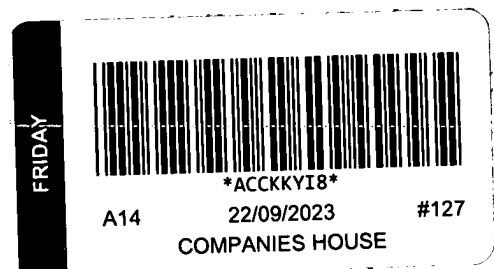


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**FAIRBAR LIMITED**

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**UNAUDITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**FAIRBAR LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	W K Procter C C McGill P Hallam M D Watson
<b>Company secretary</b>	D T Lau
<b>Registered number</b>	05698244
<b>Registered office</b>	Berkeley House 304 Regents Park Road London N3 2JX

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**FAIRBAR LIMITED**

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**CONTENTS**

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	Page
<b>Directors' Report</b>	1
<b>Directors' Responsibilities Statement</b>	2
<b>Statement of Comprehensive Income</b>	3
<b>Statement of Financial Position</b>	4
<b>Statement of Changes in Equity</b>	5
<b>Notes to the Financial Statements</b>	6 - 14

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**FAIRBAR LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**Principal activity**

The principal activity of the company during the year was that of property investment.

**Business review and future developments**

The directors are satisfied with the financial position of the company at the year end subject to the matters discussed in the accounting policies on page 3.

The directors do not expect there to be significant future developments which could adversely impact the business however notice should be taken of the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 2.8.

**Investment properties**

The investment properties have been valued by the directors at £20,991,000 (2021: £20,991,000). The resultant fair value loss in the year amounted to £2,412,979 (2021: £2,412,979). Details of the investment properties are set out in note 8.

**Results and dividends**

The loss for the year, after taxation, amounted to £7,075,925 (2021 - loss £1,631,800).

The statement of comprehensive income is set out on page 3 and shows the results of the year. The directors do not recommend the payment of a dividend for the current year and no dividend was paid in the prior year.

**Directors**


The directors who served during the year were:

W K Procter  
C C McGill  
P Hallam  
M D Watson

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
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P Hallam  
Director

Date: 21 September 2023

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**FAIRBAR LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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**FAIRBAR LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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	Note	2022 £	2021 £
Turnover	3	185,324	334,026
Administrative expenses		(44,925)	(54,911)
<b>Operating profit</b>		<b>140,399</b>	<b>279,115</b>
Profit on sale of investment properties		132,024	68,008
Fair value loss on investment property		(8,189,992)	(2,412,979)
Interest receivable and similar income	4	119,018	51,327
<b>Loss before tax</b>		<b>(7,798,551)</b>	<b>(2,014,529)</b>
Tax on loss	7	722,626	382,729
<b>Loss for the financial year</b>		<b>(7,075,925)</b>	<b>(1,631,800)</b>
<b>Total comprehensive income for the year</b>		<b>(7,075,925)</b>	<b>(1,631,800)</b>

**FAIRBAR LIMITED**  
**REGISTERED NUMBER: 05698244**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

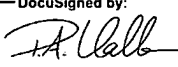
	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investment property	8	12,801,000	20,991,000
<b>Current assets</b>			
Debtors	9	5,407,489	5,016,040
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(150,645)	(76,271)
<b>Net current assets</b>		<u>5,256,844</u>	<u>4,939,769</u>
<b>Total assets less current liabilities</b>		<u>18,057,844</u>	<u>25,930,769</u>
<b>Provisions for liabilities</b>			
Deferred Taxation		(3,161,000)	(3,958,000)
		<u>(3,161,000)</u>	<u>(3,958,000)</u>
<b>Net assets</b>		<u><u>14,896,844</u></u>	<u><u>21,972,769</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account		14,896,843	21,972,768
		<u><u>14,896,844</u></u>	<u><u>21,972,769</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

DocuSigned by:  
  
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**P Hallam**  
Director

Date: 21 September 2023

The notes on pages 6 to 14 form part of these financial statements.

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**FAIRBAR LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2021</b>	<b>1</b>	<b>23,604,568</b>	<b>23,604,569</b>
<b>Comprehensive income for the year</b>			
Loss and total comprehensive income for the year	-	(1,631,800)	(1,631,800)
<b>At 31 December 2021</b>	<b>1</b>	<b>21,972,768</b>	<b>21,972,769</b>
<b>Comprehensive income for the year</b>			
Loss and total comprehensive income for the year	-	(7,075,925)	(7,075,925)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2022</b>	<b>1</b>	<b>14,896,843</b>	<b>14,896,844</b>

The notes on pages 6 to 14 form part of these financial statements.



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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

Fairbar Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of property investment.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention as modified to include investment properties at fair value.

**2.2 Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures

**2.3 Going concern**

The company is financed by its parent company who has indicated that its funding is long term in nature. The directors have assessed the operation of the company and have determined that on that basis the company has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements.

**2.4 Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the company.

**2.5 Turnover**

Turnover comprises other income arising from investment properties.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external customers in the ordinary nature of the business.

**2.6 Investment properties**

The company's holdings of freehold reversionary interests are classified as investment properties and are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. These assets generate income in the form of ancillary income streams.

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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.6 Investment properties (continued)**

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets. The valuation of the entire freehold reversionary interest portfolio is undertaken by the directors based on periodic actuarial valuations carried out by a leading firm of third party actuarial consultants.

The directors also recognise, given the lack of a regular market for significant portfolios of such assets, that these fair values may not be realised should the company seek to dispose of any or all of the investment properties.

**2.7 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.8 Critical accounting estimates and areas of judgement**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Critical accounting estimates and assumptions***

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

***Valuation of investment properties***

A key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties which are stated at fair value, as valued by directors with the exception of long leasehold houses, which are valued using a constant multiple of the current rental value of properties. However, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate. The risk of which is heightened due to the legislative changes and the enacted changes noted below.

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act received Royal Assent after the Balance Sheet date on 8 February 2022. The Act came into force on 30 June 2022 for leases on non-retirement properties and it will come into effect on 1 April 2023 for leases on retirement properties. The legislation does not apply retrospectively although it does create restrictions on the ability of the company to generate rental income beyond the existing term of current leases as it impairs the ability of the freeholder and leaseholder to agree for the continuation of ground rent in the extension period when extending the lease beyond the current lease term.

In addition to the enacted legislation the Government, through the Department for Levelling Up, Housing and Communities (DLHC), made an announcement in January 2021 on a number of proposed changes to the law governing leasehold enfranchisement. These proposals, which have largely not yet been enacted but some of which are included in the Leasehold Reform (Ground Rent) Act 2022, include changes to the rights of leaseholders in relation to leasehold extensions and freehold purchases. These changes could reduce the level of premium received at the point of lease extension or enfranchisement and increase such incidence rates. It is unclear at this time to what extent this change will reduce the future cash flows of the company. The implementation of the legislative changes arising from these reforms could materially reduce the level of income generated by the portfolio of investment properties, and therefore reduce their net realisable values in the future.

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**FAIRBAR LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**2. Accounting policies (continued)**

The directors are of the view that the proposed changes, if introduced in total, would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged actively in the consultations and with other stakeholders and interested parties in order to convey the company's opposition to the current proposals. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms retrospectively pose real problems with respect to the contravention of human rights legislation.

The directors are of the opinion that the impact of the reforms are likely to be greatest for future leases and not those already in existence.

An intrinsic element of the long-term forecasts is the continuing rental income and lease extension premiums generated by the property assets held by the company. The potential legislative changes raised above may affect these forecasts to the extent that the underlying assumption is no longer valid.

Similarly, the group's debt service requirements are primarily dependent upon this continuing rental income and these potential legislative changes, if introduced in their current form, could affect the group's ability to meet its obligations in the long term.

However, the financial consequences of some of these changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts. It is assumed that the current methodology continues to represent a fair value of these assets and that the group's ability to meet its long-term obligations is not compromised.

Further details of the valuation of the investment property are set out in note 8.

*Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other income	<b>185,324</b>	<b>334,026</b>
	<b>185,324</b>	<b>334,026</b>

All turnover arose within the United Kingdom.

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**FAIRBAR LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**4. Interest receivable and similar income**

	2022 £	2021 £
Interest on parent company loan	<u>119,018</u>	<u>51,327</u>

**5. Profit on ordinary activities before taxation**

The profit on ordinary activities before taxation is stated after charging:

	2022 £	2021 £
Management charge	<u>38,299</u>	<u>50,413</u>

**6. Employees and directors**

There were no employees during the year other than the directors. The directors are remunerated by the related party Fairhold Services Limited and this is recharged to the company as part of the management charge from Estates & Management Limited. This management charge, which in 2022 amounted to £38,299 (2021: £50,413) also includes a recharge of administration costs borne by Fairhold Services Limited on behalf of the company and it is not possible to identify separately the amount relating to the director's remuneration.

**7. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
UK corporation tax	<u>74,374</u>	<u>76,271</u>
	<u>74,374</u>	<u>76,271</u>
<b>Total current tax</b>	<u>74,374</u>	<u>76,271</u>
<b>Deferred tax</b>		
Movement on potential chargeable gain	<u>(797,000)</u>	<u>(459,000)</u>
<b>Total deferred tax</b>	<u>(797,000)</u>	<u>(459,000)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(722,626)</u>	<u>(382,729)</u>

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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<b>(7,798,551)</b>	<b>(2,014,529)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>(1,481,725)</b>	<b>(382,761)</b>
<b>Effects of:</b>		
Unrelieved loss on disposal of operation	<b>(797,000)</b>	-
Fair value movement on investment property	<b>1,556,099</b>	<b>(603,245)</b>
Deferred tax movement	-	<b>459,000</b>
Effect of change in tax rate	-	<b>144,245</b>
Disallowable expenditure	-	<b>32</b>
<b>Total tax charge for the year</b>	<b>(722,626)</b>	<b>(382,729)</b>

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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**8. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2022	20,991,000
Disposals	(8)
Surplus on revaluation	(8,189,992)
<b>At 31 December 2022</b>	<b>12,801,000</b>

The investment properties represent a portfolio of ground rents.

The valuation of the freehold reversionary interest investment properties of £12,801,000 at 31 December 2022 (2021: £20,991,000) has been adopted by the directors for the purposes of these financial statements.

The basis of the valuation of the investment properties was to project and discount the income streams generated by the portfolio over 50 years. The principal assumptions used in these valuations were:

*Freehold Reversionary Interests*

Projection of discounted income generated by the portfolio over 50 years, together with an assessment of the residual value of the assets at the end of that 50 year term;

*Long leaseholds*

Projection of discounted income streams generated by the portfolio over the remainder of the lease term;

*Discount rate*

The discount rate applied is obtained from the Bank of England swap curve with a premium of 140 or 200 basis points added.

*RPI basis for inflation assumptions*

Inflation data taken from publicly available sources;

*Incidence rates for lease extensions and the price charged*

Projected according to historical incidence rates depending on the length of ownership and lease term remaining.

*Taxation*

No allowance has been made for taxation in projecting the future revenue flow;

The assumption with the most significant impact on the valuation is the discount rate used. A 100 basis point increase or decrease in this rate reduces or increases the valuation by 14% and 19% respectively.

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**FAIRBAR LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**8. Investment property (continued)**

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2022 £	2021 £
Historic cost	<u>157,074</u>	<u>157,082</u>

**9. Debtors**

	2022 £	2021 £
Amount owed by group undertaking	<u>5,407,489</u>	<u>5,016,040</u>

**10. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Corporation tax liability	<u>150,645</u>	<u>76,271</u>

**11. Provision for liabilities**

	2022 £
At beginning of year	(3,958,000)
Charged to profit or loss	797,000
<b>At end of year</b>	<u><b>(3,161,000)</b></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Deferred tax on assets measured at fair value	<u>(3,161,000)</u>	<u>(3,958,000)</u>
	<u><b>(3,161,000)</b></u>	<u><b>(3,958,000)</b></u>



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**FAIRBAR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**12. Share capital and reserves**

Share capital

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1 (2021 - 1) Ordinary share of £1.00	<b>1</b>	<b>1</b>
	<u>          </u>	<u>          </u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

**Reserves**

Reserves of the company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

**13. Immediate parent company, ultimate parent company and ultimate controlling party**

The company's immediate parent company is Beech (No.1) Limited and ultimate holding company is Beech Head (No.1) Limited, both of which are domiciled and incorporated in England.

The ultimate controlling party is Mr V Tchenguiz.

**14. Related party transactions**

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Management fees of £38,299 (2021: £50,413) were charged to the company in the year by Estates & Management Limited, a company related by virtue of common directors.