Registered number 14940941

MREIT Limited

Annual report for the year ended 31 December 2023

MREIT Limited

Annual report for the year ended 31 December 2023

Contents

MREIT Limited

COMPANY INFORMATION

Directors
Charles Ferguson-Davie (appointed 16 June 2023)
Marc Gilbard (appointed 16 June 2023)
Steven Hall (appointed 16 June 2023)
Sadie Malim (appointed 01 April 2024)

Registered Number
14940941

Registered Office
10 Grosvenor Street
Mayfair
London
United Kingdom
W1K 4QB

Independent Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

STRATEGIC REPORT

The Directors present their strategic report for MREIT Limited and its subsidiaries (together the “Group”) for the year ended 31 December 2023.

Principal activity

MREIT Limited (“the Company”) is a real estate investment trust ("REIT") listed on The International Stock Exchange (St Peter Port, Guernsey). The principal activity of the Company and its subsidiaries collectively referred to as the “Group” is that of acquiring and renting single-family homes and homes of multiple occupancy (“student HMOs”). The principal activity of the Company is that of a holding company. The Company was incorporated on 16 June 2023.

Business review

On 29 September 2023, the Company acquired Moorfield BrickMoor Holdings Limited and Moorfield WAKMoor Holdings Limited from MREF V “B” Limited Partnership, a company under common control of MREF V GP Limited. These acquisitions seeded the Group’s investment property portfolio with 111 single-family homes and 103 student HMOs. The Group subsequently expanded its investment property portfolio by acquiring a further 15 single-family homes across key target locations.

As at 31 December 2023, the Group owned 229 investment property assets in the following locations:

Location	Number of Properties	Primary use	Percentage of total properties
Bristol	85	Single-family homes	37%
London	32	Single-family homes	14%
Thames Estuary	6	Single-family homes	3%
Bath	3	Single-family homes	1%
Liverpool	35	Student HMOs	15%
Lancaster	9	Student HMOs	4%
Derby	32	Student HMOs	14%
Sheffield	9	Student HMOs	4%
Leicester	15	Student HMOs	7%
Lincoln	3	Student HMOs	1%

The Group has acquired a further 31 properties since the balance sheet date.

During the year under review the Group generated turnover of £1,908,000 (2022: £104,000) and a loss after tax of £3,745,000 (2022: £1,041,000). Inclusive within the results for the year are unrealised losses on the Group's investment properties of £2,894,000 (2022: £778,000).

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties
Market Risk

The Directors consider the main market risks to be elevated inflation levels and interest rates, increasing real estate yields and pressure on house prices.

Real estate yields have increased due to higher interest rates and the increase in long duration government bond yields. However, strong rental growth across the portfolio has largely helped to offset the valuation impact of increased real estate yields. Whilst house prices have been weak, strong pay growth and relatively low unemployment levels have sustained house price levels in nominal terms.

Rises in inflation increase the cost of operating the Group's investment properties, particularly the cost of providing utilities in the student HMOs. Utility costs increased significantly during the energy crisis and have not yet returned to their earlier levels. The Directors continue to monitor utility costs and manage exposure to volatility by using fixed tariffs where available.

Credit Risk

The Group purchases single-family homes and Student HMOs in various target locations across the UK. This strategy helps reduce risk through both tenant and geographic diversification. The Group does not depend on a single tenant or micro-location, focusing instead on acquisitions in established locations with proven rental demand. The Group requires a guarantor to be party to a tenancy agreement if a tenant does not meet the required affordability threshold. As such, tenant credit risk is deemed to be managed through the diversified number of tenancy agreements in place.

Interest Rate Risk

The Group makes use of senior debt finance secured against the investment properties. The Group uses derivative financial instruments to hedge interest rate risk and reduce its overall exposure to volatility in interest rates. Quantitative data regarding the Group's derivative financial instruments is set out in note 23. The Directors consider interest rate risk to be sufficiently managed through a low gearing policy and the use of derivative financial instruments.

Liquidity Risk

The Group finances its activities with interest free shareholder loans and third-party debt finance. As at 31 December 2023 the Group had outstanding shareholder loans of £57,769,000 and the Group has the support of its shareholders to provide further funds as and when required. The Group entered into a £25,000,000 facility agreement on 28 March 2024, which is repayable on 28 March 2029, and can be used to acquire or refinance properties within the single-family home portfolio. As such, the directors do not consider there to be any material liquidity risk to the Group.

Other risks

The Directors monitor compliance with REIT regulations to ensure the Group maintains the right to continue to operate as a REIT for UK tax purposes. The Group has a PID requirement to distribute 90% of its rental profits within 12 months of the balance sheet date. There is no requirement to make a PID payment by 31 December 2024 based on the rental profits to 31 December 2023. Whilst the Directors have ultimate responsibility the Group has appointed PricewaterhouseCoopers LLP as tax advisor to ensure compliance with REIT regulations.

STRATEGIC REPORT (CONTINUED)

Financial key performance indicators

Management consider the below to be the Group's main KPI's.

Financial key performance indicator	2023 Results	2022 Results
Turnover	**£1,908,000**	£104,000
Gross loss	**(£380,000)**	(£146,000)
Loss before tax	**(£3,745,000)**	(£1,041,000)
Investment properties' valuation (note 11)	**£59,350,000**	£10,181,000
Fair value loss on investment properties (note 11)	**(£2,894,000)**	(£778,000)
Net assets/(liabilities)	**£15,210,000**	£(1,041,000)
Cash balance	**£4,097,000**	£70,000

Non-financial performance indicator	2023	2022
Single-family homes	126	18
Student HMOs	103	10

Environmental and social matters

The Group is responding proactively to the challenges and opportunities posed by the sustainability agenda, which in recent years has taken hold as a matter requiring additional focus for real estate investors. The Directors recognise that, over time, more environmentally efficient and productive buildings will likely yield higher net income growth, attract lower risk and therefore deliver higher returns.

The Company is ultimately wholly owned by MREF V 'B' Limited Partnership and MREIT CIV1 Limited Partnership, Alternative Investment Funds ("AIFs") managed by Moorfield Group and subsidiaries. The ESG report published by Moorfield Group is available on that company's website (www.moorfield.com) affirms the principles which underpin the approach to the environmental, social and governance aspects of its real estate investment, development and management processes, and through which it will continue to engage positively with all stakeholders (shareholders, tenants, service providers and advisors). Furthermore, MREIT CIV1 Limited is registered as a Article 8 SFDR fund.

STRATEGIC REPORT (CONTINUED)

Environmental and social matters (continued)

Through the involvement of Moorfield Group (as investment manager and asset manager of the AIFs referred to above) the Company is part of a wider series of objectives and targets that have been set to address environmental, social and governance risks and deliver improvements. A number of programmes have been established including:

- a commitment to achieving operational net zero carbon by 2030;
- to incorporate evaluation of environmental criteria into the acquisition process;
- establish sustainability improvement plans to consider energy, water and waste management;
- improve awareness and understanding of sustainability issues amongst suppliers, contractors and building occupiers;
- enable the regular measurement and monitoring of key environmental data (such as energy and water);
- participate in Global Real Estate Sustainability Benchmark (GRESB) for all AIFs and target an improved score year on year;
- adopting health & wellbeing best practices and mechanisms for measuring social impact and managing Moorfield Group's contribution to social value;
- a responsible landlord code of conduct; and
- a core principle of improving the customer experience with consistent brand standards.

Board's Obligations under Section 172 of the Companies Act

The Directors of the Group have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would most likely promote the success of the Group for the benefit of its members, having regards the stakeholders in matters set out in Section 172 of the Companies Act 2006. The board recognises the importance of maintaining a reputation for high standards of business conduct.

The key stakeholders of the Group include the tenants, shareholders, local communities, suppliers and lenders. This statement explains MREIT Limited Directors have engaged with the key stakeholders of the Group.

Charles Ferguson Davie
Charles Ferguson Davie (Aug 23, 2024 10:41 GMT+3)

Charles Ferguson-Davie
Director

Date: 23 August 2024

DIRECTORS' REPORT

The Directors present their report and the audited Company and Consolidated financial statements of MREIT ("the Company") and its subsidiaries ("the Group"), respectively for the period/year ended 31 December 2023.

Directors

The names of all persons who were Directors during the year and up to the date of signing are:

Charles Ferguson-Davie (appointed 16 June 2023)
Marc Gilbard (appointed 16 June 2023)
Steven Hall (appointed 16 June 2023)
Sadie Malim (appointed 1 April 2024)

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 UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with United Kingdom adopted International accounting standards and in conformity with the Companies Act 2006.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK International 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditors

In the case of each Director in office at the date the Directors' Report is approved:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Group and Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group and Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)

Results and dividends

The Group's loss for the year, after taxation and non-controlling interests, amounted to £3,745,000 (2022: £1,041,000).

The Company's loss for the period, after taxation, amounted to £4,786,000.

No dividends were declared or paid in the year to 31 December 2023 (2022 - £Nil).

Going concern

The financial statements of the Group and the Company have been prepared on the going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future. In assessing the Group's and Company's ability to continue as a going concern, the Directors have reviewed the trading and cash flow forecasts against the available financing facilities and covenants, which include the Directors' assessment of the impact of inflation, rising interest rates, and the wider economic environment. These forecasts show that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future and remain in compliance with debt covenants throughout the forecast period.

The Company has received confirmation from its ultimate controlling party, MREF V GP Ltd on behalf of MREF V "B" Limited Partnership and MREIT CIV1 Limited Partnership, that it does not intend to recall the shareholder loans for a period of 12 months from the date of signing. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Post balance sheet events

For details of post balance sheet events see note 14 and 23.

Financial instruments

Details of the financial instruments of the Group are detailed in note 4 and note 16.

Future developments

The Group and the Company will continue acquiring and renting single-family homes and student HMOs and there are no planned changes to the business.

Engagement with suppliers, customers and others

The Directors of the Group have and continue to have regard for the need to foster the Group's business relationships with suppliers, customers, and other stakeholders. This regard is reflected across the decision-making process of the Board and is evident throughout the financial period. The Directors have opted not to disclose information about impending developments or matters in the course of negotiation as this would, in the opinion of the Directors, be seriously prejudicial to interests of the Group.

MREIT Limited

DIRECTORS' REPORT (CONTINUED)

Political donations

The Group has not made any political donations during the year.

Independent auditors

The auditors, BDO LLP, have been appointed in the year and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf.

Charles Ferguson Davie

Charles Ferguson Davie (Aug 23, 2024 10:41 GMT+3)

Charles Ferguson-Davie
Director

Date:23 August 2024

Independent Auditor's Report to the MEMBERS of MREIT Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of MREIT Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of material and significant accounting policy information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other matter

The corresponding figures are unaudited.

Independent Auditor’s Report to the MEMBERS of MREIT Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, 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.

Independent Auditor's Report to the MEMBERS of MREIT Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework and UK tax legislation.

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

Our procedures in respect of the above included:

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

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, investment property valuations and recognition of rental income.

Independent Auditor's Report to the MEMBERS of MREIT Limited (continued)

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Challenging the assumptions made by the independent valuer particularly with respect to those not in line with our expectation; and
- Verifying revenue recognised back to the underlying agreements, rent reviews, invoices and cash receipts;

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Chris Young
A69F3BF7808C49C...

23 August 2024

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023**	Period ended 31 December 2022
		£'000	£'000
Revenue	5	**1,908**	104
Property expenses	6	**(2,288)**	(250)
Gross loss		**(380)**	(146)
Administrative expenses	7	**(471)**	(117)
Fair value loss of investment properties	11	**(2,894)**	(778)
Loss before taxation		**(3,745)**	(1,041)
Taxation	10	**-**	-
Loss after taxation		**(3,745)**	(1,041)
Total comprehensive loss for the financial year		**(3,745)**	(1,041)

		£	£
Loss per share (basic)	22	**(374.5)**	(5.2)
Loss per share (diluted)	22	**(374.5)**	(5.2)

There was no other comprehensive income for 2023 and 2022.

The Group has not discontinued any operations in the year. The revenue derives entirely from continuing operations.

The notes on pages 17 to 31 are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	**2023 £'000**	2022 £'000
Assets			
Non-current assets			
Investment properties	11	**59,350**	10,181
Total non-current assets		**59,350**	10,181
Current assets			
Trade and other receivables	12	**10,648**	1,423
Cash and cash equivalents	13	**4,097**	70
Total current assets		**14,745**	1,493
Liabilities			
Current liabilities			
Trade and other payables	14	**(1,116)**	(443)
Borrowings	15	**(57,769)**	(12,272)
Total current liabilities		**(58,885)**	(12,715)
Net current liabilities		**(44,140)**	(11,222)
Net assets/(liabilities)		**15,210**	(1,041)
Capital and reserves			
Called up share capital	18	**10**	-
Share premium account	19	**19,986**	-
Accumulates losses	19	**(4,786)**	(1,041)
Total equity		**15,210**	(1,041)

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Charles Ferguson Davie
Charles Ferguson Davie (Aug 23, 2024 10:41 GMT+3)

Charles Ferguson-Davie
Director

Date: 23 August 2024

The notes on pages 17 to 31 are an integral part of these consolidated statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital (note 18) £'000	Share premium account (note 19) £'000	Accumulated losses (note 19) £'000	Total equity and reserves £'000
At 18 May 2022	-	-	-	-
Comprehensive loss for the period ended 31 December 2022				
Loss for the period	-	-	(1,041)	(1,041)
Total comprehensive loss for the period ended 31 December 2022	-	-	(1,041)	(1,041)
Shares issued (note 19)	-	-	-	-
At 31 December 2022	**-**	**-**	**(1,041)**	**(1,041)**
Comprehensive loss for the year ended 31 December 2023				
Loss for the year	**-**	**-**	**(3,745)**	**(3,745)**
Total comprehensive loss for the year ended 31 December 2023	**-**	**-**	**(3,745)**	**(3,745)**
Shares issued (note 19)	**10**	**19,986**	**-**	**19,996**
At 31 December 2023	**10**	**19,986**	**(4,786)**	**15,210**

The notes on pages 17 to 31 are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 £'000**	Period ended 31 December 2022 £'000
Cash flows from operating activities			
Loss for the financial year/period		**(3,745)**	(1,041)
Adjustments for:			
Fair value loss on investment properties	11	**2,894**	778
Decrease/(increase) in debtors		**1,128**	(1,423)
Increase in creditors		**673**	443
Net cash generated from/(used in) operating activities		**950**	(1,243)
Cash flows from investing activities			
Acquisition of investment properties	11	**(49,818)**	(10,068)
Expenditure on investment properties	11	**(2,245)**	(891)
Net cash used in investing activities		**(52,063)**	(10,959)
Cash flows from financing activities			
Loans from shareholder	15,17	**45,497**	12,272
Proceeds from issuance of share capital	18	**9,643**	**-**
Cash generated from financing activities		**55,140**	12,272
Net increase in cash and cash equivalents		**4,027**	70
Cash and cash equivalents at the beginning of the year/period	13	**70**	-
Cash and cash equivalents at the end of the year/period	13	**4,097**	70

The notes on pages 17 to 31 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 General Information

MREIT Limited is a real estate investment trust ("REIT") listed on The International Stock Exchange (St Peter Port, Guernsey) and incorporated in England and Wales, registered number 14940941. The registered office address is 10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB.

The prior period consolidated financial statements cover the period 18 May 2022, being the date of incorporation, to 31 December 2022.

These consolidated statements are presented in sterling (£), which is the functional currency of the Group and each of its subsidiaries and has been rounded to the nearest thousand £'000 unless otherwise stated.

On 29 September 2024 the Company acquired Moorfield BrickMoor Holdings Limited and Moorfield WAKMoor Holdings Limited from MREF V "B" Limited Partnership, a company under common control of MREF V GP Limited. These acquisitions seeded the Group's investment property portfolio with 111 single-family homes and 103 student HMOs. The Group subsequently expanded its investment property portfolio by acquiring a further 15 single-family homes across key target locations.

2 Accounting policies

The principal accounting policies as applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for investment property which has been measured at fair value, and on a going concern basis in accordance with UK adopted international accounting standards (IFRS) and the Companies Act 2006. There were no material departures from these standards.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group'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 3 of the consolidated statements.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. In assessing the Group's ability to continue as a going concern, the Directors have reviewed the trading and cash flow forecasts of the Group against the available financing facilities and covenants, which include the Directors' assessment of the impact of inflation, rising interest rates, and the wider economic environment. These forecasts show that the Group has adequate resources to continue in operational existence for the foreseeable future and remain in compliance with debt covenants throughout the forecast period.

2 Accounting policies (continued)

Going concern (continued)
The Company has received confirmation from its ultimate controlling party, MREF V GP Ltd on behalf of MREF V "B" Limited Partnership and MREIT CIV1 Limited Partnership, that it does not intend to recall the shareholders' loans for a period of 12 months from the date of these consolidated financial statements. Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the consolidated statements and therefore have prepared the consolidated statements on a going concern basis.

Changes in accounting policy and disclosure
New and amendments to standards and interpretations in issue but not yet effective
The following new and amendments to standards and interpretations were in issue at the date of approval of these consolidated statements but were not yet effective for the current accounting period and have not been adopted early.

- Amendments to IAS 8 - Definition of accounting estimates (effective 1 January 2024)
- IFRS S1 - General requirements for disclosure of sustainability-related financial information (effective 1 January 2024)
- IFRS S2 - Climate-related disclosures (effective 1 January 2024)

The Directors have assessed and have concluded that the new standards including those effective in the period will not significantly impact the Group.

Basis of consolidation
The acquisition of Moorfield BrickMoor Holdings Limited, Moorfield Wakmoor Holdings Limited and their respective subsidiary undertakings on 29 September 2023 has been recognised in the Group's consolidated financial statements using the merger accounting method. Consequently, the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 presents the results of the new group from the beginning of the year. Further, the comparative Consolidated Statement of Comprehensive Income for the period ended 31 December 2022 and the Consolidated Statement of Financial Position as at 31 December 2022 reflect the results and financial position of the acquired subsidiaries for the period 18 May 2022 to 31 December 2022 on the basis the new group existed from 18 May 2022 (the date when the first acquired group company was incorporated). There is no difference between the cost of acquiring these subsidiaries and the share capital of these subsidiaries therefore no merger reserve has been recognised.

The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. A subsidiary is an entity where the Company has control over that investee. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The results of subsidiary undertakings acquired or disposed of during the financial period are included from, or up to, the effective date of acquisition or disposal. Uniform accounting policies have been adopted across the Group. Intercompany transactions and balances between Group companies are eliminated in full.

Revenue recognition
Revenue includes rental income from property leased out under Assured Shorthold Tenancy agreements. Rental income from short term tenants is recognised on a straight-line basis over the lease term.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

2 Accounting policies (continued)

Revenue recognition (continued)
Rental income is recognised in accordance with IFRS 15. Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease.

Property expenses
Property expenses are categorised as costs incurred in the day to day running of the properties, including: property management fees, agent's commission, marketing costs, utilities, facilities management, payroll and other associated costs.

Administrative expenses
Administrative expenses include costs incurred in running the operations of the Group, including: advisory fees, audit fees, company secretarial fees, legal and professional fees, valuation fees and other associated costs.

Investment properties
Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Where an investment property has a lease containing a lease incentive such as a rent-free period or cash contribution to tenant fit-out, a deduction is made to the investment property carrying value to adjust for the straight lining of rental income over the term of the lease. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less when acquired that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Leases
Lessor
When the Group acts as a lessor it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2 Accounting policies (continued)

Leases (continued)
The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. Given the principal activity of the Group is the rental of investment property this income is recognised as revenue. See the revenue accounting policy above for further details.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are subsequently classified into the following specified categories:

- financial assets at fair value through profit or loss, including held for trading; or
- amortised cost.

The classification depends on the nature and purpose of the financial asset (ie. the Groups business model for managing the financial assets and the contractual terms of the cash flows) and is determined at the time of initial recognition.

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

Financial assets not held at amortised cost are held at fair value through profit or loss.

An explanation of the fair value hierarchy is as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and

Level 3 – use of a model with inputs that are not based on observable market data.

Further details of the Group's financial instruments can be found in note 16.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and

2 Accounting policies (continued)

Financial assets (continued)
continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities
Financial liabilities measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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.

2 Accounting policies (continued)

Share premium
Share premium is classified as equity and is the excess amount received by the Company over the par value of shares issued.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at 31 December 2023 the Group had the following critical accounting estimates, assumptions and judgements:

(i) Valuation of investment property

Key source of estimation uncertainty - The fair value of the investment properties is based on external valuations in accordance with guidance supplied by the Royal Institution of Chartered Surveyors (RICS). See note 11 for further details.

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. To manage these risks the Directors complete a quarterly risk management assessment focused on reducing volatility in cash flows to ensure sufficient operational cash flows are generated to meet the Group's liabilities as they fall due for the foreseeable future. The Directors going concern assessment for the current period is detailed in note 2.

The Group's principal financial instruments comprise trade and other receivables, cash at bank, deferred consideration and bank loans. Quantitative data regarding the Group's financial instruments is set out in note 16. The significant risks that the Group is exposed to are detailed below:

a) Market risk

Market risk is the risk that the future values of investments in property and related investment will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £59,350,000 (2022: £10,181,000). To manage this risk, the Group diversifies its portfolio across a number of assets as detailed on page 2.

The following sensitivity analysis has been prepared:

As at 31 December 2023	-5% change in rental income	+5% change in rental income	-0.25% change in net yield	+0.25% change in net yield
Movement in fair value of the investment properties	(2,968,000)	2,968,000	2,719,000	(2,491,000)

The key sources of estimation uncertainty for the investment properties are net initial yields, and rental income which is based on current rent and rental growth.

Financial risk management (continued)

At the balance sheet date the Group was exposed to the following market risks:

a) Market risk (continued)

Price risk

At the balance sheet date the Group had limited exposure to price risk.

Tenancy agreements for single-family homes are typically 12 to 36 months in length. Tenancy agreements include an annual rent review based on open market rents with a floor of 3% and a cap of 8%. Tenants have the option to terminate their lease on an annual basis although typically occupiers of single-family homes remain in situ for period of greater than 12 months.

Tenancy agreements for student HMOs are typically 51 weeks in length and rents are marketed 12 months in advance of the start of each academic year. Most tenancy agreements are signed several months in advance of the start of each academic year.

There is strong demand for both single-family homes and student HMOs and the Directors are comfortable that the current pricing model will continue to be acceptable for the foreseeable future. As such the Directors consider the Group's exposure to price risk to be limited.

Interest rate risk

The Group finances its operations via contributions from interest free shareholders loans a third-party banking facility with National Westminster Bank Public Limited Company. The Group manages interest rate risk using derivative financial instruments and therefore has limited exposed to interest rate risk. Quantitative data regarding the Group's derivative financial instruments is set out in note 23. None of the Group's liabilities that arise from day-to-day trading attract interest.

b) Credit risk

Credit risk is managed by the Directors of the Group. Credit risk arises from cash and cash equivalents and tenants defaulting on their tenancy obligations. To mitigate the risk of tenants defaulting on their obligations rental deposits are required and rent is paid in advance on either a monthly or quarterly basis. Tenancy agreements require a guarantor if the tenant does not meet the required affordability thresholds. The Group's cash and cash equivalents are held with National Westminster Bank Public Limited Company and Barclays Bank Public Limited Company. The Directors note that these banks have high credit ratings as assigned by international rating agencies.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Ultimate responsibility for the management of liquidity risk lies with the Directors who monitor the liquidity position of the Group and have built an appropriate liquidity risk management framework of the Group's short, medium and long-term funding requirements. The Directors manage liquidity risk using forecasts and reviewing quarterly management accounts.

Financial risk management (continued)

In addition to cash generated from operations the Group utilises a third-party banking facility with National Westminster Bank Public Limited Company. Transactions are governed by a loan facility agreement as set out in note 23, post balance sheet events. At the date of signing this report the counterparties have provided funds as and when requested and in line with the terms of the respective agreements in place.

To ensure the Group has sufficient cash to fund its operational needs the Group has the support of its shareholders to provide further funds as and when required.

A maturity analysis of the Group's financial liabilities is set out below:

At 31 December 2023	Carrying amount £'000	In less than one year £'000
Trade payables	140	140
Other payables	153	153
Accruals and deferred income	823	823
Shareholder loans	57,769	57,769
Total	58,885	58,885

At 31 December 2022	Carrying amount £'000	In less than one year £'000
Trade payables	123	123
Other payables	113	113
Accruals and deferred income	207	207
Shareholder loans	12,272	12,272
Total	12,715	12,715

Capital risk management

The capital of the Company comprises the called up share capital in relation to ordinary shares, share premium account and retained earnings. The Group's objective when managing capital is to ensure the Group continues as a going concern and is able to meet its liabilities as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMER 2023

5 Revenue

No single tenant accounts for more than 10% of the Group's total rents received from investment properties in the year. Similarly, there was no individual or corporate that accounts for more than 10% of the trading property income.

	Year ended 31 December 2023	Period ended 31 December 2022
	£'000	£'000
Rental income	**1,906**	104
Other income	**2**	-
Total	**1,908**	104

6 Property expenses

	Year ended 31 December 2023	Period ended 31 December 2022
	£'000	£'000
Direct property costs	**867**	44
Professional costs	**174**	6
Marketing costs	**26**	-
Property management fees	**86**	1
Non-recurring expenses	**1,135**	199
Total	**2,288**	250

Direct property costs comprise utilities (£367,000), repairs and maintenance (£251,000), void costs (£117,000), insurance (£53,000), cleaning (£35,000), bad and doubtful debt (£33,000) and other sundry expenses (£11,000).

Non-recurring expenses comprise onboarding expenses and aborted acquisition costs (£851,000), appliances, furniture and accessories (£214,000) and EPC improvements (£70,000).

7 Administrative expenses

	Year ended 31 December 2023	Period ended 31 December 2022
	£'000	£'000
Asset management fees	**167**	14
General administrative expenses	**212**	103
Establishment and listing costs	**92**	-
Total	**471**	117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMER 2023

8 Operating loss

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Operating loss is stated after charging:		
Auditors' remuneration - audit of the Company	**22**	-
Auditors' remuneration – audit of the Group	**127**	64

9 Employees

The Group has no employees other than Directors in the year, who were not remunerated.

10 Taxation

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Corporation tax		
Current tax and deferred tax	**-**	**-**
Total	**-**	**-**

The charge for the year/ period can be reconciled to the loss before tax as follows:

	Year ended 31 December 2023 £'000	Period ended 31 December 2022 £'000
Loss before tax	**(3,745)**	(1,041)
Loss on ordinary activities multiplied by the standard corporation tax in the UK of 23.5% (2022: 19%)	**(880)**	(198)
Effects of:		
Loss not allowable due to REIT status	**880**	198
Total tax charge for the year/period	-	-

The Company became a UK REIT on 19 October 2023.

As a REIT, group companies will not be subject to UK corporation tax on income and gains relating to their property rental business. Other profits and gains will be subject to UK corporation tax.

11 Investment properties

Group	Total £'000
At 18 May 2022	-
Additions	10,846
Capital expenditure	113
Revaluation loss	(778)
At 31 December 2022	10,181
Additions	**49,818**
Capital expenditure	**2,245**
Revaluation loss	**(2,894)**
At 31 December 2023	**59,350**

The Group's investment properties comprises 126 single family homes and 103 homes of multiple occupancy.

The Group consolidated statement of cash flows shows cash paid to acquire the Group's investment properties.

During the year the following income and expenses were recognised in relation to the Group's investment property:

- Rental income was recognised as set out in note 5;
- Direct operating expenses comprise the Group's property expenses.

In accordance with IAS40, investment properties have been independently valued at fair value by JLL, an accredited external valuer with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation basis conforms to the RICS Valuation Professional Standards (the "Red Book"). The basis of the valuation is fair value under IFRS 13 which is defined as 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. The valuations are of the individual dwellings, or of the individual blocks in the case of blocks of student HMOs, if sold as a single asset and not as a part of a portfolio. Where there are multiple dwellings held in the same building or location, it is assumed that the properties would be sold in an orderly fashion so as not to flood the market with similar dwellings. The valuer has considered both the vacant possession value and investment value of each property. The investment valuation is based on the difference between expected cash inflows and outflows, appropriately discounted.

A table showing the range of assumptions applied for the portfolio is included below:

Single-family homes	
Market rent	£2,475,000
Gross reversionary yield	6.42%
Net reversionary yield	4.94%

Student HMOs	
Market rent	£2,590,000
Gross reversionary yield	12.51%
Net reversionary yield	7.14%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMER 2023

11 Investment properties (continued)
Based on the above the fair value of the investment property at the year-end date was calculated as £59,350,000. During the year a fair value loss was recognised of £2,894,000.

12 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts owed by shareholders	**10,353**	-
Prepayments and accrued income	**162**	72
Other receivables	**8**	1,351
Trade receivables	**125**	-
Total	**10,648**	1,423

Amounts owed by group undertakings are unsecured, interest free and receivable on demand. The balance is expected to be recovered within 12 months.

For trade receivables, other receivables and accrued income, the Group applies the IFRS 9 simplified approach to measuring expected credit losses. Expected credit losses are immaterial in the current and prior periods. For all other receivables, the normal staging approach is applied.

13 Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash at bank	**4,097**	70

14 Trade and other payables

	2023	2022
	£'000	£'000
Trade payables	**140**	123
Other payables	**153**	113
Accruals and deferred income	**823**	207
Total	**1,116**	443

15 Borrowings

	2023	2022
	£'000	£'000
Current borrowings		
Shareholders' loans	**57,769**	12,272

Shareholders' loans are denominated in sterling, unsecured, interest free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMER 2023

16 Financial instruments

	2023 £'000	2022 £'000
Financial assets		
Financial assets measured at amortised cost:		
Cash and cash equivalents	**4,097**	70
Trade receivables	**125**	-
Other receivables	**8**	1,351
Amounts owed by shareholders	**10,353**	-
Total	**14,583**	1,421

	2023 £'000	2022 £'000
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**140**	123
Other payables	**153**	113
Shareholder loans	**57,769**	12,272
Total	**58,062**	12,508

17 Analysis of net debt

	At 1 January 2023 £'000	Cash Flows £'000	At 31 December 2023 £'000
Cash and cash equivalents	**70**	**4,027**	**4,097**
Debt due after 1 year	**(12,272)**	**(45,497)**	**(57,769)**
Total	**(12,202)**	**(41,470)**	**(53,672)**

	At 18 May 2022 £'000	Cash Flows £'000	At 31 December 2022 £'000
Cash and cash equivalents	-	70	70
Debt due after 1 year	-	(12,272)	(12,272)
Total	-	(12,202)	(12,202)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMER 2023

18 Share capital

	2023 £	2022 £
Allotted shares		
10,000 (2022 – 200) ordinary shares	**10,000**	200

On incorporation the Company issued 10,000 ordinary shares of £1 for consideration of £19,996,000. Of the £19,996,000 consideration, £9,643,291 was paid in cash and £10,352,711 was receivable from the shareholders at 31 December 2023. The prior share capital of £200 was extinguished following the application of merger accounting.

19 Reserves

Accumulated losses
The profit and loss account represents cumulative profits and losses net of all adjustments.

The table below shows the accumulated losses split between distributable and non-distributable reserves.

	Distributable £'000	Non-distributable £'000	Total £'000
At 18 May 2022	-	-	-
Loss for the period	(263)	(778)	(1,041)
At 31 December 2022	**(263)**	**(778)**	**(1,041)**
Loss for the period	**(851)**	**(2,894)**	**(3,745)**
At 31 December 2023	**(1,114)**	**(3,672)**	**(4,786)**

Share premium account
The share premium account is the credited difference in price between the par value of the shares and the total price the Company received for the issued shares.

The Company issued 10,000 ordinary shares with a par value of £1.00 for consideration of £19,996,000.

20 Related party transactions

During the year an acquisition and management fee of £517,000 (2022: £77,000) was charged by Bricklane Technologies Limited, a company under common control of one Director of BrickMoor V Investments Limited, BrickMoor V London Limited, BrickMoor V South West Limited and BrickMoor V South East Limited.

21 Controlling party

The Group's ultimate controlling party is MREF V GP Ltd on behalf of MREF V "B" Limited Partnership and MREIT CIV1 Limited Partnership which are limited partnerships registered in England and Wales.

22 Loss per share

	2023 £'000	2022 £'000
Loss attributable to ordinary shareholders (a)	**(3,745)**	(1,041)

	2023 Number	2022 Number
Weighed average number of ordinary shares (b)	**10,000**	200

	2023 £	2022 £
Loss per share (a/b)	**(374.5)**	(5.2)

23 Post balance sheet events

The Group has acquired a further £10,002,000 of investment properties in existing target markets since the balance sheet date.

On 27 March 2024, BrickMoor V London Limited, BrickMoor V South West Limited and BrickMoor V South East Limited entered into a Facility Agreement with National Westminster Bank Public Limited Company for the purpose of refinancing acquisitions of Investment Properties. The total available facility is £25,000,000 and is repayable on 28 March 2029. The outstanding principal is currently £15,011,000 and the undrawn commitment of £9,989,000 is available until 28 March 2026.

On 12 April 2024, BrickMoor V London Limited, BrickMoor V South West Limited and BrickMoor V South East Limited entered into an Interest Rate Swap with a notional amount of £10,635,000 to fix 3-month SONIA at 4.269% until 28 March 2028. On 07 August 2024, BrickMoor V London Limited, BrickMoor V South West Limited and BrickMoor V South East Limited entered into an Interest Rate Swap with a notional amount of £2,125,000 to fix 3-month SONIA at 3.870% until 28 March 2028. The total notional amount of the interest rates swaps is equal to 85% of the debt drawn under the National Westminster Bank Public Limited Company Facility Agreement dated 28 March 2024.

24 Capital commitments

As at 31 December 2023 the Group had contracted to acquire further investment property amounting to £Nil (2022: £685,000).

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £'000
Fixed assets		
Investment in subsidiaries	5	**-**
Current assets		
Trade and other receivables	6	**72,847**
Cash and cash equivalents	7	**209**
Total current assets		**73,056**
Liabilities		
Current liabilities		
Trade and other payables	8	**(77)**
Borrowings	9	**(57,769)**
Total current liabilities		**(57,846)**
Net current assets		**15,210**
Net assets		**15,210**
Capital and reserves		
Called up share capital	10	**10**
Share premium account	11	**19,986**
Accumulated losses	11	**(4,786)**
Shareholders funds		**15,210**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the parent company for the period was £4,786,000.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Charles Ferguson Davie
Charles Ferguson Davie (Aug 23, 2024 10:41 GMT+3)

Charles Ferguson-Davie
Director

Date: 23 August 2024

The notes on pages 31 to 36 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Called up share capital (note 10) £'000	Share premium account (note 11) £'000	Accumulated losses (note 11) £'000	Total equity and reserves £'000
At 16 June 2023	-	-	-	-
Comprehensive loss for the period ended 31 December 2023	-	-	-	-
Loss for the period	-	-	(4,786)	(4,786)
Total comprehensive loss for the period ended 31 December 2023	-	-	(4,786)	(4,786)
Shares issued (note 11)	10	19,986	-	19,996
At 31 December 2023	10	19,986	(4,786)	15,210

The notes on pages 31 to 36 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

1 General Information

MREIT Limited is a real estate investment trust ("REIT") listed on The International Stock Exchange (St Peter Port, Guernsey) and incorporated in England and Wales, registered number 14940941. The registered office address is 10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB.

The Company was incorporated on 16 June 2023. The company financial statements therefore cover the period 16 June 2023 to 31 December 2023.

These financial statements are presented in sterling (£), which is the functional currency of the Company and has been rounded to the nearest thousand £'000 unless otherwise stated.

2 Accounting policies

The principal accounting policies as applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year presented, unless otherwise stated.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Going concern
The financial statements have been prepared on the going concern basis which assumes that the Company and the Company will continue in operational existence for the foreseeable future. In assessing the Company's ability to continue as a going concern, the Directors have reviewed the trading and cash flow forecasts of the Company against the available financing facilities and covenants, which include the Directors' assessment of the impact of inflation, rising interest rates, and the wider economic environment. These forecasts show that the Group has adequate resources to continue in operational existence for the foreseeable future and remain in compliance with debt covenants throughout the forecast period.

The Company has received confirmation from its ultimate controlling party, MREF V GP Ltd on behalf of MREF V "B" Limited Partnership and MREIT CIV1 Limited Partnership, that it does not intend to recall the shareholder loans for a period of 12 months from the date of these financial statements. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2 Accounting policies (continued)

Financial Reporting Standard 102 – reduced disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statements of Cash Flows;
- the requirements of Section 3 Financial Statement paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MREIT Limited as at 31 December 2023.

Section 408 exemption
The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the company for the period was £4,786,000.

Investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Taxation
Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors
Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments
(i) Financial assets
Basic financial assets, including amounts owed by related party undertakings, other debtors and cash and bank balances, 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.

2 Accounting policies (continued)

Financial instruments (continued)
Such assets are subsequently carried at amortised cost using the effective interest method. 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 the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) 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.

(ii) Financial liabilities
Basic financial liabilities, including trade payables and other payables, bank overdrafts, bank loans, loans from fellow group undertakings and amounts owed to related party undertakings 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.

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

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management is required to make judgements, estimates and assumptions which affect expected reported income, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. As at 31 December 2023 the Company had the following critical accounting estimates and assumptions:

(i) Impairment of receivables (note 6)

Receivables are held 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. Management take into account a number of factors including the impact of real estate market and if they believe that the receivable will not be recovered in full they will recognise an impairment loss in the statement of comprehensive income.

4 Employees

The Company has no employees other than Directors in the year, who were not remunerated.

5 Investment in subsidiaries

	Investment in subsidiary companies £
Cost	
At 16 June 2023	-
Additions	200
At 31 December 2023	200

During the year the Company acquired its subsidiary undertakings.

Direct subsidiary undertakings
The following were direct subsidiary undertakings of the Company, the results of which are included in the consolidated financial statements.

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
Moorfield Wakmoor Holdings Limited	10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB	United Kingdom	100	Holding company
Moorfield BrickMoor Holdings Limited	10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB	United Kingdom	100	Holding company

* All shares held are ordinary shares.

Indirect subsidiary undertakings
The following are indirect subsidiary undertakings of the Company the results of which are included in the consolidated financial statements.

Name	Registered office address	Country of incorporation	Ownership % *	Nature of business
BrickMoor V Investments Limited	19-23 Ironmonger Row, London, England, EC1V 3QN	United Kingdom	100	Holding company
BrickMoor V London Limited	19-23 Ironmonger Row, London, England, EC1V 3QN	United Kingdom	100	Property rental
BrickMoor V South West Limited	19-23 Ironmonger Row, London, England, EC1V 3QN	United Kingdom	100	Property rental
BrickMoor V South East Limited	19-23 Ironmonger Row, London, England, EC1V 3QN	United Kingdom	100	Property rental
Wakmoor V Limited	10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB	United Kingdom	100	Holding company
Wakmoor V (Investments) Limited	10 Grosvenor Street, Mayfair, London, United Kingdom, W1K 4QB	United Kingdom	100	Property rental

* All shares held are ordinary shares.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2023

6 Trade and other receivables

	2023 £'000
Amounts owed by shareholders	**10,353**
Amounts owed by subsidiaries undertakings	**62,494**
Total	**72,847**

Amounts owed by subsidiaries and shareholders are unsecured, interest free and receivable on demand. Amounts owed by shareholders are expected to be recovered within 12 months. The amounts owed by subsidiaries may not be recovered within 12 months.

During the period the Directors assessed the recoverability of amounts owed by subsidiary undertakings and recorded an impairment of £4,666,000.

7 Cash and cash equivalents

	2023 £'000
Cash at bank	**209**

8 Trade and other payables

	2023 £'000
Other payables	**10**
Accruals and deferred income	**67**
Total	**77**

9 Borrowings

	2023 £'000
Current borrowings	
Shareholders' loans	**57,769**

Shareholders' loans are denominated in sterling, unsecured, interest free and repayable on demand.

10 Share capital

	2023 £
Allotted shares	
10,000 ordinary shares	**10,000**

On incorporation the Company issued 10,000 ordinary shares of £1 for cash consideration of £19,996,000. Of the £19,996,000 consideration, £9,643,291 was paid in cash and £10,352,711 was receivable from the shareholders at 31 December 2023.

11 Reserves

Accumulated losses
The profit and loss account represents cumulative profits and losses net of all adjustments.

Share premium account
The share premium account is the credited difference in price between the par value of the shares and the total price the Company received for the issued shares.

The Company issued 10,000 ordinary shares with a par value of £1.00 for consideration of £19,996,000.

12 Related party transactions

The Company has taken the exemptions under FRS 102 Section 33.1A not to disclose transactions and balances with related parties on the grounds that they are wholly owned within the group.

13 Controlling party

The Company's ultimate controlling party is MREF V GP Ltd on behalf of MREF V "B" Limited Partnership and MREIT CIV1 Limited Partnership which are limited partnerships registered in England and Wales.

14 Post balance sheet events

Refer to note 23 of the consolidated financial statements for post balance sheet events.

15 Capital commitments

As at 31 December 2023 the Company had contracted to acquire further investment property amounting to £Nil (2022: £685,000).

MREIT Limited - FY 23 accounts v11 CFD

Final Audit Report 2024-08-23

Created:	2024-08-23
By:	Charlotte Hamilton (charlotte.hamilton@moorfield.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAVxlOvP3nm7hPk05DIQtYXAlsUFvRortz

"MREIT Limited - FY 23 accounts v11 CFD" History

Document created by Charlotte Hamilton (charlotte.hamilton@moorfield.com)
2024-08-23 - 7:23:20 AM GMT

Document emailed to Charles Ferguson Davie (charles.fergusondavie@moorfield.com) for signature
2024-08-23 - 7:23:26 AM GMT

Email viewed by Charles Ferguson Davie (charles.fergusondavie@moorfield.com)
2024-08-23 - 7:40:56 AM GMT

Document e-signed by Charles Ferguson Davie (charles.fergusondavie@moorfield.com)
Signature Date: 2024-08-23 - 7:41:18 AM GMT - Time Source: server

Agreement completed.
2024-08-23 - 7:41:18 AM GMT