Company No: 70520

SOF-12 MASTER REITCo 2 LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

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COMPANY INFORMATION

DIRECTORS

Thomas Tolley (appointed 8 April 2022)
Sandra Platts (appointed 8 April 2022)
Nicholas Chadwick (appointed 8 April 2022)

REGISTERED OFFICE

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Channel Islands
GY1 2HL

ADMINISTRATOR AND SECRETARY

Apex Fund and Corporate Services (Guernsey) Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
Channel Islands
GY1 2HL

INVESTMENT ADVISER

Starwood Capital Europe Advisers, LLP
1 Berkeley Street
London
W1J 8DJ

INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey
Channel Islands
JE1 4XA

COMPANY NUMBER

70520

INCORPORATION DATE

8 April 2022

STRATEGIC AND BUSINESS REVIEW

Strategic Report

The Strategic Report describes the business of SOF-12 Master REITCo 2 Limited (the "Company") as well as detailing the uncertainties, principal and emerging risks associated with its activities.

Summary of the company's activities

The Company is a closed ended investment vehicle which has been established for the purpose of indirectly acquiring and holding a Property Portfolio through intermediate Special Purpose Vehicles ("SPVs"). The Company is also registered as a UK Real Estate Investment Trust ("REIT") in conjunction with the Admission to The International Stock Exchange, Guernsey ("TISE"). The Company's intention is, broadly, to indirectly hold the Property Portfolio for investment purposes to realise on-going rental income and long-term capital appreciation. The Company may add to its portfolio assets or dispose of its portfolio assets in accordance with its investment policy as the board of directors may determine from time to time.

As part of its investment policy and business strategy, the Company and its subsidiaries may enter into transactions which exceed 15% applying any of the tests set out in Schedule 5 of the Listing Rules. The Company may also enter into transactions with a related party (including directors of the Company or sister entities in the Company, any substantial or controlling shareholder or any affiliates of any such parties) which exceed 5% applying any of the tests set out in Schedule 5 of the Listing Rules.

Current and future development

As at 31 December 2022, the Company's investment portfolio comprised seven key underlying assets, namely Oval Properties 2002 Limited, Oval Properties 2003 Limited, Oval Properties 2006 Limited, Oval Properties 2008 Limited, Oval Properties 2009 Limited, Oval Properties 2010 Limited and Oval Properties 2013 Limited (together the "Oval Properties").

The Oval Properties acquisition was on 31 May 2022, when the Company acquired 100 percent of the issued share capital of Oval Properties. The Company owns 100 percent of SOF-12 Resolve BidCo Limited, SOF-12 Resolve HedgeCo 1 Limited and SOF-12 Resolve HedgeCo 2 Limited. SOF-12 Resolve BidCo Limited in turn holds a 100 percent stake in each of the seven Oval Properties. The Oval Properties are industrial buildings let out to commercial tenants.

Performance

The investment property market has shown a high degree of resilience. Occupancy levels outside of the Company's operating assets and rent collection remained high during the period. The Industrial portfolio benefited from exceptional market conditions with both prime rents and yields at record levels.

STRATEGIC AND BUSINESS REVIEW (CONTINUED)

Risk management

It is the role of the Board to review and manage all risks associated with the Company, both those impacting the performance and the prospects of the Company and those which threaten the ongoing viability. It is the role of the Board to mitigate these either directly or through the delegation of certain responsibilities to the Investment Advisor or the Fund Administrators.

The Board considers the following principal risks could impact the performance and prospects of the Company but do not threaten the ability of the Company to continue in operation and meet its liabilities. In deciding which risks are principal risks the Board considers the potential impact and probability of the related events or circumstances, and the timescale over which they may occur. Consequently, it has put in place mitigation plans to manage those identified risks. Details of the principal and emerging risks are highlighted below.

Principal Risks and uncertainties

Long-Term Strategic Risk (risk that the business model is no longer attractive)

The Board, along with the Investment Advisors, monitor, review and consider the estimates and assumptions that underpin the targeted return of the business and, where necessary, refocus the Company's strategy to respond to changes in the market.

The Investment Advisors provide the Board with regular reports detailing the performance of existing investments, including the performance of underlying assets versus the business plan.

Market Deterioration Risk (risk of the economies in which the Company operates either stagnate or go into recession)

The situation in Ukraine, which has become more unstable since February 2022 with the incursion into Ukraine by Russia, also presents a significant risk to European and Global economies and, potentially, world peace. While the Company has no direct or known indirect involvement with Ukraine, Russia or Belarus it may be impacted by the consequences of the instability caused by the Ukrainian/Russian conflict.

The Board has considered the impact of market deterioration on the current and future operations of the Company and its portfolio of investments. Due to loan facilities available to the Company and the underlying quality of the investments, both the Investment Advisor and the Board still believe the fundamentals of the portfolio remain optimistic and that the Company can adequately support the portfolio.

Price risk

The Board has considered the impact of other price risk on the Company, its portfolio of investments and their fair values. Due to loan facilities available to the Company, the underlying quality of the investments and close monitoring of foreign exchange rate movements, the Investment Advisor and the Board believe the Company can fully mitigate other price risks.

STRATEGIC AND BUSINESS REVIEW (CONTINUED)

Environmental, Social and Human Rights Issues

The Company itself has no employees as all its executive functions are undertaken by the Investment Advisors and other service providers. There are therefore no disclosures to be made in respect of employees.

The Investment Advisers pay particular attention, whenever possible, to the directors' willingness to respect international law on human rights, and to apply Environmental, Social, and Governance (ESG) criteria to their investment practices. The Investment Advisers acknowledge that social and environmental issues are material to the sustainable growth and financial outlook of a company and therefore to the value of investments.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources directly.

Regulatory risk

The Company is also subject to regulatory risk as a result of any changes in regulations or legislation. Constant monitoring by the Investment Advisor, Administrator and the Board is in place to ensure the Company keeps up to date with any regulatory changes and compliance with them.

Operational risk

The Company has no employees and is reliant on the performance of third-party service providers. Failure by the Investment Adviser, Administrator or any other third-party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company.

The Board maintains close contact with all service providers to ensure that the operational risks are minimised. There are service level agreements in place which the third-party service providers are contracted to comply with.

Interest rate risk

The Company invests primarily in SPVs with underlying real estate investment properties that are non interest bearing investments, mainly subject to other price risk. Interest receivable on bank deposits will be affected by fluctuations in interest rates. Changes to prevailing interest rates or changes in expectations of future rates may result in an increase or decrease in the value of the investments held.

The majority of the Company's financial assets and liabilities are related to interest bearing loans. As a result, the Company is subject to some risk due to fluctuations in the prevailing levels of market interest rates. The loans receivable are all inter company loans provided to the special purpose vehicles for funding the investments and are on fixed interest. Hence the interest rate risk impacts the loans repayable whose interest is based on LIBOR option. Further details on LIBOR transition risk have been disclosed in Note 13 of the financial statements.

Credit risk

The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The primary exposure to credit risk is on the borrowings provided by the company. The Company takes on exposure to credit risk in the form of a counterparty being unable to fulfil their obligation as and when it falls due. Based on the performance of the underlying investments linked to the borrowings the directors therefore considers credit risk to be minimal.

STRATEGIC AND BUSINESS REVIEW (CONTINUED)

Liquidity risk

Also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with its investments and to generally be in a position to meet liabilities as and when they fall due for payment. Liquidity risk may also result from an inability to sell a financial asset quickly at close to its fair value in order to satisfy current funding obligations.

The financial liabilities of the Company comprise accrued expenses and borrowings. The Company will generally retain sufficient cash and cash equivalent balances to satisfy accrued expenses and creditors as they fall due. The Company also receives distributions from the underlying investments quarterly which allows all accruals and creditors to be serviced adequately.

Cyber security risk

The Directors monitor cyber security risks that can potentially result in financial or data loss. Service providers are assessed and required to have Systems and Organisational Controls (SOC) 1 audits annually to ensure that adequate internal controls are in place. During the year there were no cyber security breaches reported.

Going concern assessment

The Directors have considered the Company's principal risks and plausible downside scenarios in assessing the Company's going concern for a period of not less than 12 months from the date of approval of these financial statements.

In addition the Directors have considered potential mitigants to the downside scenarios which include, but are not limited to, utilizing existing liquidity reserves, further disposal of assets and support from the ultimate controlling shareholders. The directors also considered the recent war between Russia and Ukraine but consider that not to have a direct impact as yet as there are no investments currently in either countries.

The Directors have analysed the Company's ability to continue as a going concern and have not identified a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, they have prepared the financial statements of the Company for the period ended 31 December 2022 on a going concern basis.

REPORT OF THE DIRECTORS

The Directors present their report and Annual Report and Audited Financial Statements (the "Financial statements") for the period ended 31 December 2022 in respect of SOF-12 Master REITCo 2 Limited. (the "Company").

Incorporation

The Company was registered on 8 April 2022 as a Limited Company registered in Guernsey, Channel Islands with registration number 70520.

Regulation and listing

On 8 April 2022, 1 ordinary share of GBP 1.00 each was admitted to the official list of TISE.

Principal activities

The Company was established for the purpose of indirectly acquiring and holding the property assets through intermediate holding vehicles, for investment purposes to realise on-going distributions and long-term capital appreciation. The Company may add to its portfolio assets or dispose of its portfolio assets in accordance with its investment policy as it may determine from time to time.

The results of the Company for the period are set out in detail on page 15.

Going Concern

The financial statements of the Company have been prepared on a basis of going concern. See details in the Strategic and business review.

Secretary

The Secretary of the Company in office during the period, and subsequently, was Apex Fund and Corporate Services (Guernsey) Limited.

Independent auditor

PricewaterhouseCoopers CI LLP were appointed as auditors during the period ended 31 December 2022 and they have expressed their willingness to continue in office.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, as far as they are each aware, there is no relevant audit information which the Company's auditor has not been made aware of; and each Director has taken all of the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor has been made aware of that information.

REPORT OF THE DIRECTORS (CONTINUED)

Investment Advisor

Starwood Capital Europe Advisers LLP has served as Investment Advisor of the Company since inception.

Directors

The Directors of the Company who held office during the period and to the date of this report are listed on page 2.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008, as amended (the "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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102")

The financial statements are required by law to 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm they have complied with all the above requirements in preparing the financial statements.

By order of the Board

Director
Date: 29 June 2023

Independent auditor's report to the members of SOF-12 Master REITCo 2 Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of SOF-12 Master REITCo 2 Limited (the "company") as at 31 December 2022, and of its financial performance and its cash flows for the period from 8 April 2022 to 31 December 2022 (the "period") in accordance with United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Audit scope

- The company is a closed-ended investment company, incorporated in Guernsey, whose shares are listed on The International Stock Exchange.
- We conducted our audit of the financial statements based on information provided by the administrator and secretary, Apex Fund and Corporate Services (Guernsey) Limited, to whom the directors delegated the provision of certain administrative and accounting functions.
- We engaged with our PwC valuation expert to challenge the valuations of the investments held by the company. Challenges raised were based on market information and industry knowledge and expertise.

Independent auditor's report to the members of SOF-12 Master REITCo 2 Limited (continued)

- We have carried out our audit work in Jersey. We tailored the scope of our audit, and structured our audit team to incorporate support from our PwC valuation expert, taking into account the nature and industry sector of the assets held within the investment portfolio; the involvement of third parties referred to above and the accounting processes and controls.

Key audit matters

- Valuation of investments at fair value through profit or loss

Materiality

- Overall materiality: GBP 2,055,000 based on 1% of total assets.
- Performance materiality: GBP 1,027,500.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments at fair value through profit or loss Refer to the Statement of Financial Position, Note 2 Summary of significant accounting policies and Note 6 Investments at fair value through profit or loss. Investments at fair value through profit or loss (the "investments") is the largest contributor to the total assets of the company. The investments comprise of the investments held in underlying Special Purpose Vehicles ("SPVs") and their net asset values represent the respective fair values. The valuation of the investments involves significant estimates to be made by the directors. A material misstatement, due to fraud or error, in the valuation of the investments would be material to the financial statements as a whole.	Our audit procedures were as follows: We assessed the investment valuation accounting policy for compliance with the accounting framework and best practice, and we agreed that the investment valuations are measured in accordance with the stated policy. The company through various SPVs made acquisitions of shares in the entities to hold various investment properties. We tested the acquisition of all investments during the period by agreeing ownership rights, key terms and conditions to duly signed agreements through each SPV and to certified share registers confirming ownership.

Independent auditor's report to the members of SOF-12 Master REITCo 2 Limited (continued)

As a result, we considered the valuation of the investments at fair value through profit or loss to be a significant risk for our audit and accordingly, a key audit matter.	For each SPV, we agreed the Net Assets Value (NAV) to audited financial statements. For each SPV, we inspected the composition of the NAV and, where we noted that underlying investment properties were the key drivers, we confirmed that the fair values of those investment properties were audited and they were determined by a reasonable valuation approach in accordance with a market supported valuation standard. We engaged with our PwC valuation expert in assessing if the valuation approach referred to above was reasonable and in accordance with a market supported valuation standard. Based on the above procedures, we have no matters that require communication to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall materiality	£2,055,000
How we determined it	1% of total assets
Rationale for the materiality benchmark	We believe that total assets is a primary measure used by the shareholders in assessing the performance of the company. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £1,027,500 for the company financial statements.

In determining the performance materiality, we considered a number of factors – risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

Independent auditor's report to the members of SOF-12 Master REITCo 2 Limited (continued)

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £102,750, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Audited Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor’s report to the members of SOF-12 Master REITCo 2 Limited (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor’s report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditor's report to the members of SOF-12 Master REITCo 2 Limited (continued)

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 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;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Lelani Wright
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
29 June 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

	Note	Period from 8 April 2022 to 31 December 2022
		GBP
Income		
Changes in fair value through profit and loss	6	14,226,055
Interest income	8	3,312,696
Net foreign exchange gain	10	28,883
Total income		17,567,634
Expenses		
Administration expenses	15	81,375
Corporate Secretary fees		23,625
Interest expenses	9	4,132,543
Listing fees		39,650
Professional fees		14,137
Audit fees	12	34,000
Other expenses		3,099
Total expenses		4,328,429
Profit on ordinary activities before taxation		13,239,205
Taxation on profit from ordinary activities	14	18,107
Other Comprehensive Income		-
Total Comprehensive Income for the period		13,221,098

All items dealt with in arriving at the total comprehensive income for the period relate to continuing operations.

The notes on pages 19 to 31 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022
		GBP
Non-current assets		
Investments at fair value through profit or loss	6	205,023,446
		205,023,446
Current assets		
Cash and cash equivalents	5	34,832
Receivable from affiliates		2
Interest receivable	15	450,578
Total assets		**205,508,858**
Non-current liabilities		
Loans payable	11	(107,895,767)
		(107,895,767)
Current liabilities		
Loans payable	11	(83,499,703)
Interest payable	15	(728,302)
Payables to affiliates		(3)
Trade and other payables	3	(163,983)
Total liabilities		**(192,287,758)**
NET ASSETS		**13,221,100**
EQUITY		
Share capital	7	2
Retained earnings		13,221,098
TOTAL EQUITY		**13,221,100**

The financial statements on pages 15 to 31 were approved and authorised for issue by the board of directors on 28 June 2023 and were signed on their behalf by:

Director: **Director:**

Date: 29 June 2023 **Date:** 29 June 2023

The notes on pages 19 to 31 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

	Share Capital	Retained Earnings	Total
	GBP	GBP	GBP
Balance as at 8 April 2022	-	-	-
Shares issued during the period	2	-	**2**
Total comprehensive income for the period	-	13,221,098	**13,221,098**
Balance as at 31 December 2022	**2**	**13,221,098**	**13,221,100**

The notes on pages 19 to 31 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

	Period from 8 April 2022 to 31 December 2022
	GBP
Cash flows from operating activities	
Profit and total comprehensive income for the period	13,221,098
Adjustment for:	
Changes in fair value of investments	(14,226,055)
Interest income	(3,312,696)
Loan interest expense	4,132,543
Net increase in receivable from affiliates	(2)
Net increase in payable to affiliates	3
Net increase in trade and other payables	163,982
Net cash used in operating activities	**(21,127)**
Cash flows from investing activities	
Acquisition of investments	(322,230,371)
Disposal of investments	131,432,980
Net cash used in investing activities	**(190,797,391)**
Cash flows from financing activities	
Share issued	2
Loan drawn down	411,049,701
Repayment of loan payable	(219,654,230)
Interest received	2,862,118
Loan interest paid	(3,404,241)
Net cash generated from financing activities	**190,853,350**
Net increase in cash and cash equivalents	**34,832**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**34,832**

The notes on pages 19 to 31 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

1. General Information

The Company is a limited liability company incorporated in Guernsey within the meaning of section 2(1)(c) of the Companies (Guernsey) Law, 2008 (as amended) (the "Law"). The registration number of the company is 70520 incorporated on 8 April 2022.

The address of its registered office is 1 Royal Plaza, Royal Avenue, St. Peter Port, Guernsey GY1 2HL. The Company's principal activity is, broadly, to indirectly hold the Property Portfolio for investment purposes to realise on-going rental income and long-term capital appreciation as explained in the strategic and business review.

The Company financial year runs from 1 January until 31 December each year, provided that, as a transitional measure, the first financial year of the Company started on 8 April 2022 (date of incorporation) and ended on 31 December 2022 (all dates inclusive).

Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies (Guernsey) Law, 2008.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

■ Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The significant accounting policies are set out below:

■ Going concern

The Directors have considered the Company's principal risks and plausible downside scenarios in assessing the Company's going concern for a period of not less than 12 months from the date of approval of these financial statements.

The Directors have analysed the Company's ability to continue as a going concern and have not identified a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, they have prepared the financial statements of the Company for the period ended 31 December 2022 on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

2. Summary of significant accounting policies (continued)

■ **Use of estimates, judgements and assumptions**

The preparation of the financial statements in conformity with FRS 102 requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the period. Although these estimates are based on the directors' best knowledge of the amount, events or actions the actual results may differ materially from those estimates.

The principal areas where such judgements and estimates have been made are detailed below:

i) Judgements

The Company through various special purpose vehicles (SPVs) made acquisitions of properties in the period. The Company is not involved with the operations of the businesses including key decision making other than being the major shareholder in both entities indirectly. As such the Company's purpose is mainly investment holding to gain exposure to the real estate assets and so the investments have been accounted for as investments at fair value through profit or loss (FVTPL).

ii) Estimates

Investments at FVTPL valuation:

This balance is coming from the roll up of the net asset value (NAV) of the underlying entities as a basis of valuing the investment. The Directors have concluded that the valuation basis of Company's investments which indicates best approximate of the fair value of the investments is the allocation of the NAV based on percentage ownership given the investments themselves are not traded in an active market. The FVTPL disclosed is not necessarily indicative of an amount the Company would realise should it chose to sell the investments. Future events will also affect the estimates of fair value. The effect of such events on the estimates of fair value including ultimate liquidation of investments could be material to the financial statements. The main driver of the NAV are the underlying assets of the entities invested in which are primarily represented by real estate assets. Below is a description of the estimates involved in valuing those assets:

Investment property valuation in investment entities uses valuations determined by independent valuers in accordance with IFRS 13 'Fair Value Measurement' ("IFRS 13") as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate market yields. The valuers make reference to market evidence of transaction prices for similar properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

2. Summary of significant accounting policies (continued)

■ Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the GBP.

ii) Transactions and balances

Foreign currency translations are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Net foreign exchange in the Statement of Comprehensive Income.

■ Interest income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the historical effective interest rate of the asset. Interest income arises from loan receivable from underlying investment in debt instrument, bank interest etc.

■ Interest expenses

Interest expenses are accounted for on an accruals basis in the Statement of Comprehensive Income.

■ Financial assets

Basic financial assets, including cash and cash equivalents, receivable from affiliates, interest receivable and investments at fair value through profit or loss (FVTPL), are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income. For investments at FVTPL the valuation is based on the net asset value of the entities invested in which has been determined to approximate the fair value of the investment.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

2. Summary of significant accounting policies (continued)

■ Financial liabilities

Basic financial liabilities, including Trade and other payables, interest payables, payables to affiliates and loans payable are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

■ Taxation

The Company is a Guernsey incorporated entity and is registered for UK tax purposes and therefore, it is subject to UK income tax at a rate of 19%. Current tax is provided at amounts expected to be paid(or recovered) using the tax rates and laws that have been enacted or substantially enacted at the financial statement date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

■ Key management personnel and related parties

The Company considers parties to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company has no ultimate controlling party.

The financial or operations decisions are made by the board of directors of the Company as set out on page 2 and the board of directors are the only key management personnel of the Company.

■ Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

2. Summary of significant accounting policies (continued)

■ Dividends, distribution and reserves

The Directors may from time to time authorise Dividends and Distributions to be paid to the Members in accordance with the procedure set out in the Law and subject to any Member's rights attaching to their shares. The declaration of the Directors as to the amount of the Dividend or Distribution available shall be final and conclusive.

If any share is issued on terms providing that it shall rank for Dividend or Distribution as from a particular date such share shall rank for Dividend or Distribution accordingly.

The Directors may, in relation to any Dividend or Distribution, direct that the Dividend or Distribution shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares, debentures, or other securities of any other company, and where any difficulty arises in regard to the Dividend or Distribution the Directors may settle it as they think expedient, and in particular may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for Dividend and Distribution purposes of any assets or any part thereof and may determine that cash shall be paid to any Members upon the footing of the value so fixed in order to secure equality of Dividend or Distribution and may vest any assets the subject of a Dividend or Distribution in trustees as may seem expedient to the Directors.

The Directors may deduct from the Dividends or Distributions payable to any Member all such sums of money as may be due from him to the Company on account of calls or otherwise.

No Dividend or Distribution shall bear interest against the Company.

The receipt of the person appearing by the Register to be the holder of any shares shall be a sufficient discharge to the Company for any Dividend or Distribution or other moneys payable in respect of such shares; and where several persons are the joint holders of a share the receipts of any one of them shall be a good discharge to the Company for any Dividends or Distributions or other moneys payable thereon.

A transfer of shares shall not pass the right to any Dividend or Distribution declared thereon before the registration of the transfer.

Unless otherwise directed, any Dividend or Distribution may be paid by way of electronic transfer in such manner as agreed between the Member and the Company or by cheque or warrant sent through the post to the registered address of the Member entitled thereto, or in the case of joint holders to that one whose name stands first on the Register in respect of the joint holding and every cheque or warrant so sent shall be payable to the order of the person to whom it is sent, and the payment of any such electronic transfer, cheque or warrant shall operate as a good discharge to the Company in respect of the Dividend or Distribution represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged.

All Dividends and Distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

Any Dividend or Distribution which has remained unclaimed for a period of six years from the date of declaration thereof shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

2. Summary of significant accounting policies (continued)

■ **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

■ **Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

3. Trade and other payables

	31 December 2022
	GBP
Accrued expenses	106,876
Inter-company balances	5,000
Taxation	18,107
General and Administration	34,000
	163,983

4. Material agreements

Under the Secretarial and Administration Agreement, Apex Fund and Corporate Services (Guernsey) Limited provides secretarial, director and administration services to the Company and is entitled to receive administration fees, directors' fees and reimbursement of expenses as may be determined from time to time by the parties.

The directors appointed Starwood Capital Europe Advisers, LLP as the Investment Advisor in relation to the Company since the inception of the Company.

5. Cash and cash equivalent

	31 December 2022
	GBP
Cash at bank	34,832
	34,832

6. Investments at fair value through profit or loss

	31 December 2022
	Total Investment
	GBP
Fair value at beginning of the period	-
Additions during the period	190,797,392
Changes in fair value of investment	14,226,054
Fair value as at 31 December 2022	**205,023,446**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

6. Investments at fair value through profit or loss (continued)

The Company currently holds the investments through the following structured vehicles: SOF-12 Resolve Bidco Limited, SOF-12 Resolve HedgeCo 1 Limited and SOF-12 Resolve HedgeCo 2 Limited. The funding of the investments was through intercompany loans granted to the various SPVs who ultimately acquired the underlying investments where return will be coming from for the Company.

The table below present the fair value recognised using valuation techniques (based on assumptions that are not supported by prices or other inputs from observable current market transactions) as noted in Note 2. The unobservable inputs which significantly impact the fair value have been noted to be the valuation of the properties held by the underlying entities invested in. As such the NAV picked up will be impacted by any changes in the valuation of those properties. As such a sensitivity assessment has been made on the impact on the NAV as shown below:

Investments	Fair Value at period end	Unobservable inputs	Reasonable possible shift +/- *	Change in valuation
Investments	205,023,446	Net Asset Value (NAV)	5%	10,251,172

* Based on an analysis of valuation movements quarter on quarter over the period, the Directors believes that 5% variation in unobservable inputs represents the most reasonable possible shift in valuation at period end.

Fair Value Measurement

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table summarises within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 December 2022.

31 December 2022	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Investments	-	-	205,023,446	205,023,446

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

7. Share Capital

AUTHORISED:

The Company's share capital is unlimited

	31 December 2022
	GBP
ISSUED AND UNPAID:	
Shares outstanding at beginning of the period	-
Shares issued during the period	2
Shares outstanding at end of the period	**2**

The shares above have no right to fixed income.

The Company's immediate controlling party is SOF-12 Master AIV LP Limited which holds 100% of the share capital issued.

8. Interest Income

Interest income relates to interest received on loans issued by the Company to the structured vehicles. During the period ended 31 December 2022, a total of GBP 3,312,696 was recognised as income while GBP 450,578 is a receivable as at the end of the period.

9. Loan interest expense

Loan interest expense is in relation to the interest-bearing intercompany loan obtained by the Company during the period. The total amount of loan interest expense incurred during the period amounts to GBP 4,132,543 of which GBP 728,302 was outstanding as at the end of the period.

10. Net foreign exchange gain

	31 December 2022
	GBP
Unrealised gain/(loss):	
Loans taken - unrealised gain	28,883
Net foreign exchange gain	**28,883**

11. Loan payables

	31 December 2022
	GBP
SOF-12 Resolve HedgeCo 2 Limited	107,895,767
Wells Fargo	83,499,703
	191,395,470

As at 31 December 2022, the Company had entered in following Loan agreements as a Borrower:

On 20 October 2022, the Company signed an interest-bearing intercompany loan agreement with SOF-12 Resolve HedgeCo 2 Limited. The unsecured term loan facility in GBP is to an aggregate amount of up to GBP 107,895,767 with a maturity date of 30 April 2031. The applicable rate on the loan is fixed at 5.75 per cent per annum or such other rate of interest as agreed between the Lender and the Borrower in writing from time to time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

11. Loan payables (continued)

On 20 October 2022, a facility agreement with Wells Fargo was signed by the Company for the maximum aggregate of USD 100,633,842 with the maturity date of 15 December 2023 at a margin rate and SONIA spread.

12. Auditor remuneration

The audit fee for the period ended 31 December 2022 amounts to GBP 34,000, of which the whole amount was a payable as at the end of the period.

13. Financial risk management

As an integral part of the Company's investment strategy it intentionally exposes itself to various financial risks in order to enhance the potential for return. Such risks throughout the term of the Company include market risk, credit risk and liquidity risk:

Market risk

The potential for adverse changes in the fair value of the Company's investments is referred to as market risk. Commonly used categories of market risk include currency risk and interest rate risk.

Currency risk may result from exposure to changes in spot prices, forward prices and volatilities of currency exchange rates.

Interest rate risk may result from exposures to changes in the level, slope and curvature of the various yield curves, the volatility of interest rates, and credit spreads.

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices other than those arising from currency risk or interest rate risk.

i) Market risk management

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investments. The Investment Advisor will provide the directors with investment recommendations, who then approve if these are consistent with the investment objectives.

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 investments of the Company are subject to normal market fluctuations and the risks inherent with investment in property markets. The maximum risk resulting from financial instruments held by the Company is determined by the fair value of the financial instruments. The Investment Advisor moderates this risk through careful selection of investments, which meet the investment objectives of the Company; the Company's market risk is managed through diversification of the investment portfolio. Through a variety of analytical techniques, the Investment Advisor monitor the Company's overall market positions, as well as its exposure to market risk.

The Company does not check its performance against a benchmark due to the inherent lack of information available. As the Company's investments are not traded, there is limited ability in correlating the return against a benchmark as such no sensitivity analysis has been presented. The Investment Advisor, using their experience in the market, review the reports provided by the underlying investments as well as general market sentiment, to identify any anomalies.

Price risk

The Board has considered the impact of other price risk on the Company, its portfolio of investments and their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

13. Financial Risk Management (continued)

Price risk (continued)

Due to loan facilities available to the Company, the underlying quality of the investments and close monitoring of foreign exchange rate movements, the Investment Advisor and the Board believe the Company can fully mitigate other price risks.

Currency risk

The table below summarises the Company's exposure to currency risk mainly on the borrowings. Rest of the transactions are mainly in GBP.

	31 December 2022
	GBP
Borrowings from Wells Fargo (USD)	(83,499,703)
Interest expense (USD)	(973,676)
Loans advances to SOF-12 Resolve HedgeCo 1 Limited	100,633,842
Interest income (USD)	937,410
Cash and cash equivalents (USD)	33,643

Should the exchange rate of the USD against the relevant foreign currency increase or decrease by 5 per cent with all other variables held constant, the effect on the net assets of the Company would be an increase or decrease as shown in the table below:

	31 December 2022
	GBP
	+/-
Movement on Net loans (USD)	856,707
Movement on interest (USD)	(1,813)
Movement on cash (USD)	1,682
	856,576

These percentages have been determined based on potential volatility and are deemed reasonable by the directors. The Investment Advisor monitor the investment portfolio on an ongoing basis; and at least quarterly, against currency markets movements and expectations and updates the directors.

Interest rate risk

The Company invests primarily in SPVs with underlying real estate investment properties that are non interest bearing investments, mainly subject to other price risk. Interest receivable on bank deposits will be affected by fluctuations in interest rates. Changes to prevailing interest rates or changes in expectations of future rates may result in an increase or decrease in the value of the investments held.

The majority of the Company's financial assets and liabilities are related to fixed interest bearing loans. As a result, the Company is not subject to risk due to fluctuations in market interest rates. The loans receivable are all inter company loans provided to the special purpose vehicles for funding the investments and are on fixed interest. Hence the interest rate risk impacts the loans repayable with variable interest rate on LIBOR rates.

As at 31 December 2022 the Company's interest bearing assets all of which pay interest at a variable rate, were as follows:

	31 December 2022
	GBP
Loans repayable	83,499,703
	83,499,703

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

13. Financial Risk Management (continued)

Interest rate risk (continued)

Based on the Company's interest bearing assets held at period end, a movement of 0.5% in market interest rates would impact the Company's annual income by approximately GBP 417,499 per annum.

Credit risk

The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The primary exposure to credit risk is on the borrowings provided by the company. The Company takes on exposure to credit risk in the form of a counterparty being unable to fulfil their obligation as and when it falls due. Based on the performance of the underlying investments linked to the borrowings the directors therefore considers credit risk to be minimal. There is also credit risk in respect of other financial assets as a portion of the Company's assets are cash and cash equivalents. The Company maintains its cash and cash equivalents across different banks to diversify credit risk which have been all rated A1 or higher by Moody's and this is subject to the Company's credit risk monitoring policies.

Liquidity risk

Also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with its investments and to generally be in a position to meet liabilities as and when they fall due for payment. Liquidity risk may also result from an inability to sell a financial asset quickly at close to its fair value in order to satisfy current funding obligations.

The financial liabilities of the Company comprise accrued expenses and borrowings. The Company will generally retain sufficient cash and cash equivalent balances to satisfy accrued expenses and creditors as they fall due. The Company also receives distributions from the underlying investments quarterly which allows all accruals and creditors to be serviced adequately.

The table below shows the maturity of the Company's financial liabilities arising from the revolving credit loan by the remaining contractual maturities as at 31 December 2022. The amount disclosed are contractual, undiscounted cashflows and may differ from the actual cash flow paid in the future:

				31 December 2022
	Between 3 and 12 months	**Between 1 and 5 years**	**Due on Demand**	**Total**
	GBP	**GBP**	**GBP**	**GBP**
SOF-12 Resolve HedgeCo 2 Limited	-	107,895,767	-	107,895,767
Wells Fargo	83,499,703	-	-	83,499,703
Interest payable	728,302	-	-	728,302
Payables to affiliates	3	-	-	3
Trade and other payables	163,983	-	-	163,983
	84,391,991	**107,895,767**	-	**192,287,758**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

14. Taxation

	31 December 2022
	GBP
Current tax charge	
Current tax for the period	18,107
Total current tax	**18,107**

Factors effecting the tax charge for the period

A reconciliation of the total tax charge for the period to the charge that would result from applying the standard rate of income tax applicable to the company's profit before tax is povided below:

	31 December 2022
	GBP
Profit on ordinary activities before tax	13,239,205
Profit on ordinary activities multiplied by standard rate of tax in UK @ 19%	2,515,449
Effects of:	
REIT charge	18,106
Non - deductible expenses	7,534
Non - taxable income	(2,708,438)
Capital allowances	-
Losses not recognised	185,456
Total tax charge for the period	**18,107**

15. Related party transaction

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Administration fee

The Directors have appointed Apex Fund and Corporate Services (Guernsey) Limited as a administrator and secretary of the Company. Apex Fund and Corporate Services (Guernsey) Limited, is entitled to receive administration fees as may be determined from time to time by the parties.

For the period ended 31 December 2022, the Company incurred administration fee expenses of GBP 81,375, of which no amount was payable to the administrator as at 31 December 2022.

Loans and interest payable

The Company obtained a loan amount of GBP 107,895,767 from SOF-12 Resolve HedgeCo 2 Limited, maturing on 30 April 2031 of which GBP 107,895,767 was outstanding as at period end 31 December 2022.

The interest payable of GBP 728,302 relating to the loan amounts to GBP 467,366 as at 31 December 2022. The remaining balance of GBP 260,936 was payable to Wells Fargo on the subline loan facility.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 8 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

15. Related party transaction (continued)

Loans and interest receivable

The Company issued the following loans to affiliates during the period: Resolve BidCo Limited an amount of GBP 100,345,494 of which GBP 89,315,058 was outstanding at the end of the period, SOF-12 Resolve HedgeCo 1 Limited an amount of GBP 100,633,842 of which GBP 83,499,703 was outstanding at the end of the period.

Interest receivable totalling GBP 450,578 from Resolve BidCo Limited.

Other receivable from affiliates totalling GBP 2 are receivable from underling Investment entities.

16. Events after the period end

There were no material events after the reporting period which require disclosure in these consolidated financial statement.