**Mitsui Fudosan (U.K.) Ltd**

# Annual report and financial statements

Registered number 02460207

31 December 2022

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# Strategic report

## Principal activities

The principal activities of the Group continue to be property investment.

## Business review

In January 2022, the Group acquired land in Shoreditch, London. The site is currently under development for a sustainable commercial building with a joint venture partner.

In May 2022, Whitewood TV City UK SARL, a joint venture which the Group previously had a 45% holding, became a wholly owned subsidiary through the acquisition of an additional 55% by MF White Television City Limited. Whitewood TV City UK SARL owns investment properties in Television Centre for redevelopment which will continue through 2023.

In September 2022, the Group acquired a 49% holding of South Molton LP and SMT GP, a new joint venture for development of South Molton Triangle in London.

Rental income from let investment properties decreased in 2022 due to the disposal of 8 Moorgate GP Ltd and Moorgate Property Unit Trust in July 2021. However, rental income from other properties has generally increased since 2021.

As at the year end, the Group held five investment properties in central London redeveloped in earlier years along with the following projects:

- A 75% holding in Whitewood Phase1 Holdings UK SARL: a company which heads a group which owns commercial and residential properties in West London.
- Television Centre Phase 2: a 100% holding in Whitewood TV City UK SARL which owns a property in West London on which commercial and residential properties are being redeveloped. It is anticipated that the development will continue through 2023.
- Whitewood Crescent: a 75% holding in Whitewood Crescent Holdings UK SARL. The development of commercial properties in West London is expected to be completed in 2023 for office space leases.
- White City Place: a 50% holding in Whitewood Gateway (UK) SARL: a joint venture which owns an office development site in West London. The development was completed in October 2022 and the Group started to earn rental income.
- MFE London 1: a 97.5% holding in MFE London 1 Limited Partnership which owns land for development in Shoreditch, London. It is anticipated that the development will continue through 2023.

The Group will prudently continue its investment activities and will seek opportunities to broaden its business in the UK.

## Key performance indicators

The Group's key financial indicators are operating profit and profit before taxation. During the year, the Group generated an operating loss of £23,399,192 (2021: profit of £92,384,147) and a loss before taxation of £31,259,321 (2021: profit before tax of £86,321,707). The decrease in operating profit is due to revaluation losses of investment properties of £34.9 million. The decrease in the profit before taxation is due to writing down the value of property on step acquisition of Whitewood TV City UK SARL of £13.4 million.

# Strategic report *(continued)*

### Statement on section 172 Companies Act 2006

The board has taken and continues to take decisions for the long term, and its aim is always to uphold the highest standards of conduct. The shareholder is the ultimate parent company in Japan and has a strategy regarding stakeholders for the whole group. Therefore, the Group's decisions for the long term are made via careful and continuous communication with the ultimate parent company.

The views and needs of the stakeholders are considered by the board throughout the year by information provided by management of the Group and by direct engagement with stakeholders.

The board understands that its business can only grow and prosper over the long term if it understands and respects the needs and views of its customers, colleagues and the communities in which it operates, as well as its suppliers, the environment and the shareholders to whom it is accountable. The wider Mitsui Fudosan group has a vision *"Seeking to link diverse values, coexist in harmony with society and achieve a sustainable society and will work to foster social and economic development as well as global environmental preservation and will aim for a society that enriches both people and the planet."* Also, the wider group has a long term vision "VISION 2025" and sets the goal to "successfully establish a sustainable society through the creation of neighbourhoods" as one of its major goals to achieve. Regarding the increasing importance of ESG, the wider group provides a report to present our interest in ESG.

The board has taken action to embed consideration of stakeholder interests within the Group's culture and operating model of the business by providing training to the relevant management team members. In order to achieve the long-term vision of the Group, the board communicates with the managers daily, and also sets out a fort-weekly all managers meeting in order to direct the plan.

The board ensures that the Section 172 Companies Act 2006 requirements are met, and the interests of the stakeholder groups are always considered, by:

(a) setting an annual, long-term business plan presenting the relevant standing agenda;

(b) reviewing the business plan throughout board meetings and meetings with the parent company CEO throughout the year;

(c) formal consideration of any of factors which are relevant to any major decisions taken by the board throughout the year;

(d) having a risk management process and executing an internal audit plan executed by both the company and the parent company.

### Principal risks and uncertainties

#### Liquidity risk

Liquidity risk is low due to expected future cashflows from renting commercial properties and the good reputation and credit worthiness of the tenants at 5 Hanover Square, 1 Angel Court and Television Centre Phase1, which are the Group's primary sources of income.

#### Interest rate risk

The Group is exposed to interest rate risk to the extent that a rise in market interest rates could increase the interest payments on the variable-rate loans. The Group monitors its borrowings carefully and seeks to minimise the risk by regularly renewing its short-term borrowings.

## Strategic report *(continued)*

### Credit risk

The Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Any negative impact of Covid-19 on debt collection has been limited.

### Cash flow risk

The Group manages cash flow risk by holding short-term borrowings which it can adapt deal with requirements.

### Results

The Group generated a loss after taxation for the year of £26,621,523 *(2021: profit after taxation of £58,860,884)*.

Approved by the board

**T Nakamura**
*Director*

6th Floor Cassini House
57-58 St. James's Street
London
SW1A 1LD
30 March 2023

# Directors' report

The directors present their directors' report, strategic report and consolidated financial statements for the year ended 31 December 2022.

**Directors**

The directors who held office during the year were as follows:

| | |
|---|---|
| T. Yamamoto | |
| Y. Ono | |
| T. Nakamura | |
| T. Imamura | (appointed 1 April 2022) |
| H. Saito | (appointed 1 April 2022) |

**Stakeholders engagement statement**

The Group believes that to maximise value and secure our long-term success, it must take account of what is important to the Group's key stakeholders. Below it is stated how the Group engages with them and what the Group regards as their material issues.

*Occupiers and Purchasers*

Delivering quality assets and asset management services is important to satisfying the occupiers' needs in the realm of design, well-being, and sustainability.

Continuous engagement with occupants, agents, and vendors enables the development and asset management teams to capture new trends and requirements. This information is shared globally amongst the Mitsui Fudosan group.

*Employees*

Open and swift engagement with management provides important opportunities for the employees to further develop and expand their skills.

There are regular interviews between the management and employees, to understand and to accurately evaluate the current state of the business and activities, which each employee is engaged in. In order to establish a healthy and open workplace relationship, formal and informal corporate events are held.

*Suppliers*

A collaborative and open approach in business is required in order to develop sustainable long-term partnerships.

Since many of our activities are outsourced, it is imperative to cultivate a strong relationship and reliance among our suppliers and vendors, so that the product and services delivered contribute to both occupier and buyer satisfaction. In order to meet this goal, the directors are conscious to communicate in a collaborative and constructive way.

*Debt providers*

Some of the Group's investment capital is procured through financial lenders. Full disclosure and transparency of the current and forecasts of our financial performance is important to maintain adequate credit rating.

The Group communicates with the providers through regular and irregular meetings to ensure that it provides full information. This helps to support our credit relationship and stability to expand the business.

*Shareholders*

The Group's long-term decisions are made via careful and continuous communication with the parent company.

# Directors' report *(continued)*

### Stakeholders engagement statement *(continued)*

The Mitsui Fudosan Group's long-term vision is to "Evolve into a global company", which aims to provide global solutions to its customers, and to drive sustainable profit growth. The company plans future expansion within Continental Europe.

*Local communities*

The Group's main goal in business is to develop and manage assets which have a positive impact on the local community. Minimising disruption during construction and the completed project enhancing the quality of living are important matters to the community.

The relationship with the local community is always a key factor for the real estate business. The Group engages with the local community, not only during the planning stage, but also after completion of the development, through property management. By offering quality retail shops and holding events, which contribute to the enrichment and engagement of the local community.

### Going concern

These financial statements have been prepared on the going concern basis. The directors have considered the financial strength of the parent company and concluded that it is able to provide this financial support. The directors therefore consider that there is no material uncertainty and that sufficient funding will remain available to enable the Group and the Company to continue as a going concern for the foreseeable future.

The directors regularly assess potential risks that the Group is exposed to, such as higher interest rates, liquidity and credit risk, and are confident that the Group will be able to meet the cash requirements over the next twelve months despite of its net current liabilities, because of the reliable cash flow of its operations.

The directors remain fully confident that the business model, in particular the thorough evaluation of all projects ahead of acceptance and the detailed monitoring of all investments by the highly experienced management, mean that the going concern basis remains applicable.

### Dividends

The directors do not recommend the payment of a dividend for the year *(2021: none)*.

### Political contributions

The Group made no political contributions during the year *(2021: none)*.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**T Nakamura**
*Director*

6th Floor Cassini House
57-58 St. James's Street
London
SW1A 1LD
30 March 2023

# Statement of directors' responsibilities in respect of the Annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with applicable UK accounting standards in conformity with requirements of the Companies Act 2006;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITSUI FUDOSAN (U.K.) LIMITED

### Opinion

We have audited the financial statements of Mitsui Fudosan (U.K.) Limited (the Company") for the year ended 31 December 2022 which comprise the Consolidated and Company Balance Sheets, the Consolidated Profit and Loss Account, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow statement and related notes, including the accounting policies in note 1.

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 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors of whether they are aware of fraud and of the group's high-level policies and procedures to prevent and detect fraud.
- Reading board minutes.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITSUI FUDOSAN (U.K.) LIMITED *(continued)*

- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investment property valuations. On this audit we have identified a fraud risk of cut-off in revenue recognition to achieve a target of revenue on residential units' sale. We neither identified any misstatement nor inconsistent evidence as part of our testing performed over residential units' sale.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the group's fraud risk management controls.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation;
- evaluating the business purpose of significant unusual transactions, if any.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and the Company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group and the Company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, recognising the nature of the Group's and the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

**Strategic Report and Directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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; or

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITSUI FUDOSAN (U.K.) LIMITED *(continued)*

**The purpose of our audit work and to whom we owe our responsibilities**

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

**Matthew Williams (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
15 Canada Square
E14 5GL

30 March 2023

# Consolidated profit and loss account

***for the year ended 31 December 2022***

| | *Note* | **2022** | 2021 |
|---|---|---|---|
| | | **£** | £ |
| **Turnover** | *3* | **80,739,041** | 58,835,470 |
| Operating costs | *4* | **(55,802,753)** | (35,299,452) |
| Other operating income | *5* | **-** | 148,896 |
| Disposal of investment property | *13* | **-** | 23,267,513 |
| Write down of property on step acquisition | *14* | **(13,406,965)** | - |
| Revaluation of investment property | *13* | **(34,928,515)** | 45,431,720 |
| **Operating (loss)/profit** | | **(23,399,192)** | 92,384,147 |
| Share of (loss) in joint venture | *14* | **(709,730)** | (953,030) |
| Share of profit/(loss) in associates | *14* | **790,553** | (328,360) |
| Interest receivable and similar income | *6* | **65,957** | 59,578 |
| Interest payable and similar expenses | *7* | **(8,165,771)** | (5,290,424) |
| Gain on financial assets at fair value | | **158,862** | 449,796 |
| **(Loss)/profit before taxation** | | **(31,259,321)** | 86,321,707 |
| Tax on profit | *11* | **4,637,798** | (27,460,823) |
| **(Loss)/profit for the financial year** | | **(26,621,523)** | 58,860,884 |
| **Profit for the financial year attributable to:** | | | |
| Owners of the parent company | | **(27,905,250)** | 55,189,777 |
| Non-controlling interests | | **1,283,727** | 3,671,107 |
| | | **(26,621,523)** | 58,860,884 |

Turnover and operating profit derive wholly from continuing operations.

The Group has no item of other comprehensive income in any of the periods for which financial statements are presented. As such, no separate statement of other comprehensive income is presented.

The notes on page 18 to 41 form part of these financial statements.

# Consolidated balance sheet
***at 31 December 2022***

| | *Note* | **2022** | | 2021 | |
|---|---|---|---|---|---|
| | | **£** | **£** | £ | £ |
| **Non-current assets** | | | | | |
| Fixtures, plant & equipment | *12* | | **1,035,305** | | 2,922,493 |
| Investment property | *13* | | **1,193,786,474** | | 1,026,273,985 |
| Development costs | *15* | | **11,383,670** | | |
| Investments | | | | | |
| Investments in joint ventures | *14* | **250,065,877** | | 178,674,668 | |
| Investments in associates | *14* | **22,343,962** | | 21,611,398 | |
| | | | **272,409,839** | | 200,286,066 |
| | | | **1,478,615,288** | | 1,229,482,544 |
| **Current assets** | | | | | |
| Inventory | *16* | **106,158,029** | | 31,917,769 | |
| Debtors: due within one year | *17* | **32,872,118** | | 53,212,326 | |
| Debtors: due after one year | *17* | **63,037,856** | | 68,471,359 | |
| Cash at bank and in hand | | **14,572,739** | | 61,015,940 | |
| | | **216,640,742** | | 214,617,394 | |
| **Creditors:** amounts falling due within one year | *18* | **(300,945,341)** | | (70,126,100) | |
| **Net current (liability)/assets** | | | **(84,304,599)** | | 144,491,294 |
| **Total assets less current liabilities** | | | **1,394,310,689** | | 1,373,973,838 |
| **Creditors:** amounts falling due after more than one year | *19* | | **(179,705,961)** | | (129,703,518) |
| **Provisions for liabilities** | *21,22* | | **(64,235,525)** | | (71,556,783) |
| **Net assets** | | | **1,150,369,203** | | 1,172,713,537 |
| **Capital and reserves** | | | | | |
| Called up share capital | *23* | | **477,250,000** | | 477,250,000 |
| Profit and loss account | | | **542,144,780** | | 570,050,030 |
| **Equity attributable to owners of the parent company** | | | **1,019,394,780** | | 1,047,300,030 |
| Non-controlling interests | | | **130,974,423** | | 125,413,507 |
| **Total equity** | | | **1,150,369,203** | | 1,172,713,537 |

The notes on page 18 to 41 form part of these financial statements.

These financial statements were approved by the board of directors on 30 March 2023 and were signed on its behalf by:

**T Nakamura**
*Director*

# Company balance sheet
***at 31 December 2022***

| | *Note* | **2022** | | 2021 | |
|---|---|---|---|---|---|
| | | **£** | **£** | £ | £ |
| **Fixed assets** | | | | | |
| Fixtures, plant & equipment | *12* | | **634,278** | | 823,772 |
| Investments | *14* | | **1,103,527,036** | | 807,804,411 |
| | | | **1,104,161,314** | | 808,628,183 |
| **Current assets** | | | | | |
| Debtors: due within one year | *17* | **1,054,055** | | 914,871 | |
| Total debtors | | **1,054,055** | | 914,871 | |
| Cash at bank and in hand | | **124,487** | | 7,156,343 | |
| | | **1,178,542** | | 8,071,214 | |
| **Creditors:** amounts falling due within one year | *18* | **(293,239,493)** | | (58,092,966) | |
| **Net current (liabilities)** | | | **(292,060,951)** | | (50,021,752) |
| **Total assets less current liabilities** | | | **812,100,363** | | 758,606,431 |
| **Creditors:** amounts falling due after more than one year | *19* | | **(170,038,634)** | | (120,087,807) |
| **Net assets** | | | **642,061,729** | | 638,518,624 |
| **Capital and reserves** | | | | | |
| Called up share capital | *23* | | **477,250,000** | | 477,250,000 |
| Profit and loss account | | | **164,811,729** | | 161,268,624 |
| **Equity shareholders' funds** | | | **642,061,729** | | 638,518,624 |

The notes on page 18 to 41 form part of these financial statements.

These financial statements were approved by the board of directors on 30 March 2023 and were signed on its behalf by:

**T Nakamura**
*Director*

## Consolidated statement of changes in equity

| | Called up share capital | Profit and loss account | Equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Balance at 1 January 2021 | 477,250,000 | 514,860,253 | 992,110,253 | 116,302,272 | 1,108,412,525 |
| **Total comprehensive loss for the year** | | | | | |
| Profit for the year | - | 55,189,777 | 55,189,777 | 3,671,107 | 58,860,884 |
| Total comprehensive loss for the year | - | 55,189,777 | 55,189,777 | 3,671,107 | 58,860,884 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Issue of shares in subsidiaries | - | - | - | 13,805,306 | 13,805,306 |
| Dividends | - | - | - | (8,365,178) | (8,365,178) |
| Total transactions with owners, recorded directly in equity | - | - | - | 5,440,128 | 5,440,128 |
| **Balance at 31 December 2021** | **477,250,000** | **570,050,030** | **1,047,300,030** | **125,413,507** | **1,172,713,537** |

| | Called up share capital | Profit and loss account | Equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Balance at 1 January 2022 | 477,250,000 | 570,050,030 | 1,047,300,030 | 125,413,507 | 1,172,713,537 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | (27,905,250) | (27,905,250) | 1,283,727 | (26,621,523) |
| Total comprehensive income for the year | - | (27,905,250) | (27,905,250) | 1,283,727 | (26,621,523) |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Issue of shares in subsidiaries | - | - | - | 15,026,400 | 15,026,400 |
| Share capital reduction in subsidiaries | - | - | - | (10,749,211) | (10,749,211) |
| Total transactions with owners, recorded directly in equity | - | - | - | 4,277,189 | 4,277,189 |
| **Balance at 31 December 2022** | **477,250,000** | **542,144,780** | **1,019,394,780** | **130,974,423** | **1,150,369,203** |

The notes on page 18 to 41 form part of these financial statements.

# Company statement of changes in equity

| | Called up Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| Balance at 1 January 2021 | 477,250,000 | 74,046,450 | 551,296,450 |
| **Total comprehensive income for the year** | | | |
| Profit for the year | - | 87,222,174 | 87,222,174 |
| Total comprehensive income for the year | - | 87,222,174 | 87,222,174 |
| **Total transactions with owners, recorded directly in equity** | - | - | - |
| **Balance at 31 December 2021** | **477,250,000** | **161,268,624** | **638,518,624** |

| | Called up Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| Balance at 1 January 2022 | 477,250,000 | 161,268,624 | 638,518,624 |
| **Total comprehensive income for the year** | | | |
| Profit for the year | - | 3,543,105 | 3,543,105 |
| Total comprehensive income for the year | - | 3,543,105 | 3,543,105 |
| **Total transactions with owners, recorded directly in equity** | - | - | - |
| **Balance at 31 December 2022** | **477,250,000** | **164,811,729** | **642,061,729** |

The notes on page 18 to 41 form part of these financial statements.

## Consolidated statement of cash flows
***for the year ended 31 December 2022***

| | Note | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/Profit for the year | | **(26,621,523)** | 58,860,884 |
| *Adjustment for:* | | | |
| Depreciation, amortisation and impairment | *12* | **1,982,012** | 1,982,118 |
| Fair value gains of investment property | *13* | **34,928,515** | (45,431,720) |
| Interest receivable and similar income | *6* | **(65,957)** | (59,578) |
| Interest payable and similar expenses | *7* | **8,165,771** | 5,290,424 |
| Share of loss in joint venture | *14* | **709,729** | 953,030 |
| Share of (profit)/loss in associates | *14* | **(790,552)** | 328,360 |
| Write down of property on step acquisition | *14* | **13,406,965** | - |
| (Gain) on disposal of investment property | *13* | **-** | (23,267,513) |
| (Gain) of financial assets at fair value | | **(158,862)** | (449,796) |
| Taxation | *11* | **(4,637,798)** | 27,460,823 |
| | | **26,918,300** | 25,667,032 |
| *Changes in working capital* | | | |
| Decrease/(increase) in trade and other debtors | *17* | **8,526,419** | (23,887,156) |
| (Increase)/decrease in inventory | *16* | **(74,240,260)** | 6,053,266 |
| (Decrease)/increase in trade and other creditors | *18,19* | **(2,981,127)** | 6,306,464 |
| (Decrease) in provisions | *17* | **(453,562)** | (309,419) |
| | | **(42,230,230)** | 13,830,187 |
| Interest paid | | **(7,800,380)** | (5,518,931) |
| Tax paid | | **(1,541,371)** | (14,253,254) |
| Loss on retirement of tangible fixed assets | | **-** | 1,663 |
| (Decrease) in lease liability | | **(150)** | (142) |
| **Net cash from operating activities** | | **(51,572,131)** | (5,940,477) |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of investment property | *13* | **-** | 178,491,061 |
| Interest received | *6* | **65,957** | 59,578 |
| Dividends received | *14* | **57,989** | 3,958,780 |
| Capitalised development expenditure | *12,13* | **(114,317,267)** | (27,175,239) |
| Acquisition of subsidiaries | *14* | **(42,463,639)** | - |
| Investment in joint ventures | *14* | **(120,810,498)** | (33,240,585) |
| **Net cash from investing activities** | | **(277,467,458)** | 122,093,595 |
| **Cash flows from financing activities** | | | |
| Proceeds from new loan | *20* | **2,381,178,021** | 9,044,471 |
| Repayment of borrowings | *20* | **(2,102,858,822)** | (155,075,745) |
| Dividends paid | | **-** | (2,075,099) |
| Share capital reduction in subsidiaries | *14* | **(10,749,211)** | - |
| Issues of shares in subsidiaries | | **15,026,400** | 7,515,227 |
| **Net cash from financing activities** | | **282,596,388** | (140,591,146) |
| Net (decrease) in cash and cash equivalents | | **(46,443,201)** | (24,438,028) |
| Cash and cash equivalents brought forward | | **61,015,940** | 85,453,968 |
| **Cash and cash equivalents carried forward** | | **14,572,739** | 61,015,940 |

The notes on page 18 to 41 form part of these financial statements.

# Analysis of changes in net debt

| | At 1 January 2021 £ | Cash flows £ | At 31 December 2021 £ |
|---|---|---|---|
| **Cash and cash equivalents** | | | |
| Cash | **85,453,968** | (24,438,028) | **61,015,940** |
| | **85,453,968** | (24,438,028) | **61,015,940** |
| **Borrowings** | | | |
| Debt due within one year | **(50,029,000)** | 6,031,274 | **(43,997,726)** |
| Debt due after one year | **(260,000,000)** | 140,000,000 | **(120,000,000)** |
| | **(310,029,000)** | 146,031,274 | **(163,997,726)** |
| **Total** | **(224,575,032)** | 121,593,246 | **(102,981,786)** |

| | At 1 January 2022 £ | Cash flows £ | At 31 December 2022 £ |
|---|---|---|---|
| **Cash and cash equivalents** | | | |
| Cash | **61,015,940** | (46,443,201) | **14,572,739** |
| | **61,015,940** | (46,443,201) | **14,572,739** |
| **Borrowings** | | | |
| Debt due within one year | **(43,997,726)** | (228,319,199) | **(272,316,925)** |
| Debt due after one year | **(120,000,000)** | (50,000,000) | **(170,000,000)** |
| | **(163,997,726)** | (278,319,199) | **(442,316,925)** |
| **Total** | **(102,981,786)** | (324,762,400) | **(427,744,186)** |

The notes on page 18 to 41 form part of these financial statements.

# Notes
***(forming part of the financial statements)***

## 1 Accounting policies

Mitsui Fudosan (U.K.) Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered office is 6th Floor Cassini House, 57-58 St. James's Street, London SW1A 1LD.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Sterling.

The Company's immediate and ultimate parent undertaking, Mitsui Fudosan Co Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Mitsui Fudosan Co Ltd which are prepared in accordance with Japan GAAP (Generally Accepted Accounting Practice) are available to the public and may be obtained from 1-1 Nihonbashi, Muromachi 2-Chome, Chuo-ku, Tokyo 103-0022, Japan. In the individual financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Key Management Personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures for the individual financial statements:

The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements and estimates made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### ***Measurement convention***

The financial statements are prepared under the historical cost basis except that derivative financial instruments and investment property are measured at fair value.

### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of Mitsui Fudosan (U.K.) Ltd and its subsidiary undertakings drawn up to 31 December each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as jointly controlled entities (JCEs). In the Group financial statements, JCEs are accounted for using the equity method.

Entities, other than subsidiary undertakings, in which the Group has a participating interest and in respect of which the Group exercises significant influence over operating and financial policies are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

In the Company's financial statements, investments in subsidiary undertakings, joint ventures and associates are stated at cost less any provision for impairment. No profit and loss account is presented for Mitsui Fudosan (U.K.) Ltd as provided by section 408 of the Companies Act 2006.

### ***Going concern***

The Company has net current liabilities of £292,060,951 (*2021: £50,021,752*) and the Group has net current liabilities of £84,304,599 (*2021: net current asset of £144,491,294*). To the extent that there is any related cash shortfall which might impact the Company's ability to meet its liabilities, there is access to an undrawn facility with the ultimate parent.

The directors have considered the cash requirements of the Group and the Company for at least 12 months from the date of approval of the financial statements. The directors therefore have modelled a reasonable worst-case scenario in respect to the Group's cash inflows incorporating mitigating actions on its cash outflows.

As at 31 December 2022, the Group's net current liabilities are £84,304,599 including cash at bank of £14,572,739, which will be sufficient to fund Group's ongoing operating cost for at least the 12 months following the approval of these financial statements. The Group holds external financing of £340,380,000, of which £270,380,000 will be due within next twelve months and £70,000,000 will be due after more than one year (note 20), and is within the financing facility already provided by the ultimate parent company.

The directors have also considered the financial strength of the parent company and concluded that it is able to provide this financial support. The directors therefore consider that there is no material uncertainty and that sufficient funding will remain available to enable the Group and the Company to continue as a going concern for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Foreign currency***

*Company*

Transactions in foreign currencies are translated to a Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

***Basic financial instruments***

*Trade and other debtors / creditors*

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

*Investments in subsidiaries, jointly controlled entities and associates*

Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

***Business combination***

In case of step acquisition, the assets and liabilities of a previously held investment are remeasured at the fair value, and any difference arising from the book value is recognised as a gain or loss on step acquisition in the profit and loss account

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Fixtures, plant & equipment***

Fixtures, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts have different useful lives, they are accounted for as separate components.

The Group assesses at each reporting date whether fixtures, plant & equipment (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each component. The estimated useful lives are as follows:

- Fixtures and fittings 3-7 years
- Equipment 3-5 years
- Motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

***Investment property***

Investment properties, including properties under construction, are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost and subsequently measured at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

***Development costs***

Development costs directly attributable to the planning of the construction of a property are capitalised to the extent that the directors consider it is sufficiently probable that the development will proceed and the costs recovered. This assessment is made at the date the costs are incurred. All other development costs are expensed when incurred.

***Inventory***

Inventory comprised of residential property under construction that will be sold on completion and completed residential property available for sale. Inventory is stated at the lower of cost and estimated selling price less costs to complete to sell.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Impairment of financial assets (including trade and other debtors)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

***Turnover***

- Rental income which is recognised on a straight-line basis over the lease term. Rental income includes lease incentives which are also spread on a straight-line basis over the lease term.
- Service charge income is recognised in the period in which the related services are provided.
- Sale of properties are recognised when control is passed to the purchaser, which on the sale of residential property is typically when legal title passes. For commercial property, it is typically when contracts become unconditional.
- Dividend income is recognised on the date the right to receive payments is established.

***Expenses***

*Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Interest receivable and Interest payable*

Interest income and interest payable are recognised on an effective interest rate basis.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *Leasing commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and the lease contracts are capitalised in the balance sheet. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the Group's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### *Provisions for liabilities*

Provisions are recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

# Notes *(continued)*

## 2 Accounting estimates and judgements

***Critical accounting judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Development costs***

In February 2019, the company signed a Development Agreement with the British Library ("Library") to develop plans to build a 100,000 sq ft extension to the Library. The commercial development provides funding for the new Library space and also capital income to sustain the long-term vision of the Library. The commercial space is designed to accommodate businesses seeking to locate in the knowledge quarter with a focus on life sciences due to the site's location adjoining the Francis Crick Institute. The company has been working with advisors and with local and national stakeholders to ensure the project is a success. The company has also been working with Transport for London to ensure that the infrastructure requirements for Crossrail 2 are accommodated within the new development.

Following the Development Agreement being signed, professional fees have been capitalised. In January 2023 the London Borough of Camden Council's Planning Committee ("Camden") resolved to grant planning permission. The directors believe, for the reasons above, that it is sufficiently probable that the development will proceed and that the accounting treatment is appropriate.

***Judgements:***

**Purchase of investment properties**

Property purchases are recognised on the completion date.

***Estimates:***

***Valuation of investment properties***

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. Fair value has been estimated by an external valuation performed in accordance with RICS Global Valuation Standards by an external valuation professional at 31 December 2022. The valuation technique is based on comparable market data because of the nature of the property. See note 13.

***Net Realisable value***

Net Realisable value is calculated based on the expected selling price, based on current real estate prices, less expected future construction costs and related selling costs, but without deduction of developers profit that would be applied if the property was measured at fair value. Apartments are recorded at lower of the original cost or their net realisable value.

# Notes *(continued)*

## 3 Analysis of turnover

Turnover comprises:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Rental income | **41,970,604** | 42,621,522 |
| Service charges | **14,394,631** | 12,814,875 |
| Sale of inventory | **24,373,806** | 3,399,073 |
| | **80,739,041** | 58,835,470 |

The Group derives all turnover from the UK.

## 4 Operating costs

Property operating costs comprise:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Property operating costs | **30,803,704** | 27,995,838 |
| Cost of sale of inventory | **24,999,049** | 4,430,189 |
| Impairment of inventory | - | 2,873,425 |
| | **55,802,753** | 35,299,452 |

## 5 Other operating income

Other operating income comprises:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Other property sales income | - | 148,896 |
| | - | 148,896 |

## 6 Interest receivable and similar income

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Interest receivable on bank deposits and other | **65,957** | 59,578 |
| | **65,957** | 59,578 |

## 7 Interest payable and similar expenses

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Interest on bank loans | **7,587,400** | 4,759,096 |
| Interest on corporation tax | **35,528** | - |
| Loan guarantee fee | **338,993** | 184,795 |
| Finance charges payable under finance leases | **203,850** | 346,533 |
| | **8,165,771** | 5,290,424 |

# Notes *(continued))*

## 8 Expenses and Auditor's remuneration

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| ***Profit before taxation is stated after charging:*** | | |
| Operating lease rentals: | | |
| Office premises | **594,083** | 588,494 |
| Depreciation of fixtures, plant & equipment | **1,982,012** | 1,982,118 |

*Auditor's' remuneration:*

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Audit of these financial statements | **111,755** | 79,000 |
| Audit quarterly review fee | **40,500** | 37,500 |
| Amounts receivable by the Company's auditor and its associates in respect of: | | |
| Audit of financial statements of subsidiaries of the Company | **210,649** | 125,238 |
| Taxation compliance service | **154,544** | 149,750 |
| All other services | **-** | 15,000 |

## 9 Remuneration of directors

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Emoluments: | | |
| Paid by the Company (included in employee costs) | **571,384** | 312,317 |
| Paid by parent undertaking | **150,506** | 103,157 |
| | **721,890** | 415,474 |

The directors performed their duties to the Company in accordance with contracts with the ultimate parent company by whom they are employed. There were no pension contributions. The highest paid director received emoluments of £467,567 in the year ended 31 December 2022 *(2021: £415,474)*. The directors are the key management personnel in the Group.

## 10 Staff numbers and costs

The average number of employees was 23 who were involved in administration *(2021: 21)*. The aggregate payroll costs of these persons were as follows:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **3,543,003** | 3,105,767 |
| Social security costs | **242,958** | 201,717 |
| Staff pensions (defined contribution) | **197,900** | 166,703 |
| | **3,983,861** | 3,474,187 |

## Notes *(continued)*

### 11 Taxation

*Analysis of the tax charge*

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| *Current tax* | | |
| Corporation tax on profits for the year | **2,683,461** | 14,560,080 |
| Total current tax | **2,683,461** | 14,560,080 |
| *Deferred tax* | | |
| Origination and reversal of timing differences | **(7,321,259)** | 12,900,743 |
| Total deferred tax | **(7,321,259)** | 12,900,743 |
| Tax on profit | **(4,637,798)** | 27,460,823 |

*Factors affecting the tax charge for the period*

The current tax charge for the period is higher *(2021: higher)* than the standard rate of corporation tax in the UK of 19% (*2021: 19%*). The differences are explained below.

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| *Current tax reconciliation* | | |
| (Loss) / profit before tax | **(31,259,321)** | 86,321,707 |
| Multiplied by tax rate at 19% *(2021:19%)* | **(5,939,271)** | 16,401,124 |
| *Effects of:* | | |
| Share of investments in joint ventures and associates | **(15,356)** | 243,464 |
| Difference in tax on gain on disposal | - | (2,728,138) |
| Effect of tax rate change | **(1,884,687)** | 14,958,546 |
| Losses not deductible for tax | **2,547,323** | - |
| Other differences | **654,193** | (1,414,173) |
| Total tax charge | **(4,637,798)** | 27,460,823 |

*Factors that may affect future tax charges*

Subsidiary undertakings have tax losses of £11,423,299 *(2021: £8,523,705)* available for carry forward to offset against their future taxable profits.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This rate has been applied to the deferred tax liability at the current balance sheet date.

# Notes *(continued)*

## 12 Fixtures, plant & equipment

| Group | Furniture fittings and equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|
| ***Cost*** | | | |
| At beginning of year | 10,020,598 | 115,943 | 10,136,541 |
| Additions | 43,178 | 51,645 | 94,823 |
| Disposals | (41,973) | (15,000) | (56,973) |
| At end of year | 10,021,803 | 152,588 | 10,174,391 |
| ***Depreciation*** | | | |
| At beginning of year | 7,162,325 | 51,723 | 7,214,048 |
| Charge for year | 1,952,236 | 29,775 | 1,982,011 |
| Disposals | (41,973) | (15,000) | (56,973) |
| At end of year | 9,072,588 | 66,498 | 9,139,086 |
| ***Net book value*** | | | |
| **At 31 December 2022** | **949,215** | **86,090** | **1,035,305** |
| At 31 December 2021 | 2,858,273 | 64,220 | 2,922,493 |

| Company | Furniture fittings and equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|
| ***Cost*** | | | |
| At beginning of year | 1,192,608 | 115,943 | 1,308,551 |
| Additions | 35,857 | 51,645 | 87,502 |
| Disposals | (41,973) | (15,000) | (56,973) |
| At end of year | 1,186,492 | 152,588 | 1,339,080 |
| ***Depreciation*** | | | |
| At beginning of year | 433,056 | 51,723 | 484,779 |
| Charge for year | 247,221 | 29,775 | 276,996 |
| Disposals | (41,973) | (15,000) | (56,973) |
| At end of year | 638,304 | 66,498 | 704,802 |
| ***Net book value*** | | | |
| **At 31 December 2022** | **548,188** | **86,090** | **634,278** |
| At 31 December 2021 | 759,552 | 64,220 | 823,772 |

## Notes *(continued)*

### 13 Investment Property

Investment properties represent the Group's interest in freehold and leasehold properties valued by the external valuers on a market value basis.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

| **Group – at fair value** | **£** |
|---|---|
| At 1 January 2022 | 1,026,273,985 |
| Additions | 213,824,674 |
| Reclassification to development costs (refer notes 2 and15) | (11,383,670) |
| Net gains or (losses) from fair value adjustments | (34,928,515) |
| **At 31 December 2022** | **1,193,786,474** |

| **Group – at historical costs** | **£** |
|---|---|
| At 1 January 2022 | 659,364,768 |
| Adjustment for brought forward balance (other fixed assets) | (1,936,816) |
| Additions | 213,824,674 |
| Reclassification to development costs (refer notes 2 and 15) | (11,383,670) |
| **At 31 December 2022** | **859,868,956** |

The valuations are supported by a RICS Red Book valuation prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs.

The valuations are tied in to market evidence and based on the aggregate of net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the estimated rental value to arrive at the property valuation. The range of yields applied is 3.7% - 6.0% *(2021: 3.6% - 5.8%)* and the estimated rental value applied is between £52 and £99 per square foot *(2021: between £49 and £97 per square foot).*

In January 2022, the Group acquired land for development in Shoreditch, London for which the initial deposit of £17,222,603 was paid in 2021 and presented as other debtors. The total cost of investment by MFE London 1 GP Limited in this property in 2022 was £171,092,629 including the deposit, and the fair value as at 31 December 2022 is 172,500,000.

Additions for other investment properties were £42,732,045 in total.

### Fair value reconciliation

Fair value of investment properties is calculated by adjusting the following items:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Assessed Market Value | 1,255,135,895 | 1,096,276,875 |
| *Add:* | | |
| Finance lease liability | 3,485,200 | 3,485,350 |
| *Less:* | | |
| Fixtures, plant & equipment separately presented | (401,027) | (2,098,721) |
| Accrued income in respect of lease incentives separately presented | (52,609,536) | (58,272,441) |
| Deferred expenses | (11,824,058) | (13,117,078) |
| **Fair value reported at 31 December** | **1,193,786,474** | **1,026,273,985** |

## Notes *(continued)*

### 14 Fixed asset investments

### Group

| *Joint ventures* | £ |
|---|---|
| As at 1 January 2022 | 178,674,668 |
| Additions | 120,810,498 |
| Transfer between classes by step acquisition | (48,709,559) |
| Share of (loss) in joint ventures | (709,730) |
| **At 31 December 2022** | **250,065,877** |

The Group acquired a 49% holding of new joint ventures SMT GP Ltd and South Molton LP for £81,750,093 in September 2022. The fair value of these investments is considered the same as cost because of the proximity of the transaction to the year end.

Share of loss in joint ventures includes a valuation loss of £1,200,014.

| *Associates* | £ |
|---|---|
| As at 1 January 2022 | 21,611,398 |
| Addition | - |
| Share of profit in associates | 790,553 |
| Dividends paid | (57,989) |
| **At 31 December 2022** | **22,343,962** |

**Write down of property on step acquisition of Whitewood TV City UK SARL**

On 4 May 2022, the Group acquired an additional 55% of Whitewood TV City UK SARL for £43,147,615 and increased its shareholding from 45% to 100%. The carrying value of the Group's existing 45% investment in Whitewood TV City UK SARL on 3 May 2022 was £48,709,559. Based on the consideration paid the fair value on the date of acquisition of for the Group's existing shareholding of 45% was £35,302,594. This resulted in writing down the value of property by £13,406,965 which is included in the profit and loss accounts for 2022 calculated as follows:

| | £ |
|---|---|
| Carrying value of 45% shares held by MF White Television City UK SARL | 48,709,559 |
| Fair value of 45% of shares at the acquisition date | (35,302,594) |
| **Write down of property on step acquisition** | **13,406,965** |

### Company

| | Subsidiaries | Participating interest | Total |
|---|---|---|---|
| | £ | £ | £ |
| ***Cost*** | | | |
| As at 1 January 2022 | 794,358,740 | 13,445,671 | 807,804,411 |
| Additions | 295,722,576 | 49 | 295,722,625 |
| Disposal | - | - | - |
| **At 31 December 2022** | **1,090,081,316** | **13,445,720** | **1,103,527,036** |

# Notes *(continued)*

## 14 Fixed asset investments *(continued)*

The Company has the following investments in subsidiaries, associates and joint ventures:

*Subsidiaries*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| MFD (Old Bailey) Ltd<br>6th Floor Cassini House<br>57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| 5 Hanover Square GP Ltd<br>6th Floor Cassini House<br>57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| 5 Hanover Square Unit Trust<br>C/O Pavilion Property Trustees Limited,<br>47 Esplanade St. Helier, Jersey, Channel Island, JE1 0BD | Jersey | Capital account | Investment Property Unit Trust | 100 | 99.75 |
| 5 Hanover Square LP<br>6th Floor Cassini House<br>57-58 St James's Street, London SW1A 1LD | Great Britain | Capital account | Investment partnership | 100 | - |
| MF White Television City Limited<br>6th Floor Cassini House<br>57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| Whitewood Phase1 Holdings UK SARL<br>19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Investment company | 75 | - |
| Whitewood Helios UK SARL<br>19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Investment company | 75 | - |
| Whitewood (Residential) UK SARL<br>19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Investment company | 75 | - |

# Notes *(continued)*

## 14 Fixed asset investments *(continued)*

*Subsidiaries (continued)*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| Whitewood (Commercial) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood (Substation) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood (Studio 1-3) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood (Stage 4-5) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood (Ring) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood (Blue rest) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 75 | - |
| Whitewood Crescent Holdings UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Investment company | 75 | - |
| Whitewood Estate Management Limited C/O Stanhope, 2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Membership | Property management | 69 | - |
| Whitewood (Ring) Nominee Limited C/O Stanhope, 2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Investment company | 75 | - |

# Notes *(continued)*

## 14 Fixed asset investments *(continued)*

*Subsidiaries (continued)*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| Whitewood TV City UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Investment company | 100 | - |
| Whitewood (Blue) UK SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 100 | - |
| TVC Wood Eos Ltd 6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Property development company | 100 | 100 |
| TVC Wood Selene Ltd 6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Property development company | 100 | 100 |
| MF White Media City Limited 6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| MF Angel GP Ltd 6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| MF Angel Nominee Ltd 6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | - |
| MF Angel Unit Trust C/O Pavilion Property Trustees Limited, 47 Esplanade St. Helier, Jersey, Channel Island, JE1 0BD | Jersey | Capital account | Investment Property Unit Trust | 100 | 99.67 |

# Notes *(continued)*

## 14 Fixed asset investments *(continued)*

*Subsidiaries (continued)*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| MF Angel LP<br>6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Capital account | Investment partnership | 100 | - |
| MFS Broadway Ltd<br>2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Investment company | 90 | 90 |
| MF BL Ltd<br>6th Floor Cassini House 57-58 St James's Street, London SW1A 1LD | Great Britain | Ordinary shares | Investment company | 100 | 100 |
| SMBL Developments Limited<br>2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Property development company | 65 | - |
| MFE London 1 GP Ltd<br>8 Sackville Street, London W1S 3DG | Great Britain | Ordinary shares | Investment company | 97.5 | 97.5 |
| MFE London 1 Nominee Ltd<br>8 Sackville Street, London W1S 3DG | Great Britain | Ordinary shares | Investment company | 97.5 | 97.5 |
| MFE London 1 Property Unit Trust<br>C/O Pavilion Property Trustees Limited, 47 Esplanade St. Helier, Jersey, Channel Island, JE1 0BD | Jersey | Ordinary shares | Investment Property Unit Trust | 97.5 | 97.5 |
| MFE London 1 LP<br>8 Sackville Street, London W1S 3DG | Great Britain | Capital account | Investment Property Unit Trust | 97.5 | 97.5 |
| MF SMT Property Unit Trust<br>C/O Pavilion Property Trustees Limited, 47 Esplanade St. Helier, Jersey, Channel Island, JE1 0BD | Jersey | Ordinary shares | Investment Property Unit Trust | 100 | 99.9 |

# Notes *(continued)*

## 14 Fixed asset investments *(continued)*

*Joint ventures*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| Whitewood Gateway (UK) SARL 19, rue Eugene Ruppert, L-2453 Luxembourg | Luxembourg | Ordinary shares | Property development company | 50 | - |
| MFS Development Services Ltd 2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Investment company | 50 | 50 |
| South Molton LP 70 Grosvenor Street, London W1K 3JP | Great Britain | Ordinary shares | Property development company | 49 | - |
| SMT Nominee 1 Ltd 70 Grosvenor Street, London W1K 3JP | Great Britain | Ordinary shares | Investment company | 49 | - |
| SMT GP Ltd 70 Grosvenor Street, London W1K 3JP | Great Britain | Ordinary shares | Investment company | 49 | 49 |

*Associates*

| Name and address of entity | Country of incorporation | Holding | Nature of business | Group % holding | Company % holding |
|---|---|---|---|---|---|
| Stanhope Holdings Limited C/O Stanhope, 2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Investment company | 31 | 31 |
| Suffolk Employee Co Limited C/O Stanhope, 2nd Floor, 100 New Oxford Street, London WC1A 1HB | Great Britain | Ordinary shares | Investment company | 31.64 | 31.64 |

5 Hanover Square LP and MF Angel LP have taken advantage of the exemption in Section 6 of The Partnerships (Accounts) Regulations 2008 from preparing their own audited accounts on the grounds that they are qualifying partnerships under those regulations and the results and net assets are included in these consolidated financial statements.

# Notes *(continued)*

## 15 Development costs

| | £ |
|---|---|
| As at 1 January 2022 | 10,165,980 |
| Addition | 1,217,690 |
| | **11,383,670** |

## 16 Inventory

| | Group 2022 £ | 2021 £ |
|---|---|---|
| Residential property available for sale | **106,158,029** | 31,917,769 |
| | **106,158,029** | 31,917,769 |

In May 2022, the Group increased the shareholding of Whitewood TV City UK Sarl from 45% to 100%. The inventory of £97,237,574 held by Whitewood TV City UK Sarl as at 31 December 2022 is now consolidated into the Group.

## 17 Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| ***Amounts falling due within one year:*** | **£** | £ | **£** | £ |
| Amounts owed by subsidiary undertakings | - | - | **408,822** | 370,233 |
| Trade debtors | **446,085** | 324,664 | - | - |
| Other debtors | **23,419,252** | 24,056,021 | **24,905** | 23,564 |
| Advance paid | - | 17,222,603 | - | - |
| Prepayments and accrued income | **7,949,659** | 9,868,777 | **347,124** | 323,968 |
| Corporation tax receivable | **1,466,297** | 2,602,998 | **273,204** | 197,106 |
| Less: impairment of trade debtors and accrued income | **(409,175)** | (862,737) | - | - |
| | **32,872,118** | 53,212,326 | **1,054,055** | 914,871 |
| ***Amounts falling due after more than one year:*** | **£** | £ | **£** | £ |
| Accrued income | **46,329,765** | 50,511,765 | - | - |
| Other debtors | **16,708,091** | 17,959,594 | - | - |
| | **63,037,856** | 68,471,359 | - | - |

Other debtors comprise VAT receivable and office rent deposits. The advance paid in 2021 reflects a deposit for an investment property under MFE London 1 LP.

## Notes *(continued)*

### 18 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Deferred income | **10,057,220** | 9,819,777 | **-** | - |
| JV Shareholder's loan | **1,936,925** | 3,997,726 | **-** | - |
| Bank loans (refer note 19) | **270,380,000** | 40,000,000 | **270,380,000** | 40,000,000 |
| Accruals | **5,186,488** | 5,944,343 | **1,651,193** | 1,443,918 |
| Amounts owed to Group undertakings | **-** | - | **21,010,202** | 16,248,939 |
| Trade creditors | **6,560,426** | 4,503,221 | **61,246** | 146,929 |
| Other creditors | **6,824,282** | 5,702,171 | **136,852** | 94,318 |
| Derivative financial instruments | **-** | 158,862 | **-** | 158,862 |
| | **300,945,341** | 70,126,100 | **293,239,493** | 58,092,966 |

Other creditors comprise VAT payables and deposits held for tenants. Derivatives comprise an interest rate swap valued at fair value.

### 19 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Bank loans (refer note 19) | **70,000,000** | 120,000,000 | **70,000,000** | 120,000,000 |
| Obligations under finance leases (refer note 24) | **3,485,200** | 3,485,350 | **-** | - |
| Amounts owed to the ultimate parent company | **100,000,000** | - | **100,000,000** | - |
| Other creditors | **6,220,761** | 6,218,168 | **38,634** | 87,807 |
| | **179,705,961** | 129,703,518 | **170,038,634** | 120,087,807 |

Other creditors comprise rent deposits held for tenants.

### 20 Loans

Loans repayable, included within creditors, are analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Repayable within one year | **272,316,925** | 43,997,726 | **270,380,000** | 40,000,000 |
| Wholly repayable from one year to five years | **170,000,000** | 120,000,000 | **170,000,000** | 120,000,000 |
| | **442,316,925** | 163,997,726 | **440,380,000** | 160,000,000 |

Third party bank loans due within one year attract an interest rate of between 2.4964% and 4.5050% *(2021: between 2.165% and 2.180%)* and are due between 3 January 2023 and 4 December 2023 *(2021: due 1 December 2022 and 2 December 2022)*. Third party bank loans due in more than one year attract interest rates of between 1.5600% and 4.3731% *(2021: between 0.94129% and 2.49640%)* and fall due between 1 June 2024 and 20 August 2024 *(2021: due between 3 December 2023 and 20 August 2024)*.

# Notes *(continued)*

## 21 Provisions for liabilities

| | Deferred Taxation (Note 22) | Total |
|---|---|---|
| | £ | £ |
| At 1 January 2022 | 71,556,783 | 71,556,783 |
| Provided in year | - | - |
| Amount charged against provision | (7,321,258) | (7,321,258) |
| **At 31 December 2022** | **64,235,525** | **64,235,525** |

## 22 Deferred tax

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Deferred tax liabilities (assets) comprise: | **£** | £ | **£** | £ |
| Accelerated capital allowances | **6,849,115** | 8,045,887 | **38,634** | 87,807 |
| Investment property revaluation | **57,355,434** | 63,403,717 | **-** | - |
| Assets acquired in business combinations | **30,976** | 107,179 | **-** | - |
| At end of year | **64,235,525** | 71,556,783 | **38,634** | 87,807 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| The movement in the year comprises: | **£** | £ | **£** | £ |
| At beginning of year | **71,556,783** | 58,656,040 | **87,807** | 106,351 |
| Disposal of investment property | **-** | (10,998,584) | **-** | - |
| Investment property revaluation | **(6,048,284)** | 9,828,474 | **-** | - |
| Effect of tax rate change | **-** | 14,958,546 | **-** | - |
| Other movements | **(1,272,974)** | (887,693) | **(49,173)** | (18,544) |
| At end of year | **64,235,525** | 71,556,783 | **38,634** | 87,807 |

## 23 Called up share capital

| | Group and Company | |
|---|---|---|
| | **2022** | 2021 |
| | **£** | £ |
| ***Allotted, called up and fully paid*** | | |
| 477,250,000 ordinary shares of £1 each *(2021: 477,250,000 ordinary shares of £1 each)* | **477,250,000** | 477,250,000 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

# Notes *(continued)*

## 24 Financial instruments

The carrying amounts of the financial assets and liabilities include:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Financial assets measured at amortised cost | **26,995,352** | 41,969,050 | **433,727** | 393,797 |
| Derivatives measured at fair value through profit or loss | **-** | (158,862) | **-** | (158,862) |
| Financial liabilities measured at amortised cost | **(458,930,995)** | (177,555,989) | **(461,588,300)** | (176,396,843) |

## 25 Leases

***Leases as lessee***

*Finance leases*

The future minimum finance lease payments are as follows:

| **Group** | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| *The future minimum finance lease payments:* | | |
| - within one year | **204,000** | 204,000 |
| - in two to five years inclusive | **816,000** | 816,000 |
| - over five years | **32,844,000** | 33,048,000 |
| Total gross payments | **33,864,000** | 34,068,000 |
| Less: finance charges | **(30,378,800)** | (30,582,650) |
| | **3,485,200** | 3,485,350 |

The finance leases relate to the land of the investment properties. Subsequent to development, the Group sub-leases these properties to tenants. The rent paid fluctuates subject to rent receivable from the sub-lessees in excess of the agreed minimum lease payments shown above.

# Notes *(continued)*

## 25 Leases *(continued)*

*Operating leases*

The Group has entered into non-cancellable leases in respect of land and buildings. The future minimum lease payments under the foregoing operating leases are as follows:

| **Group and Company** | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| *Payments due:* | | |
| - within one year | **643,102** | 643,102 |
| - in two to five years inclusive | **1,927,104** | 1,927,104 |
| - over five years | **1,358,271** | 2,001,374 |
| | **3,928,477** | 4,571,580 |

The charge to profit for operating leases was:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Operating lease charges | **514,041** | 514,041 | **514,041** | 514,041 |

***Leases as lessor***

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **£** | £ | **£** | £ |
| Payments due: | | | | |
| - within one year | **39,100,483** | 38,419,018 | **-** | - |
| - in two to five years inclusive | **140,835,734** | 128,712,971 | **-** | - |
| - over five years | **171,961,817** | 183,598,871 | **-** | - |
| | **351,898,034** | 350,730,860 | **-** | - |

# Notes *(continued)*

## 26 Commitments

### *Capital commitments*

The Group is committed to incur capital expenditure in respect of its interests in jointly controlled entities of £8,580,498 *(2021: £41,663,289)* in Whitewood Gateway (UK) SARL and £133,066,839 *(2021: £nil)* in South Molton LP.

## 27 Related party disclosures

Mitsui Fudosan (U.K.) Ltd, being a wholly owned subsidiary undertaking, has taken advantage of the exemptions available to it under FRS 102 section 33.1A, with respect to the disclosure of related party transactions with entities which are wholly owned by Mitsui Fudosan Co Ltd, the immediate and ultimate parent company.

During the period the Group had the following transactions in the normal course of business with associates and joint ventures:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Development costs paid | **3,146,482** | 1,915,058 |
| Asset management costs paid | **1,362,308** | 1,121,200 |

At the end of period the balances outstanding with associates were:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Amounts payable | **761,414** | 184,040 |

## 28 Ultimate parent company

The Company is a subsidiary undertaking of the immediate and ultimate parent company, Mitsui Fudosan Co Ltd, a company incorporated in Japan.

The only Group in which the results of the Mitsui Fudosan (U.K.) Ltd and its subsidiary undertaking are consolidated is that headed by Mitsui Fudosan Co Ltd.

Consolidated financial statements for Mitsui Fudosan Co Ltd are available to the public and may be obtained from 1-1 Nihonbashi, Muromachi 2-Chome, Chuo-ku, Tokyo 103-0022, Japan.