information provided to the valuers by management pertaining to rental income, purchasers' costs and occupancy.
Key observations	We concur that the judgements and assumptions adopted by management in the valuation were reasonable and appropriate.

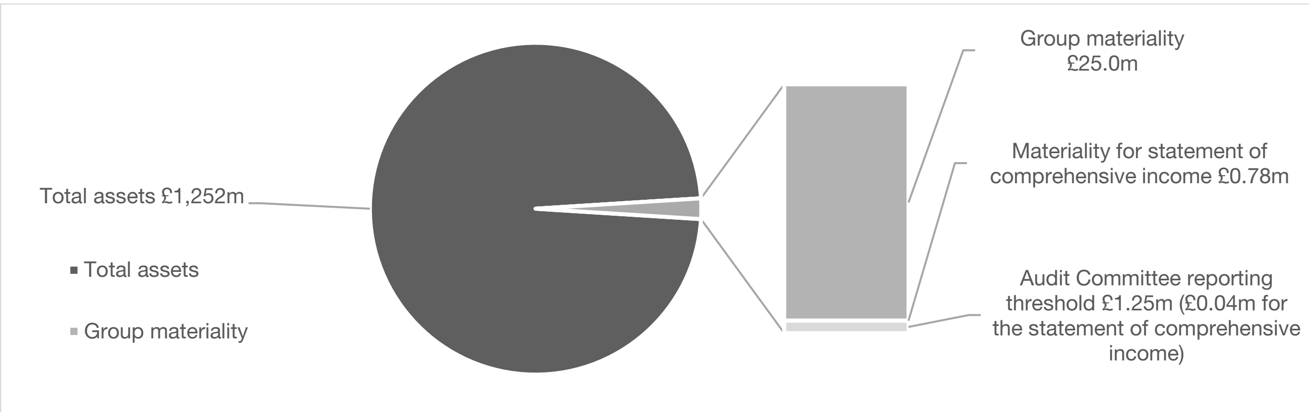
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£25,000,000 (2020 - £13,900,000)	£9,857,000 (2020 - £6,212,500)
Basis for determining materiality	2% of total assets (2020 – 2% of total assets) We applied a lower threshold of £780,000 (2020 - £677,000) for testing of all balances impacting the statement of comprehensive income based on 2% of revenue (2020 – 2% of revenue).	2% of total assets (2020 – 2% of total assets) We applied a lower threshold of £702,000 (2020 - £609,000) for testing of all balances impacting the statement of comprehensive income based on 2% of revenue (2020 – 2% of revenue).
Rationale for the benchmark applied	These benchmarks were chosen as they are considered to be the most critical financial performance measures of the group and parent company.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% of group materiality (2020 – 70% of group materiality)	70% of parent company materiality (2020 - 70% of parent company materiality)
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the Group's overall control environment; • There have been no significant changes in the business; and • Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1,250,000 (2020 - £695,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. In respect of the comprehensive income statement, our reporting threshold is £40,000 (2020 - £30,000). We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement. The audit procedures related to all subsidiaries have been audited by the same engagement team.

We performed full scope audits on all subsidiaries within the group.

8. Other information

The other information comprises the information included in the company information, strategic report and directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our 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.

9. Responsibilities of directors

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

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

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered 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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the significant judgements and assumptions used in the investment property valuations. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, REIT legislation, The International Stock Exchange and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included the Landlord & Tenant Act, Employment Legislation and Health and Safety Regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified Valuation of investment properties as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report to the Members of Brockton Everlast Inc. Limited
Report on the audit of the financial statements
For the year ended 31 December 2021

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

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

Matthew Hall

Matthew Hall, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
22/02/2022

Brockton Everlast Inc. Limited

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	Note	31 Dec 2021 £	31 Dec 2020 £
Continuing operations			
Rental income		34,080,412	28,751,249
Investment advisory fees and other income		5,526,370	5,131,358
Group revenue	6	39,606,782	33,882,607
Cost of owning and letting the properties		(3,072,861)	(2,883,267)
Net operating income		36,283,921	30,999,340
Fair value movements on investment property	15	224,638,632	(9,850,773)
Fair value movements on securities	16	125,399	-
Administrative and general expenses	8	(17,958,008)	(12,872,655)
Depreciation	19,20	(511,856)	(593,537)
Amortisation	14	(405,000)	(1,280,000)
Remuneration amortisation	30	(6,209,250)	(6,209,244)
Operating profit		235,963,838	193,131
Financing revenues	12	2,654,987	932
Financing expenses	12	(10,284,408)	(9,417,053)
Fair value movements on derivative financial instruments	12	889,075	(471,471)
Net financing expense		(6,740,346)	(9,887,592)
Profit / (loss) before tax	9	229,223,492	(9,694,461)
Tax credit	13	1,839,796	9,084,874
Profit / (loss) for the year		231,063,288	(609,587)
OTHER COMPREHENSIVE INCOME / (EXPENSE) THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Gain / (loss) on cash flow hedges	12	2,182,407	(996,579)
Total comprehensive income / (expense) for the year		233,245,695	(1,606,166)
Earnings / (loss) per ordinary share			
Basic and diluted (pence per share)	29	59.9	(0.2)

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

Brockton Everlast Inc. Limited

Consolidated Statement of Financial Position

As at 31 December 2021

Company Number 11189374

	Note	31 Dec 2021 £	31 Dec 2020 £
Non-current assets			
Intangible assets	14	12,052,685	12,457,685
Investment property	15	1,171,655,944	661,067,151
Securities measured at fair value through profit or loss	16	12,462,069	-
Derivative financial instruments	17	2,452,650	103,661
Right-of-use asset	19	1,863,674	2,213,637
Property, plant and equipment	20	356,746	422,668
Lease incentives	15	3,510,609	4,182,849
Deferred tax	13	263,304	-
		1,204,617,681	680,447,651
Current assets			
Other assets	21	20,643,827	-
Derivative financial instruments	17	124,817	-
Trade and other receivables	22	15,952,837	5,397,047
Corporation Tax		-	1,197,565
Cash and cash equivalents		11,594,182	11,100,442
		48,315,663	17,695,054
Total assets		1,252,933,344	698,142,705
Current liabilities			
Trade and other payables	23	(19,555,814)	(14,001,252)
Long-term incentive plan liability	26	(26,709,419)	-
Lease liabilities	25	(241,643)	(229,997)
Interest bearing loans and borrowings	27	(35,426,808)	-
		(81,933,684)	(14,231,249)
Net current (liabilities) / assets		(33,618,021)	3,463,805
Non-current liabilities			
Lease liabilities	25	(6,117,474)	(2,091,051)
Long-term incentive plan liability	26	(97,187)	(887,234)
Interest bearing loans and borrowings	27	(469,607,844)	(361,087,925)
Securities measured at fair value through profit or loss	16	(319,322)	-
Derivative financial instruments	17	-	(887,676)
Deferred tax liability	13	-	(1,672,427)
		(476,141,867)	(366,626,313)
Total liabilities		(558,075,551)	(380,857,562)
NET ASSETS		694,857,793	317,285,143
Equity and reserves			
Share capital	28	428,775,791	318,693,443
Other reserves	30	(3,865,832)	(12,292,846)
Retained earnings		269,947,834	10,884,546
TOTAL EQUITY		694,857,793	317,285,143

The notes on pages 24 to 58 form an integral part of these consolidated financial statements. The consolidated financial statements were approved and authorised by the Board on 22 February 2022 and were signed on its behalf by:

Jason Blank (Director)

David Marks (Director)

Brockton Everlast Inc. Limited

Company Statement of Financial Position

As at 31 December 2021

Company Number 11189374

	Note	31 Dec 2021 £	31 Dec 2020 £
Non-current assets			
Investment in subsidiary	32	373,406,386	267,121,347
Securities measured at fair value through profit or loss	16	12,462,069	-
		385,868,455	267,121,347
Current assets			
Other assets	21	20,643,827	-
Trade and other receivables	22	849,181	365,450
Intercompany loan	24	80,960,743	40,873,168
Deferred tax asset		1,403,817	724,690
Cash and bank balances		3,024,264	2,283,386
		106,881,832	44,246,694
Total assets		492,750,287	311,368,041
Current liabilities			
Trade and other payables	23	(4,683,320)	(1,629,952)
Shareholder loan	27	(34,676,808)	-
		(39,360,128)	(1,629,952)
Non-current liabilities			
Securities measured at fair value through profit or loss	16	(319,322)	-
NET ASSETS		453,070,837	309,738,089
Equity and reserves:			
Share capital	28	428,775,791	318,693,443
Retained earnings		24,295,046	(8,955,354)
TOTAL EQUITY		453,070,837	309,738,089

The Company made a profit in the year of £5,520,400 (year to 31 December 2020: £5,119,054 profit).

An exemption has been taken from the requirement to publish a separate profit and loss account for the parent company as set out in section 408 of the Companies Act.

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

The financial statements were approved and authorised by the Board on 22 February 2022 and were signed on its behalf by:

Jason Blank
Director

David Marks
Director

Brockton Everlast Inc. Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital (note 28)	Other Reserves (note 30)	Retained earnings	Total Equity
	£	£	£	£
Balance at 1 January 2020	270,913,443	(17,540,868)	11,494,133	264,866,708
Loss for the year after tax	-	-	(609,587)	(609,587)
Other comprehensive expense	-	(996,579)	-	(996,579)
Total comprehensive expense for the year	-	(996,579)	(609,587)	(1,606,166)
Share-based remuneration	-	6,209,244	-	6,209,244
Long-term incentive plan provision	-	35,357	-	35,357
Share subscription in year	47,780,000	-	-	47,780,000
Balance at 31 December 2020	**318,693,443**	**(12,292,846)**	**10,884,546**	**317,285,143**
Profit for the year after tax	-	-	231,063,288	231,063,288
Other comprehensive income	-	2,182,407	-	2,182,407
Total comprehensive income for the year	-	2,182,407	231,063,288	233,245,695
Share-based remuneration	-	6,209,250	-	6,209,250
Long-term incentive plan provision	-	35,357	-	35,357
Dividends paid (note 29)	-	-	(12,000,000)	(12,000,000)
Shares cancelled in the year	(40,000,000)	-	40,000,000	-
Share subscription in the year	150,082,348	-	-	150,082,348
Balance at 31 December 2021	**428,775,791**	**(3,865,832)**	**269,947,834**	**694,857,793**

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

Brockton Everlast Inc. Limited

Company Statement of Changes in Equity
For the year ended 31 December 2021

	Share Capital (note 28)	Retained earnings	Total Equity
	£	£	£
Balance at 1 January 2020	270,913,443	(14,074,408)	256,839,035
Profit for the period after tax	-	5,119,054	5,119,054
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,119,054	5,119,054
Share subscription in period	47,780,000	-	47,780,000
Balance at 31 December 2020	**318,693,443**	**(8,955,354)**	**309,738,089**
Profit for the period after tax	-	5,250,400	5,250,400
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,250,400	5,250,400
Dividends paid (note 29)	-	(12,000,000)	(12,000,000)
Shares cancelled in the year	(40,000,000)	40,000,000	-
Share subscription in the year	150,082,348	-	150,082,348
Balance at 31 December 2021	**428,775,791**	**24,295,046**	**453,070,837**

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

Brockton Everlast Inc. Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2021

Analysis of Cash Flows	Note	31 Dec 2021 £	31 Dec 2020 £
Net cash from operating activities	31	18,484,062	4,985,873
Investing activities			
Acquisition of investment property		(249,673,532)	(92,585,387)
Acquisition of subsidiary, net of cash acquired	31	(9,984,610)	-
Subsequent expenditure on investment property		(7,740,297)	(5,330,557)
Lease incentives paid		(115,726)	(95,000)
Loans issued	21	(18,000,000)	-
Additions to property, plant and equipment	20	(118,696)	(106,323)
Net cash used in investing activities		(285,632,861)	(98,117,267)
Financing activities	31		
Proceeds from share subscription	28	138,065,000	47,780,000
Proceeds from new borrowings	27	225,539,808	100,440,000
Repayment of borrowings	27	(99,813,000)	(52,830,000)
Dividends paid		(12,000,000)	-
Loan issue costs paid		(3,404,252)	(759,501)
Acquisition of interest rate cap	17	(290,000)	(255,912)
Repayment of obligations under lease liabilities	25	(455,017)	(360,521)
Net cash from financing activities		267,647,539	94,014,066
Net increase in cash and cash equivalents		493,740	882,672
Cash and cash equivalents at beginning of the year		11,100,442	10,217,770
Cash and cash equivalents at end of the year		11,594,182	11,100,442

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

Brockton Everlast Inc. Limited

Company Cash Flow Statement

For the year ended 31 December 2021

Analysis of Cash Flows	**Note**	**31 Dec 2021 £**	**31 Dec 2020 £**
Operating activities			
Profit for the year		5,250,400	5,119,054
Adjustments for:			
Fair value movements on securities		(125,399)	-
Tax credit		(679,127)	(627,323)
Finance costs (credited) / charged		(530,326)	140,326
Interest income receivable		(2,643,827)	-
Operating cash flows before movement in working capital		1,271,721	4,632,057
(Increase) / decrease in receivables		(533,731)	26,160
Increase in payables		3,053,368	80,970
Cash generated from operations		3,791,358	4,739,187
Interest and finance fees credited / (paid)		530,326	(140,326)
Net cash from operating activities		4,321,684	4,985,873
Investing activities			
Subscription for shares in subsidiary undertakings		(106,285,039)	(267,121,247)
Loans issued		(18,000,000)	-
(Provision) / repayment of loans to subsidiary undertakings		(40,037,575)	218,019,644
Net cash used in investing activities		(164,322,614)	(49,101,603)
Financing activities			
Proceeds from share subscription		138,065,000	47,780,000
Proceeds from new borrowings		135,928,060	48,780,000
Repayment of borrowings		(101,251,192)	(48,780,000)
Repayment of advance from shareholder	31	-	(4,000,000)
Dividends paid		(12,000,000)	-
Net cash from financing activities		160,741,808	43,780,000
Net increase / (decrease) in cash and cash equivalents		740,878	(722,742)
Cash and cash equivalents at beginning of the year		2,283,386	3,006,128
Cash and cash equivalents at end of the year		3,024,264	2,283,386

The notes on pages 24 to 58 form an integral part of these consolidated financial statements.

1. General information

Brockton Everlast Inc. Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is 89 Wardour Street, London, W1F 0UB.

The principal activities of the Company and its subsidiaries (the Group) are that of property investment and the provision of investment advisory services to private equity real estate funds.

These consolidated financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

2. Critical accounting estimates and judgements

The Group's significant accounting policies are stated in note 4, and accounting policies that are specific to a component of the financial statements have been incorporated in the relevant note. The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity are set out below:

Estimates:

Valuation of investment property:
The Group considers the key source of estimation uncertainty to relate to the carrying value of the Group's investment property held at £1,171,655,944 (2020: £661,067,151) (see note 15). The primary source of evidence for property valuations should be recent, comparable market transactions conducted on an arm's-length basis. During the year, the directors instructed Cushman & Wakefield Debenham Tie Leung Limited ("Cushman & Wakefield") to undertake a valuation exercise in accordance with RICS Valuation Standards on the Group's investment property. The valuation of the Group's investment property is inherently subjective. Assumptions are made with regards to capitalisation yields, market conditions and estimated future rental streams net of income voids arising from vacancies and rent-free periods and associated running costs.

Judgements:

Service charges and expenses recoverable from tenants
Where service charges and other expenses are recharged to tenants, the expense and the income received in reimbursement are offset within the Statement of Comprehensive Income and are not separately disclosed, as the Directors consider that the Group acts as agent in this respect. The annual service charge budget across the Group's investment property portfolio is c£3.5m. Service charges and other property-related expenses that are not recoverable from tenants are recognised in expenses on an accruals basis.

3. Adoption of new and revised standards

At the date of authorisation of these consolidated financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported in these consolidated financial statements.

Standards affecting presentation and disclosure:

- Amendments to IFRS 16: COVID-19-Related Rent Concessions; and

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform.

  In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

  In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

  Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to one interest rate swap that has been subject to interest rate benchmark reform.

  The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125 per cent range.

  As a result of the Phase 2 amendments:

  - when the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes; and

  - when changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on SONIA.

3. Adoption of new and revised standards (continued)

New and revised IFRSs adopted by the United Kingdom that are not mandatorily effective for the year ending 31 December 2021

The following standards and amendments have been adopted by the United Kingdom but are not yet mandatorily effective for the year ending 31 December 2021. Accordingly, they have not been applied in preparing these consolidated financial statements:

- IFRS 17 (including the June 2020 amendments to IFRS 17): Insurance Contracts;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8: Definition of Accounting Estimates; and
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Group is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the consolidated financial statements of the Group.

4. Significant accounting policies

Basis of accounting

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

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, securities and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below, and accounting policies that are specific to a component of the financial statements have been incorporated in the relevant note.

Going concern

After making due and proper enquiries, the Group has formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of the approval of these accounts, and on that basis can continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the Group has considered the net current liability position at 31 December 2021 of £33,618,021. The net current liability position is as a consequence of a shareholder loan of £34,676,808, where repayment will not be sought until the Group has adequate resources. The Group has also received a letter of support from its ultimate controlling party, Alony-Hetz Properties & Investments Limited for a period of 12 months from the date of approval of these accounts.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021.

(a) Subsidiaries

Control:
Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the company has power over the investee. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary entities are fully consolidated from the date on which control is transferred to the Group, being the date on which the Group gains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Group using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

4. Significant accounting policies (continued)

Accounting for business combinations:
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, including that resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Accounting for acquisition of subsidiaries treated as asset acquisitions:
For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the acquiree based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

(b) Change in ownership interest in a subsidiary without change of control

Transactions with non-controlling interest holders that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(c) Loss of control of a subsidiary

The loss of control of a subsidiary usually occurs when the Group sells or otherwise transfers its controlling interest in a single transaction or as a result of multiple transactions. However, other events may also result in the loss of control such as a subsidiary issuing shares that dilutes the Group's controlling interest, expiration of a contractual agreement that conferred control of the subsidiary, or when a subsidiary becomes subject to the control of a government, court, administrator or regulator (without any change in the ownership interest in the subsidiary).

In some situations, a single transaction that does not lead to loss of control in isolation may in fact be part of a series of linked transactions that will have this effect when considered together. In such situations, the Group considers the terms and conditions of the transactions and their economic effects to determine whether two or more transactions should be considered as a single transaction for accounting purposes.

When the Group ceases to have control, any retained interest in the investment (former subsidiary) is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset in accordance with the relevant IFRSs. In addition, any amounts previously recognised in other comprehensive income in respect of that investment are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less, where applicable, any provision for impairment under the provisions of IAS 36. A provision for impairment is recognised to reflect the recoverable amount of the subsidiaries. In accordance with IAS 36, provisions for impairment will be reduced or increased dependent on the assessment of the recoverable amount of the subsidiary in future. The value of investments can never exceed costs.

5. Operating segments

The Directors have considered the requirements of IFRS 8 'Operating Segments' and are of the view that the Group is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The view that the Group is engaged in a single unified business is based on the fact that the key financial indicator received and reviewed by the Board is the total return from the property portfolio taken as a whole and also that there is no active allocation of resources to particular types or groups of properties in order to try to match the asset allocation of an index or benchmark.

Included in revenue are revenues of approximately £11.4m (year to 31 December 2020: £11.4m) which arose from sales to the Group's largest customer, £4.6m (year to 31 December 2020: £4.6m) which arose from sales to the Group's second largest customer, and £4.6m (year to 31 December 2020: £4.5m) which arose from sales to the Group's third largest customer. No other single customers contributed 10 per cent or more to the Group's revenue in either 2021 or 2020.

6. Group revenue

Accounting policy
Revenue comprises rental income, net of Value Added Tax, which is recognised on a straight-line basis over the term of the leases. Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises.
Tenant lease incentives are recognised within rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.
Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.
Revenue also represents amounts chargeable to clients for investment and other advisory services provided during the period. Revenue is only recognised where the Group has a contractual right to receive consideration for the work undertaken. Revenue is measured at the fair value of the consideration received or receivable and is stated net of value added taxes.

	31 Dec 2021	31 Dec 2020
	£	£
Rental income	34,080,412	28,751,249
Advisory fees	5,126,370	5,112,204
Other income	150,000	19,154
	39,356,782	33,882,607

All revenue is from continuing operations and from the United Kingdom.

7. Operating leases – Group as lessor

The Group has entered into leases on its property. The commercial property leases have a weighted average remaining lease term of approximately 5.1 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	31 Dec 2021	31 Dec 2020
	£	£
Within 1 year	36,841,709	28,397,264
After 1 year, but not more than 5 years	102,310,373	89,511,745
Over 5 years	51,800,536	55,099,500
	190,952,618	173,008,509

8. Administrative and general expenses

	31 Dec 2021	31 Dec 2020
	£	£
Professional fees	1,088,068	1,196,806
Staff salaries and members' remuneration (note 10)	15,466,006	10,414,365
Abortive fees	52,998	12,000
Other expenses	1,350,936	1,249,484
	17,958,008	12,872,655

9. Profit / (loss) before tax

	31 Dec 2021	31 Dec 2020
Profit / (loss) from operations is stated after charging:	£	£
Amortisation of intangible assets (note 14)	405,000	1,280,000
Depreciation of owned assets (note 20)	184,618	252,977
Fees payable to the Group's auditor in respect of:		
Company audit	147,842	126,804
Subsidiary entity audits	79,776	95,992
Tax compliance	11,400	8,000

No amortisation or depreciation is incurred by the Company, and the Company incurs the costs in respect of the audit of its subsidiaries.

10. Staff costs and employee numbers

The average monthly number of employees (including Directors) during the period was:

	31 Dec 2021	31 Dec 2020
Directors	5	5
Investment and professional	23	20
Support	11	12
	39	37

There were no employees in the Company in the year to 31 December 2021, and none in the prior year.

	31 Dec 2021 £	31 Dec 2020 £
Wages and salaries	8,949,068	9,066,173
Social security costs	998,059	485,678
Pension costs and other benefits	240,198	338,254
Employee LTIP (note 26)	25,954,729	524,260
	36,142,054	10,414,365
Less: capitalised into investment properties (note 15)	(20,676,048)	-
Staff salaries and members' remuneration: administrative and general expenses (note 8)	15,466,006	10,414,365
Remuneration amortisation	6,209,250	6,209,244
Total staff salaries and members' remuneration	21,675,256	16,623,609

During the year £69,739 (year to 31 December 2020: £71,024) was paid towards defined contribution pension plans.

11. Directors' remuneration

	31 Dec 2021 £	31 Dec 2020 £
Wages and salaries	2,526,471	2,625,000
Short-term employee benefits	38,878	34,722
	2,565,349	2,659,722

During the year £858,596 (year to 31 December 2020: £887,942) was paid in wages and salaries and short-term employee benefits to the highest paid director.

12. Finance costs and income

Finance revenues	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Loan interest income	2,643,827	-
Bank and other interest income	11,160	932
	2,654,987	932

Finance expenses	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Bank loan interest payable	8,159,719	7,669,749
Amortisation of capitalised loan expenses	2,259,018	1,365,275
Bank loan fees	174,936	132,506
Lease liabilities interest payable	219,261	109,197
Other interest	1,800	-
Shareholder loan interest payable	(530,326)	140,326
	10,284,408	9,417,053

Shareholder loan interest payable is a credit in the year due to the reversal of charges in prior years.

Fair value movement of derivative financial instruments	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Gain / (loss) recognised through profit and loss	889,075	(471,471)
Gain / (loss) recognised through other comprehensive income	2,182,407	(996,579)

There is no tax impact of the gain / (loss) on cash flow hedges recognised through other comprehensive income.

13. Current and deferred tax

Accounting Policy
The taxation charge / (credit) for the year is recognised in the consolidated statement of comprehensive income according to the accounting treatment of the related transaction.
Current tax payable or receivable is based on the taxable income for the year and any adjustment in respect of prior periods.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax on the Group's profit / (loss) differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits / (losses) of the Group as follows:

	31 Dec 2021	**31 Dec 2020**
	£	**£**
Profit / (loss) on ordinary activities before tax	229,223,492	(9,694,461)
Profit / (loss) on ordinary activities multiplied by standard rate of UK Corporation Tax of 19% (2020: 19%)	43,552,643	(1,841,948)
Effects of:		
Permanent differences	6,101,576	686,793
Temporary differences	216,245	(261,464)
Temporary difference in relation to revaluation of investment property	-	(5,462,368)
Revaluation surplus attributable to REIT properties	(47,088,902)	(159,309)
REIT exempt property rental profits	(2,966,515)	(2,169,983)
Impact of tax losses	(116,627)	123,405
Investment in tax transparent entities	(1,633,971)	-
Over provision in respect of prior years	95,935	-
Total tax credit for the year	(1,839,796)	(9,084,874)
Split between:		
Current tax	95,935	-
Deferred tax	(1,935,731)	(9,084,874)
Total tax credit for the year	(1,839,796)	(9,084,874)

There is no tax impact of the gain / (loss) on cash flow hedges recognised through other comprehensive income.

13. Current and deferred tax (continued)

The following is the deferred tax liability recognised by the Group and movements thereon during the current year *.

Deferred tax	Intangible assets and remuneration	Capital allowances	Investment property revaluation	Securities measured at fair value	Losses	Total
	£	£	£	£	£	£
At 1 January 2020	(3,509,672)	(137,545)	(7,250,839)	-	140,755	(10,757,301)
Credit to income statement	1,010,054	240,046	7,250,839	-	583,935	9,084,874
At 31 December 2020	(2,499,618)	102,501	-	-	724,690	(1,672,427)
Credit / (charge) to income statement	1,256,708	(103)	-	(31,350)	710,476	1,935,731
At 31 December 2021	(1,242,910)	102,398	-	(31,350)	1,435,166	263,304

The deferred tax in respect of intangible assets and remuneration comprises amounts in relation to the trade name and equity-settled share-based remuneration. The deferred tax in respect of losses is anticipated to be offset against profits in future periods. The Group does not have any unrecognised deferred tax assets.

*Deferred taxes at the reporting date have been measured using the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The corporation tax main rate is currently 19% and will increase to 25% applying to profits over £250,000 from 1 April 2023. This is not anticipated to have a material impact on the Group's results.

14. Intangible assets

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the fair value of the assets given and equity instruments issued. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, including intangible assets, of the acquired entity at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income. Costs attributable to an acquisition are expensed in the consolidated statement of comprehensive income.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required.

14. Intangible assets (continued)

Trade name

The 'Brockton' trade name has been in use since the inception of the Group's subsidiary BC LLP and supports substantially all of the Group's revenue. The use of the 'Brockton' trade name is expected to continue indefinitely into the future such that it represents an asset with a long life. The estimated useful life for the trade name is 15 years and is amortised on a straight-line basis over this period.

Other intangible assets

The other intangible assets are related to existing contractual agreements that were acquired by the Group on the acquisition of BC LLP. The estimated useful life for this intangible asset is three years and as at 31 December 2021 was fully amortised.

Goodwill

Goodwill was allocated to the Brockton Everlast business on acquisition of BC LLP. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating units is determined based on fair value less costs of disposal calculations. Since the acquisition of BC LLP in March 2018, the directors have continued to assess the recoverability of the goodwill balance. This has been done through knowledge of the real estate market, knowledge of recent comparable transactions, and discussions in the year with third parties. As at 31 December 2021 there is significant headroom between the fair value less costs of disposal and the carrying value, and therefore it was determined that no impairment of goodwill is required.

This valuation falls within Level 3 of the fair value hierarchy as defined by IFRS 13.

	Trade name	Other intangible assets	Goodwill	Total
Cost	**£**	**£**	**£**	**£**
At 31 December 2020 and 31 December 2021	1,700,000	3,500,000	10,777,685	15,977,685
Amortisation				
At 1 January 2020	198,333	2,041,667	-	2,240,000
Amortisation for the year	113,333	1,166,667	-	1,280,000
At 31 December 2020	311,666	3,208,334	-	3,520,000
Amortisation for the year	113,334	291,666	-	405,000
At 31 December 2021	425,000	3,500,000	-	3,925,000
Carrying amount				
At 31 December 2021	1,275,000	-	10,777,685	12,052,685
At 31 December 2020	1,388,334	291,666	10,777,685	12,457,685

15. Investment property

Accounting Policy
Investment property comprises completed property and property under construction or redevelopment that is held to earn rental income or for capital appreciation or both.
Investment property is measured initially at its cost, including related transaction costs.
After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.
Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13.
Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.
Gains or losses arising from changes in the fair value of the Group's investment properties are included in the consolidated statement of comprehensive income of the period in which they arise.

	31 Dec 2021	31 Dec 2020
	£	£
At 1 January	661,067,151	564,446,861
Acquisition of investment property	237,630,000	94,689,426
Associated acquisition costs	15,750,288	6,054,112
Capital expenditure	7,580,044	5,727,525
Other costs capitalised (note 10)	20,676,048	-
Lease incentives	3,510,609	4,182,849
Leasehold asset acquisition	4,313,781	-
Lease liabilities	(4,291,553)	-
Fair value movements in the year	224,638,632	(9,850,773)
Fair value	1,170,875,000	665,250,000
Lease incentives included in other non-current assets	(3,510,609)	(4,182,849)
Lease liabilities included in current and non-current liabilities	4,291,553	-
Carrying value at 31 December	1,171,655,944	661,067,151
The investment properties valuation comprises:		
Operational properties	938,125,000	665,250,000
Land	232,750,000	-
	1,170,875,000	665,250,000

In the year to 31 December 2021 the Group acquired nine buildings totalling c.256,000 sq ft plus 9.7 acres of mixed-use land in Cambridge for a total of £253.38 million (including associated costs). This increased the Group's investment property portfolio to c.1.15m sq ft, the majority of which is in Central London.

The Group has pledged substantially all of its investment property to secure banking facilities granted to the Group (note 27).

The property portfolio is subject to external valuations and was revalued at 31 December 2021 by external valuers on the basis of fair value in accordance with The RICS Valuation – Professional Standards, which takes account of the properties' highest and best use. When considering the highest and best use of a property, the external valuers will consider its existing and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the external valuers will consider the costs and the likelihood of achieving and implementing this change in arriving at the property valuation.

15. Investment property (continued)

Cushman & Wakefield were the only valuers engaged by the Group and the total fees, including the fee for this assignment, earned by Cushman & Wakefield (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of their total UK revenues. Cushman & Wakefield are a well-known firm, with sufficient experience of the Group's market. The Group assessed their competence and capabilities and verified their qualifications by discussing the scope of their work and reviewing the terms of their engagement for unusual terms or fee arrangements. Based on this work, the Group is satisfied that Cushman & Wakefield remain independent and competent and that the scope of their work was appropriate.

Valuation process

The valuation reports produced by the external valuers are based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's and its property managers' financial and property management systems and is subject to the Group's overall control environment. In addition, the valuation reports are based on assumptions and valuation models used by the external valuers. The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgement and market observation. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property.

Members of the Group's Investment team verify all major inputs to the external valuation reports, assess the individual property valuation changes from any prior valuation reports and hold discussions with the external valuers. When this process is complete, the valuation report is recommended to the Audit Committee, which considers it as part of its overall responsibilities.

Valuation techniques

The fair value of the property portfolio has been determined using a combination of:

i) the income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate, and the resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms;
ii) the residual method, whereby the fair value is calculated by estimating the fair value of the completed property using the income capitalisation technique less estimated costs to completion and a risk premium, and
iii) Sales comparison approach, whereby investments are valued taking into account comparable investments in close proximity that are similar to the investment valued which have been sold within the last year in an open and competitive market and sold under typical market conditions. These values are adjusted for differences in key attributes such as property size and quality. The most significant input into this valuation approach is price per acre or square foot.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

There were no transfers between Levels 1 and 2 or between Levels 2 and 3 in the fair value hierarchy during the year.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a gain of £224,638,632 (year to 31 December 2020: loss of £9,850,773) and are presented in the consolidated statement of comprehensive income in the line item 'fair value movements on investment property'.

All gains and losses recorded in profit or loss in the year for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the year end.

15. Investment property (continued)

Quantitative information about fair value measurement using unobservable inputs (Level 3):

	Operational		Land	
	Minimum - Maximum	**Weighted Average**	**Minimum - Maximum**	**Weighted Average**
Gross ERV (per sq ft pa)	£30 - £78	£55	£44	£44
True Equivalent Yield	3.57% - 5.46%	4.54%	4.1%	4.1%
Price per acre	n/a	n/a	£14.4m	£14.4m

The weighted average is calculated on the net internal area for the gross ERV, and fair value for true equivalent yield.

Sensitivity of measurement to variations in the significant unobservable inputs:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Gross ERV	Increase	Decrease
True Equivalent Yield	Decrease	Increase
Price per acre	Increase	Increase

There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in gross ERV and would mitigate its impact on the fair value measurement.

A sensitivity analysis was performed to ascertain the impact on the fair value of a shift in true equivalent yield, ERV, and price per acre as per the table below.

	Impact on fair value measurement	
	Operational	**Land**
True Equivalent Yield: +25bp / -25bp	-8.2% / +9.5%	-13.2% / +14.9%
Estimated Rental Value: +10% / -10% on £ per sq ft pa	+14.3% / -13.9%	+21.4% / -21.4%
Price per acre: +£2.5m / -£2.5m	n/a	+17.4% / -17.4%

16. Securities measured at fair value through profit or loss

Accounting Policy
The Group accounts for securities in accordance with its policy for financial assets and financial liabilities as disclosed in notes 22 and 23.

In the year, the Group acquired a c.25% interest in Brockton Capital Fund I L.P., a private equity real estate fund. The Group also acquired a c.10% interest in Brockton Capital Fund I (Scotland) L.P., the general partner of Brockton Capital Fund I L.P. and the beneficiary of any Carried Interest in Brockton Capital Fund I L.P.. These securities were acquired from Alony-Hetz Properties & Investments Limited, the ultimate controlling party, and ultimate parent company of the Group.

	31 Dec 2021	31 Dec 2020
	£	£
At 1 January	-	-
Acquisition in the period	12,017,348	-
Fair value movements in the period	125,399	-
At period end	12,142,747	-
Split between:		
Non-current assets	12,462,069	-
Non-current liabilities	(319,322)	-
	12,142,747	-

17. Derivative financial instruments

Accounting policy

The Group uses derivative instruments to help manage its interest rate risk and does not hold or issue derivatives for trading purposes.

The Group has elected to apply IFRS 9 hedge accounting model as its accounting policy from the start of the reporting period. In the prior year the Group adopted IAS 39 hedge accounting model. The Group's hedging relationships that qualified for hedge accounting in accordance with IAS 39 also qualify for hedge accounting in accordance with IFRS 9 and are regarded as continuing hedging relationships. There was no gain or loss recognised in the consolidated income statement in respect of this transition.

The Group has also elected to apply the practical expedient to continue using the same accounting application as previously applied under IAS 39. The balance sheet classification of hedging instruments is determined in accordance with the remaining term of the hedging relationship at the end of the reporting period – if the remaining term is over 12 months as at the consolidated statement of financial position date, the hedging instrument is classified as a non-current asset or liability in the statement of financial position; and if the remaining term is less than 12 months at the end of the reporting period, the hedging instrument is classified as a current asset or liability in the statement of financial position.

The IFRS 9 hedge accounting model employs a principles-based approach. In order to qualify for hedge accounting, the hedge relationship must meet the hedge effectiveness criteria at the beginning of each hedged period which requires that:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge.

The effective portion of changes in value of financial instruments designated as cash flow hedges is immediately recognised in other comprehensive income under "gain / (loss) on cash flow hedges" and the non-effective portion is immediately recognised in the statement of comprehensive income.

Subsequent to discontinuation of hedge accounting, the amounts charged to other comprehensive income are charged to the income statement when the hedged item or the hedged anticipated transactions are charged to the income statement.

Derivative instruments which are not designated as a hedge under IAS 39 are recognised initially at fair value. Subsequently, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Fair value measurements for derivative financial instruments are obtained from quoted market prices and/or valuation models as appropriate. When not directly observable in active markets, the fair value of derivative contracts are computed based on assumptions as well as directly observable market information, including interest rate forward and yield curves. Changes in assumptions and forward curves could materially impact the computed fair value of derivative contracts, particularly long-term contracts, resulting in a corresponding impact on income or loss in the consolidated statement of comprehensive income.

The Group's derivative financial instruments are classified as level 2 in the fair value hierarchy.

Interest rate caps	**Notional Value**	**Cap Rate**	**Maturity Date**	**31 Dec 2021**	**31 Dec 2020**
Counterparty	**£**			**£**	**£**
Lloyds Bank Corporate Markets Plc	117,000,000	0.3807%	Apr 2022	45,152	4,280
BNP Paribas	132,300,000	1.8807%	Apr 2024	463,237	56,250
Australia and New Zealand Banking Group Limited	48,780,000	2.00%	Feb 2025	304,723	43,131
Deutsche Bank	41,926,393	1.85%	Jun 2026	469,624	-
	340,006,393			1,282,736	103,661

A premium of £1,798,239 was paid for the above interest rate caps (£290,000 in the year to 31 December 2021, and £255,912 in the year to December 2020).

Interest rate swaps	**Notional Value**	**Swap Rate**	**Maturity Date**	**31 Dec 2021**	**31 Dec 2020**
Counterparty	**£**			**£**	**£**
NatWest Markets Plc	63,360,000	0.6957%	Dec 2022	79,665	(887,676)
Deutsche Bank	48,073,607	0.478%	Jun 2026	1,215,066	-
	111,433,607			1,294,731	(887,676)

17. Derivative financial instruments (continued)

Presented as	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Non-current assets	2,452,650	103,661
Current assets	124,817	-
Non-current liabilities	-	(887,676)

The Group has entered into interest rate hedges on the terms disclosed above in an effort to limit its exposure to the changes in the variability of future interest rates on interest bearing loans and borrowings disclosed in note 27.

During the year the interest rate caps and swaps, with the exception of those with Deutsche Bank (which were SONIA linked from inception), were converted from LIBOR to SONIA. No additional premiums were paid in respect of this.

The Group has not elected to apply hedge accounting to the interest rate caps. All interest rate swaps fulfil the requirements for applying hedge accounting. The fixed interest rate basis for the interest rate swaps existing at the end of December 2021 was 0.48% and 0.70%. The variable interest rates are based on SONIA.

Value changes of the interest rate swaps, excluding accrued interest, are recorded directly in other comprehensive income. Accrued interest is recognised directly as finance expense. Consequently, there are no transfers between other comprehensive income and finance expense. In the reporting period, cash flow hedges were effective.

The maximum exposure to credit risk at the reporting date is the total of the positive fair value of the derivative financial instruments in the balance sheet.

The movement in the fair value of the interest rate swap relates entirely to the swap's intrinsic value.

The movement in fair value is shown in note 12.

18. Financial assets and liabilities, and risk management

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

- real estate market risk;
- credit risk;
- market risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash at bank, trade and other payables, floating rate bank loans, fixed rate loans and interest rate caps and swaps.

18. Financial assets and liabilities, and risk management (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to executive management for designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility and its ability to maximise returns. Further details regarding these policies are set out below:

Real estate market risk

General economic conditions and structural changes are the main factors which affect the general and specific development of supply and demand on the office and commercial real estate market; these in turn, influence the level of rents and the risk of vacancies. Furthermore, capital and financial markets impact yield expectations of real estate investors (discount rates). The Group manages the risk by monitoring the indicators of market direction and forward planning of investment decisions; where possible, selection of a large and diversified tenant base; review of tenant covenants before new leases are signed; long-term leases and active credit control process; good relationships with tenants and property managers and active asset management of the properties to control operating costs and ensure the properties' continuing attractiveness to the market and existing tenants.

Within the framework of its investment property valuations, the Group checks the external, independent valuation against the company's valuations using internal models and according to its own experience with regard to market rents, maintenance and renovation expenses, lengths of vacancies, yield expectations of investors, realised property sales process and so on. What is important in this comparison is the quantification of sensitivities with regard to critical determinants, rather than the comparison of absolute values. By means of scenario analyses, the impact of changing environmental factors, which are economically consistent, is checked regularly. In most scenarios there are compensation effects of various factors; consequently, property values are more stable than generally assumed. The worst scenario is a deflationary one which lasts several years.

A sensitivity analysis of the investment property valuation to movements in significant inputs is provided in note 15.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from lease contracts in relation to its property portfolio. It is Group policy to assess the credit risk of new tenants before entering into such contracts. Such assessment includes reviews of the latest sets of financial statements, external ratings, when available, and, in some cases, forecast information and bank and trade references. The covenant strength of each tenant is determined based on this review and, if appropriate, a deposit or a guarantee is obtained.

As the Group operates predominantly in central London, it is subject to some geographical risk. However, this is mitigated by the wide range of tenants from a broad spectrum of business sectors.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade are accepted. This risk is also reduced by the short periods that money is on deposit at any one time.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

18. Financial assets and liabilities, and risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk arises for the Group from its use of variable interest bearing instruments (interest rate risk).

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps, or interest rate caps. During the year, 100% of the Group's floating rate borrowings were covered by an interest rate cap or swap, and the swaps were designated as a cash flow hedge.

The Group has demonstrated that at the inception of the cash flow hedge it was expected that the hedge would be highly effective due to the effective date, maturity date, notional amount, reset day and roll day of the interest rate swap all matching the terms of the interest payments arising under the floating rate loan. It also demonstrates that the floating leg of the swap will not give rise to material ineffectiveness and therefore the prospective effectiveness test is satisfied.

The Group uses regression analysis to test the actual effectiveness of the hedge (retrospectively) at each reporting period, although it is expected that the hedge will remain effective throughout its life. The regression analysis compares the movements in fair value of the hedging instrument, i.e. the interest rate swap, with the movements in the present value of the future cash flows payable as interest under the loan (the hedged cash flows). The hedge will be deemed to be effective when the ratio between the fair value of the hedging instrument and the hedged item is within 80-125%.

The Group monitors its interest rate exposure on a regular basis. Sensitivity analysis performed to ascertain the impact on profit or loss and net assets of a 50 basis point shift in interest rates would result in an increase of £1.43m (2020: £1.44) or a decrease of £1.02m (2020: £1.18m) respectively.

The Group has no financial investment which is exposed to equity market risk, and due to the fact that the Group is only active in the UK property market, there is no currency risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, facilities and other credit lines as appropriate.

The tables below summarise the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted cash flows. Derivative financial instruments have been designated as being measured at fair value though profit or loss / other comprehensive income. All other financial assets and liabilities are measured at amortised cost.

Financial Assets	**On demand**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
31 December 2021	**£**	**£**	**£**	**£**	**£**
Trade and other receivables	-	10,416,380	-	-	10,416,380
Loans receivable (note 21)	-	20,643,827	-	-	20,643,827
Securities measured at fair value through profit or loss	-	-	12,462,069	-	12,462,069
Derivative financial instruments	-	124,817	2,452,650	-	2,577,467
Cash and cash equivalents	11,594,182	-	-	-	11,594,182
Total assets	11,594,182	31,185,024	14,914,719	-	57,693,925

18. Financial assets and liabilities, and risk management (continued)

Financial Liabilities	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
31 December 2021	£	£	£	£	£
Trade and other payables	-	8,804,531	-	-	8,804,531
Lease liabilities	-	241,643	1,592,466	4,525,008	6,359,117
Securities measured at fair value through profit or loss	-	-	319,322	-	319,322
Interest bearing loans and borrowings	-	35,426,808	474,570,000	-	509,996,808
Interest on interest bearing loans and borrowings	-	11,312,023	21,719,324	-	33,031,347
Total liabilities	-	55,785,005	498,201,112	4,525,008	558,511,125

Financial Assets	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
31 December 2020	£	£	£	£	£
Trade and other receivables	-	4,946,120	-	-	4,946,120
Derivative financial instruments	-	-	103,661	-	103,661
Cash and cash equivalents	11,100,442	-	-	-	11,100,442
Total assets	11,100,442	4,946,120	103,661	-	16,150,223

Financial Liabilities	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
31 December 2020	£	£	£	£	£
Trade and other payables	-	5,982,901	-	-	5,982,901
Lease liabilities	-	229,997	1,540,402	550,649	2,321,048
Derivative financial instruments	-	-	887,676	-	887,676
Interest bearing loans and borrowings	-	-	364,320,000	-	364,320,000
Interest on interest bearing loans and borrowings	-	6,897,503	11,948,327	-	18,845,950
Total liabilities	-	13,110,521	378,696,405	550,649	392,845,575

The directors have assessed that the carrying values of the Group's financial instruments approximate to their fair values.

19. Right-of-use asset

Accounting policy
The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group recognised a right-of-use asset on implementation of IFRS 16 (note 25) which is depreciated over the term of the lease.

	Right-of-use asset
Cost	**£**
At 1 January 2020 and 1 January 2021	2,915,324
Lease modification	(22,725)
At 31 December 2021	2,892,599
Accumulated depreciation	
At 1 January 2020	361,127
Charge for the year	340,560
At 31 December 2020	701,687
Charge for the year	327,238
At 31 December 2021	1,028,925
Carrying amount	
At 31 December 2021	1,863,674
At 31 December 2020	2,213,637

20. Property, plant and equipment

Accounting policy
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.
The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.
Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over the estimated useful economic lives as follows:

Leasehold improvements	5 years
Fixtures and fittings	5 years
Computer equipment	3 years

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
Cost	**£**	**£**	**£**	**£**
At 1 January 2020	920,137	139,297	11,189	1,070,623
Additions	11,663	93,680	980	106,323
At 31 December 2020	931,800	232,977	12,169	1,176,946
Additions	16,843	101,853	-	118,696
At 31 December 2021	948,643	334,830	12,169	1,295,642
Accumulated depreciation				
At 1 January 2020	423,459	72,544	5,298	501,301
Charge for the year	201,666	48,963	2,348	252,977
At 31 December 2020	625,125	121,507	7,646	754,278
Charge for the year	110,748	72,391	1,479	184,618
At 31 December 2021	735,873	193,898	9,125	938,896
Carrying amount				
At 31 December 2021	212,770	140,932	3,044	356,746
At 31 December 2020	306,675	111,470	4,523	422,668

21. Other assets

	31 Dec 2021	31 Dec 2020
	£	**£**
Loans receivable	20,643,827	-
	20,643,827	-

Loans receivable is in respect of an £18,000,000 loan that was issued to a residential development in Mayfair, London. The loan is repayable in April 2022 and accrues interest at 20% per annum, compounding quarterly. The receivable balance includes accrued interest.

22. Trade and other receivables

Accounting policy
The Group classifies its financial assets into one of the two categories set out below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:
1. Fair value through profit or loss:
The Group may from time to time use derivative financial instruments such as interest rate caps and swaps to hedge its interest rate risk. Where it does, in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value are classified as fair value through profit or loss. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or costs line.
The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.
2. Amortised cost
The Group's financial assets measured at amortised cost in the consolidated statement of financial position comprise trade and other receivables and cash and cash equivalents. Financial assets are included within current assets except for assets maturing after one year, which will be classified as non-current. 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 method, less provision for impairment.
Impairment provisions for trade and other receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade and other receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for these receivables. For these receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of owning and letting the properties in the consolidated statement of comprehensive income. On confirmation that the trade and other receivables will not be collected, the gross carrying value of the asset is written off against the associated provision.
Cash and cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with no significant risk of changes in value.

Trade and other receivables	**Group 31 Dec 2021 £**	**Group 31 Dec 2020 £**	**Company 31 Dec 2021 £**	**Company 31 Dec 2020 £**
Trade receivables	3,005,181	856,189	841,715	315,400
Tenant deposits	1,420,230	1,030,569	-	-
VAT recoverable	4,794,730	-	-	-
Other debtors	5,990,969	3,009,362	7,466	-
Receivable from shareholder	-	50,000	-	50,000
Prepayments	741,727	450,927	-	-
	15,952,837	5,397,047	849,181	365,400

For the purposes of impairment assessment, the recoverability of the individual tenants' balances have been assessed. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance has been measured at £1,168,792 (2020: £1,184,238).

In determining the expected credit losses for these assets, the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

23. Trade and other payables

Accounting policy
Financial liabilities are classified as either financial liabilities at fair value through profit or loss (i.e. derivatives) or other liabilities, as appropriate.
Other financial liabilities, including trade and other payables, are initially recognised at fair value and subsequently at amortised cost and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payable	**Group 31 Dec 2021**	**Group 31 Dec 2020**	**Company 31 Dec 2021**	**Company 31 Dec 2020**
	£	**£**	**£**	**£**
Trade payables	3,425,229	1,012,067	412,277	15,590
VAT payable	-	2,223,386	61,616	58,501
Bonus provision	1,331,404	1,442,768	-	-
Accruals	4,052,726	2,391,588	4,209,427	1,555,861
Deferred income	8,341,578	4,364,586	-	-
Other payables	983,397	1,536,288	-	-
Tenant deposits	1,420,230	1,030,569	-	-
	19,554,564	14,001,252	4,683,320	1,629,952

24. Intercompany loan

	Company 31 Dec 2021	**Company 31 Dec 2020**
	£	**£**
Intercompany loan receivable	80,960,743	40,873,168
	80,960,743	40,873,168

The intercompany loan receivable is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

25. Lease liabilities

Accounting policy
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
• the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
• the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
• the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
• the Group has the right to operate the asset; or
• the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.
At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.
For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:
• fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
• the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
* the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
* the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
* facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

	31 Dec 2021	31 Dec 2020
	£	£
Within 1 year	519,123	328,944
After 1 year, but no more than 5 years	2,550,139	1,789,424
More than 5 years	28,329,571	569,062
Total lease commitments	31,398,833	2,687,430
Total minimum lease commitments	31,398,833	2,687,430
Less future finance charges	(25,039,716)	(366,382)
Present value of minimum lease commitments	6,359,117	2,321,048

25. Lease liabilities (continued)

Present value of net minimum lease commitments	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Within 1 year	241,643	229,997
After 1 year, but no more than 5 years	1,592,466	1,540,402
More than 5 years	4,525,008	550,649
	6,359,117	2,321,048
Analysed as:		
Current lease liabilities	241,643	229,997
Non-current lease liabilities	6,117,474	2,091,051
	6,359,117	2,321,048

The Group has entered in to an occupational lease on the premises from which it operates (see note 19). The lease does not contain an option to terminate nor extend, save for the provisions under the Landlord and Tenant Act 1954. The Group has applied an incremental borrowing rates of 4.5%.

During the year, the Group acquired long-leasehold interests in investment properties that expire in approximately 150 to 160 years. The Group has applied a rate of 4.5% on these leases, based on the implicit rate in the headlease.

26. Long-term incentive plan

Accounting policy
The Group operates a share-based compensation plan comprising awards under a Long-Term Incentive Plan ('LTIP').
The fair value of the employee services received in exchange for the grant of shares is recognised as an employee expense.
The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.
For market-based conditions, the probability of vesting is taken into account in the fair value calculation and no revision is made to the number of shares expected to vest. For non-market conditions, each year the Group revises its estimate of the number of shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income with a corresponding adjustment to equity.
Awards are valued at fair value using a probability weighted expected returns method.

There are both cash-settled and equity settled long-term incentive plans. The cash-settled schemes vest following finalisation of the 31 December 2021 and 31 December 2025 financial statements, and under IFRS 2 for cash-settled plans, the fair value of the liability for the awards granted is remeasured at each reporting date and upon settlement. Furthermore, the amount of expense is recognised over the vesting period. The equity settled schemes vest from January 2022 through to 31 December 2025 and under IFRS 2, the fair value of shares granted to employees is measured at grant date. The costs of share-based payment plans are determined based on the fair value of the shares and the number of shares expected to vest. The fair value of the LTIP shares is calculated with reference to the growth in the Group's NAV above a target growth rate. Vesting pf the LTIP shares is subject to continuing employment within the Group. The fair value is recognised as costs in the consolidated statement of comprehensive income over the vesting period of the shares against an increase in equity for equity-settled share-based payment plans.

Cash-settled scheme	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
At 1 January	887,234	400,532
Expensed to the income statement	6,732,086	488,903
Capitalised in investment properties	19,187,286	-
Repurchase of LTIP shares	-	(2,201)
At 31 December	26,806,606	887,234
Analysed as:		
Current liabilities	26,709,419	-
Non-current liabilities	97,187	887,234
	26,806,606	887,234

Income statement charge	**31 Dec 2021**	**31 Dec 2020**
	£	**£**
Cash-settled scheme	6,732,086	488,903
Equity-settled scheme	35,357	35,357
Total charge to the income statement	6,767,443	524,260

27. Interest bearing loans and borrowings

Accounting policy
Loans and borrowings are initially recognised at fair value, net of directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in Finance income and Finance costs.

	Effective Interest Rate	Start Date	Maturity Date	31 Dec 2021	31 Dec 2020
				£	£
Lloyds Bank Plc (facility A)	SONIA + 3.12%	Dec 21	Jan 23	63,680,000	119,880,000
Lloyds Bank Plc (facility B)	SONIA + 1.97%	Dec 21	Oct 24	56,200,000	
BNP Paribas	SONIA + 1.57%	April 19	April 24	132,300,000	132,300,000
NatWest Bank Plc	SONIA + 2.75%	Dec 21	Sept 23	63,360,000	63,360,000
Massachusetts Mutual Life Insurance Company	SONIA + 2.12%	Feb 20	Feb 25	48,780,000	48,780,000
Deutsche Bank AG	SONIA + 2.30%	Jun 21	Jun 26	111,000,000	-
Shareholder loan				34,676,808	-
Unamortised finance costs				(4,962,116)	(3,232,075)
				505,034,692	361,087,925
Split between					
Current liabilities				35,426,808	-
Non-current liabilities				469,607,884	361,087,925
				505,034,692	361,087,925

The Group's interest bearing loans and borrowings are secured against the Group's investment properties (note 15), and during the year were interest only. Additional key terms and loan covenants are:

Lloyds Bank Plc:
The Group refinanced its loan facilities with Lloyds Bank Plc in the year.
Prepayment fees in facility B only of 1.50% in year one, 0.50% between 12 and 18 months, and 0% thereafter. Cash trap event if loan to value ratio is greater than 55.0% or interest cover ratio less than 2.25. Event of default if loan to value ratio is greater than 60.0% or interest cover ratio less than 2.00.

BNP Paribas:
Prepayment fees of 1.25% in year one, 0.70% in year two, and 0% thereafter. Cash trap event if loan to value ratio is greater than 70.0%. Event of default if loan to value ratio is greater than 75.0% or interest cover ratio less than 1.95.

NatWest Bank Plc:
The Group refinanced its loan facilities with NatWest Bank Plc in the year.
The facility is in cash trap until the end of the term. Event of default if loan to value ratio is greater than 65.0%.

Massachusetts Mutual Life Insurance Company:
Prepayment fees of 2.00% in year one, 1.50% in year two, 1.00% in year three, and 0% thereafter. Event of default if loan to value ratio is greater than 75.0% or interest cover ratio less than 2.00.

Deutsche Bank AG:
The Group's loan facility with Deutsche Bank AG began in June 2021 with a £90m facility, with a further £21m extension in December 2021.
Prepayment fees in year one equal to either the interest that would have accrued up to the first anniversary, or 0.50% (depending on the underlying asset), 0.50% in year two, and 0% thereafter. Cash trap event if loan to value ratio is greater than 70.5% or debt yield less than 5.00% (increasing to 6.00% in June 2023). Event of default if loan to value ratio is greater than 72.5% or debt yield less than 4.15% (increasing to 5.00% in June 2023).

27. Interest bearing loans and borrowings (continued)

The Group has entered into interest rate hedges in order to limit exposure to changes in SONIA (note 17).

In January and April 2021, the Group breached one of its interest cover ratio covenants in its loan with Massachusetts Mutual Life Insurance Company. Given the marginal nature of the breach, the lender deemed that a formal waiver would not be necessary, and that the Group would not be in breach of the loan. There were no breaches of loan covenants either at, or subsequent to, 31 December 2021.

During the year, Brockton Holdings LP, the immediate parent undertaking of the Company, provided short-term interest bearing loans of £135,928,000, £34,676,808 of which was outstanding at the year end (year to 31 December 2020: £48,780,000 advanced and repaid). Subsequent to the year end, the Group repaid the outstanding shareholder loan (see note 35). In the year, interest of £530,326 was credited to the Company, in respect of the reversal of interest charged by Brockton Holdings LP in prior years (year to 31 December 2020: £140,326 of interest was paid).

28. Share capital

In the year to 31 December 2021 Brockton Everlast Inc. Limited issued 150,082,348 (year to 31 December 2020: 47,780,000) and cancelled 40,000,000 (year to 31 December 2020: nil) fully paid ordinary shares of £1 each. The share capital at the balance sheet date was:

	31 Dec 2021 Number	31 Dec 2021 £	31 Dec 2020 Number	31 Dec 2020 £
Ordinary share of £1.00 each	428,775,791	428,775,791	318,693,443	318,693,443
	428,775,791	428,775,791	318,693,443	318,693,443

29. Earnings / (loss) per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	31 Dec 2021	31 Dec 2020
	£	£
Net profit / (loss) attributable to ordinary shares	231,063,288	(609,587)
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the year	318,693,433	270,913,443
Effect of shares issued and cancelled during the year	66,816,295	38,765,534
Basic and diluted weighted average number of shares	385,509,728	309,678,977
Basic and diluted earnings / (loss) per share (pence)	59.9	(0.2)

The Company declared and paid dividends in the year as set out below:

	31 Dec 2021	31 Dec 2020
	£	£
Dividends declared and paid	12,000,000	-
Dividend per share (pence)	3.0	-

Subsequent to the year end, the Company declared and paid a £16,000,000 dividend. See note 35.

30. Other reserves

	Cash flow hedge	Equity settled LTIP	Share-based remuneration	Total
	£	£	£	£
At 1 January 2020	108,903	35,357	(17,685,128)	(17,540,868)
Movement in the year	(996,579)	35,357	6,209,244	5,248,022
At 1 January 2021	(887,676)	70,714	(11,475,884)	(12,292,846)
Movement in the year	2,182,407	35,357	6,209,250	8,427,014
At 31 December 2021	1,294,731	106,071	(5,266,634)	(3,865,832)

Share-based remuneration:

On 22 March 2018 Brockton Everlast Management Limited, a subsidiary of the Company, completed the acquisition of BC LLP for cash consideration of £39,747,989 by way of acquiring the members' interests in the LLP. Of the purchase consideration, £28,551,305 is subject to bad leaver provisions and is contingent on future services being provided by certain members of BC LLP until December 2025. The full amount is recognised as an equity-settled share-based payment, reflecting investment in the Company vesting over eight years and will be charged to the consolidated statement of comprehensive income over the period to December 2025.

31. Notes to the cash flow statement

Accounting Policy
Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.
The consolidated statement of cash flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities (where applicable). The net result has been adjusted for amounts in the consolidated statement of comprehensive income and movements in the consolidated statement of financial position which have not resulted in cash income or expenditure in the year. Interest paid and received by the Group is classified in the cash flow statement within operating activities.

All cash and cash equivalents comprise cash held in bank accounts. The Group has no outstanding bank overdrafts.

	31 Dec 2021 £	31 Dec 2020 £
Profit / (loss) for the year	231,063,288	(609,587)
Adjustments for:		
Fair value movements on investment property	(224,638,632)	9,850,773
Fair value movements on securities	(125,399)	-
Fair value adjustment on derivative financial instruments	(889,075)	471,471
Depreciation	511,858	593,537
Amortisation of intangible assets and remuneration contract	6,614,250	7,489,244
Amortisation of lease incentives	787,967	(2,629,677)
Share-based payment charge	6,767,443	524,260
Repurchase of LTIP shares	-	(2,201)
Tax credit	(1,839,796)	(9,084,874)
Finance costs	10,284,408	9,417,053
Interest income receivable	(2,643,827)	-
Operating cash flows before movements in working capital	25,892,458	16,019,999
Increase in receivables	(3,605,790)	(2,462,505)
Increase in payables	2,424,163	549,103
Cash generated from operations	24,710,858	14,106,597
Taxes received / (paid)	1,091,220	(1,190,000)
Interest and finance fees paid	(7,318,016)	(7,930,724)
Net cash from operations	18,484,062	4,985,873
Cash and cash equivalents		
Cash and bank balances	11,594,182	11,100,442

31. Notes to the cash flow statement (continued)

During the year to 31 December 2021, the Group acquired one investment through corporate acquisition of MA Birch Limited (company number 01520119). As substantially all of the fair value of entity acquired is in the investment property, the Group have determined that this constituted an asset acquisition under IFRS 3. The net consideration and assets and liabilities acquired were as follows:

	£
Cash flow in purchase	
Total purchase costs (including transaction costs)	10,725,861
Less cash and cash equivalents	(430,417)
Deferred consideration	(310,834)
Net consideration	9,984,610
Amounts recognised on acquisition in respect of assets and liabilities	
Investment property (including transaction costs)	10,357,550
Creditors	(372,940)
Total	9,984,610

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest bearing loans and borrowings (notes 23 & 27)	Derivative financial instruments	Lease liabilities (note 25)	Total
	£	£	£	£
At 1 January 2020	(308,822,150)	428,123	(2,572,372)	(310,966,399)
Cash flows	(50,900,499)	255,912	360,521	(50,284,066)
Fair value movements	-	(1,468,050)	-	(1,468,050)
Interest accruing in the year	-	-	(109,197)	(109,197)
Other movements	(1,365,276)	-	-	(1,365,276)
At 31 December 2020	(361,087,925)	(784,015)	(2,321,048)	(364,192,988)
Amounts on initial recognition	-	-	(4,316,739)	(4,316,739)
Cash flows	(142,272,556)	290,000	455,017	(141,527,539)
Fair value movements	-	3,071,482	-	3,071,482
Interest accruing in the year	-	-	(193,580)	(193,580)
Other movements	(1,674,211)	-	17,233	(1,656,978)
At 31 December 2021	(505,034,692)	2,577,467	(6,359,117)	(508,816,342)

32. Subsidiary undertakings

	31 Dec 2021	31 Dec 2020
	£	£
At 1 January	267,121,347	100
Increase in year	106,285,039	267,121,247
Carrying value at 31 December	373,406,386	267,121,347

A full list of the Group's subsidiary undertakings as at 31 December 2021 is set out in the table below. Effective holding for all subsidiaries is 100% of all share capital and units in issue. At 31 December 2021, BE Midco Limited and Brockton Everlast Management Limited are direct subsidiaries of the Company, with all other subsidiaries being indirect subsidiary undertakings. The Group has no associates, joint ventures or other related undertakings.

Subsidiary undertaking	Country of incorporation or registration	Company Number	Registered address
BE Midco Limited *	England & Wales	11190978	89 Wardour Street, London, W1F 0UB
Brockton Everlast Management Limited	England & Wales	11191196	89 Wardour Street, London, W1F 0UB
Brockton Capital LLP	England & Wales	OC313315	89 Wardour Street, London, W1F 0UB
MA Cutlers Houndsditch 1 Limited *	England & Wales	11618584	89 Wardour Street, London, W1F 0UB
MA Cutlers Houndsditch 2 Limited *	England & Wales	11618717	89 Wardour Street, London, W1F 0UB
MA Union Street Limited	England & Wales	11618723	89 Wardour Street, London, W1F 0UB
MA Waterside 1 Limited *	England & Wales	11824745	89 Wardour Street, London, W1F 0UB
MA Waterside 2 Limited *	England & Wales	11824825	89 Wardour Street, London, W1F 0UB
MA Seacourt Limited	England & Wales	11824868	89 Wardour Street, London, W1F 0UB
MA Telephone House Holdings Limited	England & Wales	11984850	89 Wardour Street, London, W1F 0UB
MA Telephone House Limited *	England & Wales	03128043	89 Wardour Street, London, W1F 0UB
Telephone House Management Ltd	England & Wales	08953278	89 Wardour Street, London, W1F 0UB
MA CSP Limited	England & Wales	11984830	89 Wardour Street, London, W1F 0UB
MA CSP 2 Limited	England & Wales	11984946	89 Wardour Street, London, W1F 0UB
MA Milton Road Limited *	England & Wales	13184705	89 Wardour Street, London, W1F 0UB
MA Birch Limited *	England & Wales	01520119	89 Wardour Street, London, W1F 0UB
MA Propco 11 Limited *	England & Wales	13184450	89 Wardour Street, London, W1F 0UB
MA Propco 12 Limited	England & Wales	13184974	89 Wardour Street, London, W1F 0UB
MA Propco 13 Limited	England & Wales	13538548	89 Wardour Street, London, W1F 0UB
MA Propco 14 Limited	England & Wales	13538536	89 Wardour Street, London, W1F 0UB
MA Propco 15 Limited	England & Wales	13538633	89 Wardour Street, London, W1F 0UB
Waterside Holdings Unit Trust	Jersey	n/a	26 New Street, St Helier, Jersey, JE2 3RA
Cutlers Houndsditch Unit Trust	Jersey	n/a	IFC 1, The Esplanade, St. Helier, Jersey JE1 5BP

* For the entities above marked with an asterisk, the Company has provided a parent undertaking guarantee under Section 479C of the Companies Act 2006 meaning that for the year ending 31 December 2021 those entities are entitled to an audit exemption under section 479A of the Companies Act 2006.

33. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	31 Dec 2021	31 Dec 2020
	£	£
Salary	4,498,805	4,657,072
Short-term employee benefits	56,601	53,783
	4,555,406	4,710,855

During the year, Brockton Holdings LP, the immediate parent undertaking of the Company, provided short-term interest bearing loans of £135,928,000, £34,676,808 of which was outstanding at the year end (year to 31 December 2020: £48,780,000 advanced and repaid). In the year, interest of £530,326 was credited to the Company, in respect of the reversal of interest charged by Brockton Holdings LP in prior years (year to 31 December 2020: £140,326 of interest was paid).

During the year, Alony-Hetz Properties & Investments Limited, the Group's ultimate controlling party, invoiced the Group £120,000 in respect of travel costs (year to 31 December 2020: £40,000).

34. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The Directors monitor capital on the basis of the net assets attributable to the shareholder.

35. Events after the reporting date

On 22 February 2022, LTIP shares worth £7,491,600 were acquired by the Company and 7,491,600 of £1 ordinary shares were issued.

On 22 February 2022, the Company declared and paid a dividend of £16,000,000.

On 22 February 2022, c.131.4m of £1 ordinary shares were issued and fully paid up at £1 each. The Group used proceeds from this share subscription to repay shareholder loans outstanding at 31 December 2021 (see note 27).

36. Ultimate controlling party

The immediate parent undertaking of Brockton Everlast Inc. Limited is Brockton Holdings LP, a limited partnership registered in Guernsey.

Brockton Holdings LP is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. Brockton Everlast Inc. Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. Copies of the Brockton Holdings LP consolidated financial statements are available for viewing at East Wing Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP, the limited partnership's registered address.

The ultimate controlling party, and ultimate parent company of the Company is considered to be Alony-Hetz Properties & Investments Limited, which is listed on the Tel-Aviv Stock Exchange and is incorporated and domiciled in Israel (registration number 520038506).