

**Moorgarth Holdings (Luxembourg) Sarl**

**Historical financial information for the  
years ended 29 February 2020, 28 February 2021  
and 28 February 2022**

# Moorgarth Holdings (Luxembourg) Sarl

## Directors' report

### Introduction

In terms of the Disposal, Tradehold will be disposing of the entire share capital of Moorgarth Holdings (Luxembourg) Sarl ("MHLS").

MHLS was incorporated on 27 October 2010 as a Luxembourg company under the laws of the Grand Duchy of Luxembourg as a "Societe a Responsabilite Limitee" for an unlimited period. The historical financial information are prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

The historical financial information of Moorgarth Holdings (Luxembourg) Sarl set out below has been extracted from the audited financial statements of Tradehold Ltd for the years ended 28 February 2022, 28 February 2021, and 29 February 2020.

The entire shareholding of a further UK subsidiary, Tradegro (UK) Limited ("TUK") was transferred to the MHLS group on 30 May 2022. The results of TUK have been consolidated into the historical financial information of MHLS for the three years presented and are summarised below.

	2022	2021	2020
	£'000	£'000	£'000
Opening reserves	(178)	(150)	(118)
Loss for the year	(9)	(28)	(32)
Closing reserves	(187)	(178)	(150)

BDO LLP acted as component auditor of the consolidated financial information of MHLS and its subsidiaries, prepared in accordance with International Financial Reporting Standards. BDO LLP, in reporting to PwC the statutory auditors of the ultimate parent Tradehold Ltd, expressed an unmodified audit opinion with a material uncertainty related to going concern included for each of the years ended 28 February 2022, 28 February 2021, and 29 February 2020.

The Historical Financial Information of Moorgarth Holdings (Luxembourg) Sarl for the financial years ended 28 February 2022, 28 February 2021, and 29 February 2020 should be read together with the Independent Reporting Accountant's Report included as Annexure 3.

The historical financial information of Moorgarth Holdings (Luxembourg) Sarl is the responsibility of the Directors of Moorgarth Holdings (Luxembourg) Sarl.

The historical financial information of Moorgarth Holdings (Luxembourg) Sarl for the years ended 28 February 2022, 28 February 2021, and 29 February 2020 were authorised for issue on 30 June 2022 by the Board of Directors.

No material changes in the nature of the business of Moorgarth Holdings (Luxembourg) Sarl, and save for the matters noted in 6 below, no material fact or circumstance has occurred between the end of the latest financial year of Moorgarth Holdings (Luxembourg) Sarl and the date of the historical financial information.

### 1. Review of financial results and activities

The historical financial information have been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The accounting policies have been applied consistently compared to the prior years.

Full details of the financial position, results of operations and cash flows of the group are set out in this historical financial information.

### 2. Share Capital

The company issued share capital of £5,775 on 28 February 2022 in exchange for a loan receivable from Moorgarth Group Limited, a fellow group company, with a recoverable value of £9,000,000. There were no other issues of capital during the years ended 28 February 2021, and 29 February 2020.

### 3. Dividends

No dividends were declared or paid to the shareholders during the three years under review.

# Moorgarth Holdings (Luxembourg) Sarl

## Directors' report

### 4. Directorate

The directors in office at the date of this report are as follows:

KL Nordier  
C Deceglie  
TA Vaughan

### 5. Holding company

The company's holding company is Tradegro Sarl which holds 100% (2021: 100%; 2020: 100%) of the company's equity. Tradegro Sarl is incorporated in Luxembourg.

### 6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, other than the sale of Broad Street Mall Reading from the 50% joint venture company Inception Reading Sarl on 24 June 2022 for £57.5 million. This was held at £60.0m on the balance sheet of Inception Reading Sarl at 28 February 2022.

### 7. Going concern

As explained in more detail in note 28, the group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 31 August 2023. After servicing all interest and amortisation on borrowings, the forecasts show sufficient cash levels as a buffer against unforeseen events.

Despite the adverse effect of the Covid-19 pandemic, group cash balances have remained healthy at £5.8 million (down by 49.1% from 2021).

Debt covenants are compliant throughout the group, with the exception of the HSBC facility of Boutique (£5.2 million). Waverley (£14.3 million) was in breach during the period but improved trading since COVID-19 restrictions were relaxed, have seen the business return to covenant compliance before the year end. Full covenant waivers have been obtained for these facilities.

MHLS receives funding from its parent company Tradegro Sarl which is, in turn, ultimately funded by a facility from RMB Bank to which some of the group's assets provide security. This facility was extended after the year end to August 2023. Additionally the Group sold its investment in Broad Street Mall Reading held by a JV entity, which generated over £6 million as a result of JV loans being repaid.

The historical financial information has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

By order of the Board



K L Nordier  
**Director**

21 July 2022

## Moorgarth Holdings (Luxembourg) Sarl Statement of comprehensive income

	Notes	2022 £'000	2021 £'000	2020 £'000
<b>Revenue</b>	22	24,115	25,016	31,936
Other operating income	23	351	330	6,250
profit/(Loss) on disposal of investment property		-	-	(8)
Net loss from fair value adjustment on investment property	3.2,4.1.1	(1,729)	(27,193)	(19,436)
Net loss from fair value adjustment on assets classified as held for sale	3.2	(5,214)	-	-
Impairment gains/(losses) on financial assets		248	(1,269)	(195)
Employee benefit expenses	24	(4,301)	(3,927)	(4,828)
Changes in lease payments arising from rent concessions to which IFRS 16 Amendment applied		-	145	-
Depreciation, impairment and amortisation		(1,330)	(1,941)	(2,459)
Other operating costs		(9,156)	(9,329)	(12,150)
<b>Trading profit/(loss)</b>		2,984	(18,168)	(890)
Profit/(loss) on disposal of financial assets		307	(10)	812
Impairment of intangible assets	5	37	-	-
Net fair value gains/(losses) on financial assets at fair value through profit or loss		431	(610)	(243)
<b>Operating profit/(loss)</b>		3,759	(18,788)	(321)
Finance income	25	1,166	1,143	1,219
Finance cost	25	(3,939)	(4,299)	(4,783)
Finance cost on borrowings from shareholder	17	(1,291)	(4,348)	(3,348)
Profit/(Loss) from joint venture	6	1,012	(11,423)	(2,559)
<b>Profit/(loss) before taxation</b>		<b>707</b>	<b>(37,715)</b>	<b>(9,792)</b>
Taxation	26	1,850	1,831	(880)
<b>Profit/(loss) for the year before non-controlling interest</b>		<b>2,557</b>	<b>(35,884)</b>	<b>(10,672)</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Gains/(losses) on cash flow hedges		434	79	(311)
Deferred tax on cash flow hedges		(108)	(4)	-
Revaluation gains on PPE		-	-	634
<b>Total comprehensive income/(loss) for the year</b>		<b>2,883</b>	<b>(35,809)</b>	<b>(10,349)</b>
Profit/(loss) attributable to:				
<b>Owners of the parent</b>		2,687	(35,764)	(10,624)
<b>Non-controlling interest</b>		(130)	(120)	(48)
		2,577	(35,884)	(10,672)
Total comprehensive income attributable to:				
<b>Owners of the parent</b>		3,013	(35,689)	(10,301)
<b>Non-controlling interest</b>		(130)	(120)	(48)
<b>Total comprehensive income/(loss) for the year</b>		<b>2,883</b>	<b>(35,809)</b>	<b>(10,349)</b>

## Moorgarth Holdings (Luxembourg) Sarl Statement of financial position

	Note	2022 £'000	2021 £'000	2020 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>225,506</b>	<b>243,684</b>	<b>282,166</b>
Property, plant and equipment	2	5,687	6,646	8,445
Investment property incl. right-of-use assets	3	183,386	203,237	229,446
Intangible assets	5	8,068	8,031	8,031
Deferred taxation	8	3,008	1,250	433
Investments accounted for using the equity method				
Investments in joint venture	6	10,103	9,091	8,768
Financial assets at amortised cost:				
Loans to joint venture		9,000	8,580	18,311
Other assets	12	5,374	5,990	7,873
Loans receivable	7	880	859	859
<b>Other Current assets</b>		<b>13,202</b>	<b>19,582</b>	<b>22,740</b>
Financial assets at fair value through profit and loss	9	4,459	4,028	4,638
Financial assets at amortised cost:				
Trade and other receivables	11	1,036	1,313	1,047
Other current assets	12	1,838	2,877	6,536
Cash and cash equivalents	13	5,781	11,364	10,519
Derivative financial instruments	19	88	-	-
<b>Non-current assets held for sale</b>	10	<b>15,521</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>254,229</b>	<b>263,266</b>	<b>304,906</b>

## Moorgarth Holdings (Luxembourg) Sarl Statement of financial position

	Note	2022 £'000	2021 £'000	2020 £'000
<b>EQUITY AND LIABILITIES</b>				
<b>Ordinary shareholders' equity</b>		<b>26,269</b>	<b>1,251</b>	<b>36,924</b>
Share capital and share premium	14	28,435	19,435	19,435
Reserves	15	(2,166)	(18,184)	17,489
<b>Non-controlling interests</b>	16	<b>(207)</b>	<b>(77)</b>	<b>43</b>
<b>Total equity</b>		<b>26,062</b>	<b>1,174</b>	<b>36,967</b>
<b>Non-current liabilities</b>				
		<b>207,313</b>	<b>239,075</b>	<b>245,494</b>
Long-term borrowings	18	55,070	56,840	57,538
Lease liabilities	4.1.2	29,505	34,875	42,896
Borrowings from shareholder	17	122,738	147,013	143,921
Derivative financial instruments	19	-	347	373
Deferred taxation	8	-	-	766
<b>Current liabilities</b>		<b>20,854</b>	<b>23,017</b>	<b>22,445</b>
Short-term borrowings	21	1,865	1,417	5,340
Deferred revenue		3,892	4,565	4,811
Trade and other payables	20	7,703	11,557	6,084
Lease liabilities	4	7,383	5,464	5,804
Taxation		11	14	406
<b>Total liabilities</b>		<b>228,167</b>	<b>262,092</b>	<b>267,939</b>
<b>Total equity and liabilities</b>		<b>254,229</b>	<b>263,266</b>	<b>304,906</b>

The historic financial information 13 was approved by the Board of directors on 21 July 2022 signed on its behalf by:



K Nordier  
Director

## Moorgarth Holdings (Luxembourg) Sarl

### Statement of changes in equity

	Notes	Share capital and premium £'000	Share based payment reserve £'000	Cash flow hedging reserve £'000	Revaluation surplus £'000	Retained earnings/(Accumulated loss) £'000	Attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total £'000
<b>Balance at 28 February 2019</b>		19,435	-	79	-	27,703	47,217	91	47,308
Loss for the year		-	-	-	-	(10,624)	(10,624)	(48)	(10,672)
Other comprehensive income for the year		-	-	(311)	634	-	323	-	323
Total comprehensive income/(loss)		-	-	(311)	634	(10,624)	(10,301)	(48)	(10,349)
Capital reserve (ESOP)		-	8	-	-	-	8	-	8
Transactions with shareholders		-	8	-	-	-	8	-	8
<b>Balance at 29 February 2020</b>		<b>19,435</b>	<b>8</b>	<b>(232)</b>	<b>634</b>	<b>17,079</b>	<b>3,924</b>	<b>43</b>	<b>36,967</b>
Loss for the year		-	-	-	-	(35,764)	(35,764)	(120)	(35,884)
Other comprehensive income for the year		-	-	75	-	-	75	-	75
Total comprehensive income/(loss)		-	-	75	-	(35,764)	(35,689)	(120)	(35,809)
Capital reserve (ESOP)		-	16	-	-	-	16	-	16
Transactions with shareholders		-	16	-	-	-	16	-	16
<b>Balance at 28 February 2021</b>		<b>19,435</b>	<b>24</b>	<b>(157)</b>	<b>634</b>	<b>(18,685)</b>	<b>1,251</b>	<b>(77)</b>	<b>1,174</b>
Profit/(Loss) for the year		-	-	-	-	2,687	2,687	(130)	2,557
Other comprehensive income for the year		-	-	326	-	-	326	-	326
Total comprehensive income/(loss)		-	-	326	-	2,687	3,013	(130)	2,883
Issue of shares	14	9,000	-	-	-	-	9,000	-	9,000
Capital contribution	17	-	-	-	-	12,984	12,984	-	12,984
Capital reserve (ESOP)		-	21	-	-	-	21	-	21
Transactions with shareholders		9,000	21	-	-	12,984	22,005	-	22,005
<b>Balance at 28 February 2022</b>		<b>28,435</b>	<b>45</b>	<b>169</b>	<b>634</b>	<b>(3,014)</b>	<b>26,269</b>	<b>(207)</b>	<b>26,062</b>

## Moorgarth Holdings (Luxembourg) Sarl Statement of cash flows

	Note	2022 £'000	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>				
Operating profit / (loss)		3,759	(18,788)	(321)
Non-cash items	27	7,589	30,973	16,846
Changes in working capital	27	(2,138)	8,643	791
Cash from operations		9,210	20,828	17,316
Interest received		1	4	28
Interest paid		(1,986)	(2,144)	(2,169)
Taxation (paid)/refunded		(19)	(94)	145
<b>Net cash flows from operating activities</b>		<b>7,206</b>	<b>18,594</b>	<b>15,320</b>
<b>Cash flows used in investing activities</b>				
Acquisition of investment properties	3	(409)	(3,066)	(2,984)
Acquisition of property, plant and equipment	2	(371)	(160)	(1,340)
Acquisition of financial assets	5	-	-	(10)
Proceeds on disposal of investment properties	3	-	-	300
Loans advanced to joint venture	6	-	(875)	(700)
Distributions received from investments held at fair value through profit and loss	9	324	-	812
<b>Net cash flows used in investing activities</b>		<b>(456)</b>	<b>(4,101)</b>	<b>(3,922)</b>
<b>Cash flows (used in) from financing activities</b>				
Lease liability repayments		(7,152)	(7,535)	(7,999)
Proceeds from borrowings		-	350	19,861
Loans repaid to parent company	17	(3,582)	(1,256)	(6,691)
Repayment of borrowings		(1,599)	(5,207)	(11,714)
<b>Net cash used in financing activities</b>		<b>(12,333)</b>	<b>(13,648)</b>	<b>(6,543)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,583)</b>	<b>845</b>	<b>4,855</b>
Cash and cash equivalents at beginning of the year		11,364	10,519	5,664
<b>Cash and cash equivalents at end of the year</b>		<b>5,781</b>	<b>11,364</b>	<b>10,519</b>



# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information

### Accounting policies

#### Corporate information

Moorgarth Holdings (Luxembourg) Sarl is a private company incorporated and domiciled in Luxembourg.

#### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these historical financial information are set out below. These policies have been consistently applied to all years presented in relation to the consolidated historical financial information, unless otherwise stated.

##### 1.1. Basis of preparation

###### Statement of compliance

The historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”).

These are the first financial information the group has presented in accordance and compliance with IFRSs. The entity did not prepare any financial information for previous periods.

###### Preparation of the consolidated historical financial information

The consolidated historical financial information has been prepared on the historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated historical financial information are disclosed in accounting policy 1.23.

###### Functional and presentation currency

Items included in the consolidated historical financial information of each of the group’s entities are measured using the currency of the primary economic environment in which each of the entities operate (the ‘functional currency’). The functional currencies of the group’s UK operations are in Pound Sterling. The consolidated historical financial information are presented in Pound Sterling. The group’s presentation and functional currency is Pound Sterling.

###### Use of adjusted measures

The measure listed below is presented as management believes it to be relevant to the understanding of the group’s financial performance. This measure is used for internal performance analysis and provides additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

Trading profit on the face of the statement of comprehensive income, being the group’s operating result excluding fair value gains or losses on financial assets at fair value through profit or loss and impairment losses on goodwill.

##### 1.2. Changes in accounting policy and disclosures

###### a) New and amended standards, interpretations and amendments adopted by the group

The following new standards, and interpretations and amendments to existing standards, that are effective as at 28 February 2022 have been adopted by the group for the first time for the annual reporting period commencing 1 March 2021:

Number	Title	Effective date (annual periods beginning on or after)
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39	Interest rate benchmark reform – Phase 2	1 January 2021

The nature and impact are as follows:

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information

### **Amendments to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021**

In March 2021, the IASB issued an amendment to IFRS 16 Leases to make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

- The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022.
- IFRS 16 specifies how lessees should account for changes in lease payments, including concessions. However, applying those requirements to a potentially large volume of covid-19-related rent concessions could be practically difficult, especially in the light of the many challenges stakeholders face during the pandemic. These amendments extend the application of requirements that cover the accounting treatment of temporary rent concessions occurring as a direct consequence of the Covid-19 pandemic by one year (see Page 8 for further details). The amendment does not affect lessors.

The group adopted the IFRS 16 Covid-19-Related Rent Concessions Amendment that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The group elected to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient was applied to all rent concessions that meet the conditions in the amendment. In most cases this resulted in accounting for the concessions as variable lease payments. The previous amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, this Amendment extends the period of application of the practical expedient to 30 June 2022. The impact has been disclosed in the statement of comprehensive income and note 4.

### **Amendments to IFRS 4, IFRS 7, IFRS 9 and IAS 39 - Interest rate benchmark reform – Phase 2**

In the previous financial year, the group adopted the Interest rate benchmark reform – Phase 1 amendments. The amendments require disclosure of the financial reporting effects when benchmark interest rates such as LIBOR and other interbank offered rates (IBOR) are replaced with alternative nearly risk-free interest rates (“RFRs”). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The amendments include the following practical expedients in accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform:

- Provided the transition from an IBOR benchmark rate to a RFR is on an economically equivalent basis, a practical expedient to account for contractual changes, or changes to cash flows that are directly required by the reform, by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9.
- IFRS 16 requires lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

The amendments require an end date for Phase 1 relief for non-contractually specified risk components in hedging relationships. The Phase 1 reliefs prospectively cease to apply at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued.

Additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform are provided.

Additional IFRS 7 disclosures related to IBOR reform are required.

LIBOR as an interest rate benchmark ceased on 31 December 2021 and UK banks have replaced LIBOR with SONIA. The interest costs based on SONIA are not materially different to interest costs based on LIBOR.

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information

### b) New standards and interpretations not yet adopted

Certain new standards, amendments and interpretations that have been published, but are not yet effective for the 28 February 2022 year end and are relevant to the group, have been summarised below. None of these standards, amendments and interpretations are expected to have a material impact of the results of the group.

International Financial Reporting Standards, interpretations and amendments issued but not effective for 28 February 2022 year-end	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business combinations', IAS 16 'Property, plant and equipment', and IAS 37 'Provisions, contingent liabilities and contingent assets'	1 January 2022
Amendments to IAS 1 'Presentation of financial information', on classification of liabilities	1 January 2023
Amendments to IAS 1 'Presentation of financial information', IFRS Practice statement 2 and IAS 8, 'Accounting policies, changes in accounting estimates and errors'	1 January 2023

### 1.3. Principles of consolidation and equity accounting

#### a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. As stated in the directors report, Tradegro (UK) Limited, indirect subsidiary of Tradehold Limited was acquired and transferred to the MHLS group on 30 May 2022. The results of Tradegro (UK) Limited have been consolidated into the historical financial information of MHLS for the three years presented.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for in equity.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### b) Transaction with non-controlling interests

The group treats transactions with non-controlling interests that do not result in loss of control as equity transactions – that is as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### c) Joint arrangements

Joint arrangements are those entities over whose activities the group has joint control, established by contractual agreement.

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information

Interests in joint arrangements are accounted for as either a joint venture or a joint operation as permitted by IFRS 11 'Joint Arrangements'. A joint arrangement is accounted for as a joint venture when the group, along with the other parties that have joint control of the arrangement, have rights to the net assets of the arrangement. Joint ventures are equity accounted for in accordance with IAS 28 (revised). The equity method requires the group's share of the joint venture's post-tax profit or loss for the year to be presented separately in the income statement and the group's share of the joint venture's net assets to be presented separately in the balance sheet. Joint ventures with net liabilities are carried at zero value in the balance sheet where there is no commitment to fund the deficit and any distributions are included in the consolidated income statement for the year.

A joint arrangement is accounted for as a joint operation when the group, along with the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by including the group's share of the assets, liabilities, income and expenses on a line-by-line basis.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated historical financial information. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the group's interest in the joint venture concerned. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

### 1.4. Investment property

Property that is held for long-term rental yields or for capital appreciation, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

After 1 March 2019, all leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as external valuers, or internal valuations based on rental income from current leases and assumptions about rental income from future leases in light of current market conditions (recent prices on less active markets or discounted cash flow projections). Professional valuations are performed on a rolling basis every 3 years by registered valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated historical financial information. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated historical financial information.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

## **Moorgarth Holdings (Luxembourg) Sarl**

### **Notes to the Historical financial information**

Where the group disposes of a property at fair value in an arm's length transaction, the difference between the carrying value immediately prior to the sale and the transaction price is recorded in profit or loss as a gain or loss on disposal of investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under property, plant and equipment. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

For investment property to be classified as held for sale, the following conditions must be met:

- Management is committed to a plan to sell
  - The asset is available for immediate sale
  - An active programme to locate a buyer is initiated
  - The sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
  - The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
  - Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn
- Once all the above conditions have been met, investment property is classified as held for sale. A property can be available for immediate sale even though it still has a tenant occupying it.

#### **1.5. Leases**

The group's leasing activities and how these are accounted for are set out below.

##### **a) A group company is the lessee in an operating lease**

The group leases various offices under non-cancellable operating leases expiring within 1 years to 125 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms, escalation clauses, extension options and renewal rights. On renewal, the terms of the leases are renegotiated.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 March 2019 was 4.34% on property leased for the service office business and 3.95% for investment properties held on long leaseholds.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received ;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

Payments associated with short-term leases of office premises and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise leases below £5,000.

##### **b) A group company is the lessor – fees paid in connection with arranging leases and lease incentives**

The group makes payments to agents for services in connection with negotiating lease contracts with the group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information

### 1.6. Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost of an item of property, plant and equipment includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing property, plant and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Land: Not depreciated
- Equipment: 7 - 10 years
- Improvements to leasehold property over the shorter of the useful life of the asset and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit or loss.

### 1.7. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

### 1.8. Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 1.9. Investments and other financial assets

#### a) Classification

From 1 March 2018, the group classifies its financial assets in the following measurement categories:

- To be measured subsequently at fair value (either through profit or loss or through OCI), and
- To be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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### Notes to the Historical financial information

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### **b) Recognition and derecognition**

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### **c) Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented as a separate line item in the statement of profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial asset, where the asset's cash flows represent solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains /(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating costs and impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net on a separate line item in the statement of profit or loss in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised on a separate line item in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### **d) Impairment**

From 1 March 2019 the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Losses on loans to joint ventures and other loans are measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

#### **e) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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## Notes to the Historical financial information

### 1.10. Loans to joint ventures

#### a) Classification

Loans to joint ventures (note 6) are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

#### b. Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### c. Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

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

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

#### d. Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

#### e. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account.

### 1.11. Cash and cash equivalents

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

### 1.12. Financial liabilities

The group classifies its financial liabilities in the following categories: at fair value through profit or loss, and measured at amortised cost. The classification depends on the purpose for which the financial liability was incurred. Management determines the classification of its financial liabilities at initial recognition. Classification is re-assessed on an annual basis, except for derivatives, which shall not be classified out of the fair value through profit or loss category.



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## Notes to the Historical financial information

### Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially measured at fair value, and transaction costs are expensed in profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as interest expense in the statement of comprehensive income.

This category applies to long- and short-term borrowings, preference shares, bank overdrafts, deferred revenue, deferred consideration, liabilities from financial guarantees and trade and other payables on the face of the statement of financial position.

### 1.13. Trade and other payables

Trade payables and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

### 1.14. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 19. Movements in the hedging reserve in shareholders' equity are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### *Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains / (losses).

When derivative contracts are used to hedge forecast transactions, the group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument.

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## Notes to the Historical financial information

In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### 1.15. Deferred revenue

Deferred revenue arises on rents collected in advance of the rental period, and is initially measured at fair value, and is subsequently measured at amortised cost, using the straight line method over the life of the lease.

### 1.16. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

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

### 1.17. Borrowings from shareholder

Borrowings from shareholder are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

### 1.18. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated historical financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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## Notes to the Historical financial information

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 1.19. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Specific borrowings: actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment income from surplus funds derived from those borrowings; and
- General borrowings: weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset(s).

Borrowing costs capitalised cannot exceed borrowing costs incurred.

A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. An asset that normally takes more than a year to be ready for use will usually be a qualifying asset. Once management chooses the criteria and types of assets, it applies this consistently to those types of asset. The group classifies buildings under development and land acquired for the purpose of development as qualifying assets.

The group commences the capitalisation of borrowing costs once finance costs are incurred and activities are undertaken that are necessary to prepare the asset for its intended use. This occurs as follows:

- Properties under development and refurbishments: once costs have been incurred; and
- Land: once land has been acquired and is in the process of being developed, i.e. when town planning, zoning, earthworks, etc commences with a view to utilising this in development.

The group ceases capitalising borrowing costs on each qualifying asset on the date on which practical completion is issued. On this date, substantially all the activities necessary to prepare the qualifying asset for its intended use are considered to be complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 1.20. Employee benefits

#### a) Pensions

The group pays contributions to a privately administered pension plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

#### b) Short-term employee benefits and compensation absences

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and childcare services) are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the group.

#### c) Bonus payments

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 1.21. Provisions

Provisions for legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating leases.

Where the group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

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## Notes to the Historical financial information

### 1.22. Revenue

Revenue comprises the following:

- Rental income
- Boutique serviced office revenues
- Property management

Property management fees are levied in order to cover the costs of managing the property operationally, drafting contractual agreements, managing municipal accounts and all other elements of the property as defined in the agreement.

Rental income received in advance is recognised as a current liability as part of trade and other payables in the statement of financial position.

#### a) Rental income

Contractual rental income from operating leases are recognised on a straight-line basis over the lease term taking into account fixed escalations. When the group provides incentives to its tenants, the lease incentives are recognised on a straight-line basis, as a reduction of rental income over the lease period. Surrender premiums are recognised as income in the period they become receivable from the tenant.

#### b) Property management fees

Property management fees are recognised in the accounting period in which the services are rendered.

#### c) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest rate method, is recognised in the statement of profit or loss as finance income.

Interest earned from financial assets that are held for cash management purposes, is recognised in the statement of profit or loss as finance income.

#### d) Management fee revenue

Management fee revenue, including maintenance fees, administration fees and other related fees are recognised as the related services are performed.

### 1.23. Critical accounting estimates, assumptions and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### a) Principal assumptions underlying management's estimation of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement the group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The group used assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contracted rentals, expected future market rentals, expected vacancy rates, expected lease renewals, maintenance requirements and appropriate discount and capitalisation rates. These valuations are regularly compared to actual market yield data, actual transactions by the group and those reported by the market.

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The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

Refer to Note 3.3 where a sensitivity analysis has been performed.

#### **b) Income taxes**

The group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of any matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

The group recognises deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of tax laws in each relevant jurisdiction in which the group operates.

#### **c) Estimated impairment of goodwill**

The group tested annually whether goodwill suffered any impairment, in accordance with accounting policy 1.7. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Details of the impairment loss calculation are set out in Note 5.

#### **d) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The risk of default would include for example breach of any tenant covenants, volume of concessions requested and overall trading performance where applicable.

#### **e) Lease term**

Where the group recognises a lease liability and corresponding right-of-use asset, consideration is given around the extension options of the lease, in terms of IFRS 16. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). These include an assessment of the potential business disruption by not extending and the unrecoverable costs or penalties incurred to extend or terminate the lease. The group concluded that the lease liabilities and right-of-use assets are appropriately accounted for based on the lease term and that any significant changes or circumstances in the current year to this assessment have been accounted for.

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

**2. Property, plant and equipment**

**2.1. Cost**

	Machinery, equipment and vehicles £'000	Property £'000	Improvements to leasehold property £'000	Total £'000
<b>At 28 February 2019</b>	<b>12,567</b>	-	<b>16</b>	<b>12,583</b>
Transfer from investment property	-	3,526	-	3,526
Additions	1,340	-	-	1,340
<b>At 29 February 2020</b>	<b>13,907</b>	<b>3,526</b>	<b>16</b>	<b>17,449</b>
Additions	160	-	-	160
Disposals and scrappings	-	(17)	(16)	(33)
<b>At 28 February 2021</b>	<b>14,067</b>	<b>3,509</b>	-	<b>17,576</b>
Additions	371	-	-	371
<b>At 28 February 2022</b>	<b>14,438</b>	<b>3,509</b>	-	<b>17,947</b>

**2.2. Accumulated Depreciation**

<b>At 28 February 2019</b>	<b>6,588</b>	-	<b>16</b>	<b>6,604</b>
Charge for the year	2,400	-	-	2,400
<b>At 29 February 2020</b>	<b>8,988</b>	-	<b>16</b>	<b>9,004</b>
Charge for the year	1,942	-	-	1,942
Disposals and scrappings	-	-	(16)	(16)
<b>At 28 February 2021</b>	<b>10,930</b>	-	-	<b>10,930</b>
Charge for the year	1,330	-	-	1,330
<b>At 28 February 2022</b>	<b>12,260</b>	-	-	<b>12,260</b>

**2.3. Book Value**

Book value at 29 February 2020	4,919	3,526	-	8,445
Book value at 28 February 2021	3,137	3,509	-	6,646
Book value at 28 February 2022	2,178	3,509	-	5,687

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 3. Investment properties

#### 3.1. Investment properties (incl. right of use assets)

	Note	2022 £'000	2021 £'000	2020 £'000
Investment properties at fair value for accounting purposes		146,383	162,875	180,740
Investment property under development		115	23	6
		<hr/>	<hr/>	<hr/>
Investment property – right of use assets (note 4.1.1)	3.2 4.1.1	146,498 36,888	162,898 40,339	180,746 48,700
		<hr/>	<hr/>	<hr/>
		183,386	203,237	229,446

#### 3.2. Movement in investment properties (excl. right of use assets)

	2022 £'000	2021 £'000	2020 £'000
At beginning of year	162,898	180,746	194,766
Additions - direct acquisitions	409	3,066	2,984
Additions - indirect acquisitions	-	651	-
Subsequent expenditures - improvements and extensions	92	25	6
Disposals	-	-	(300)
Transfer to property, plant and equipment	-	-	(3,076)
Net loss from fair value adjustments on investment property reclassified to non-current assets held for sale	(5,214)	-	-
Transfer to assets held for sale (note 10)	(15,521)	-	-
Net gain/(loss) from fair value adjustments on investment property	3,834	(21,590)	(13,634)
At end of year	<hr/>	<hr/>	<hr/>
	146,498	162,898	180,746

Investment properties are valued by adopting the "income method" of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent free period and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

There are no material restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

#### 3.3. Property valuation details and sensitivity analysis:

Sensitivity analysis - effect on valuation of the following changes in management's estimates of the following key unobservable inputs:

	Valuation £'000	1% increase in Capitalisati on rate £'000	1% decrease in Capitalisati on rate £'000	1% increase in Vacancy rate £'000	1% decrease in Vacancy rate £'000	10% increase in Market rents £'000	10% decrease in Market rents £'000
28 February 2022	146,498	(26,452)	35,503	(117)	117	12,188	(15,300)
28 February 2021	162,898	(13,806)	27,269	(117)	117	10,410	(13,005)
29 February 2020	180,746	(15,219)	31,347	(117)	117	9,209	(16,208)

#### 3.4. Vacant properties

	Valuation £'000	1% increase in capitalisation rate £'000	1% increase in vacancy rate £'000
Investment properties with a carrying amount that were vacant at year-end	100	75	75

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 3.5. Lessor accounting

The group has entered into various operating lease agreements as the lessor of property. The period of leases whereby the group leases out its investment property under operating leases varies from shorter than 1 year to 20 years (2021: 1 year to 20 years, 2020: 1 year to 20 years) in the United Kingdom.

The investment properties are leased to tenants under operating leases with rentals payable monthly / quarterly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Below sets out a maturity analysis of the undiscounted lease payments to be received after the reporting date:

	Valuation £'000	1% increase in capitalisation rate £'000	1% increase in vacancy rate £'000
Within 1 year	6,380	6,505	7,530
Between 1 and 2 years	4,442	4,453	5,049
Between 2 and 3 years	3,795	3,985	4,462
Between 3 and 4 years	3,452	3,511	4,087
Between 4 and 5 years	3,029	3,134	3,740
Later than 5 years	14,489	15,343	17,559
	<u>35,587</u>	<u>36,931</u>	<u>42,427</u>

### 3.6. Income and expenditure relating to investment properties

	Valuation £'000	1% increase in capitalisation rate £'000	1% increase in vacancy rate £'000
Rental income	5,791	6,470	7,445
Direct operating expenditure	3,394	5,548	6,179
Direct operating expenses recognised in profit or loss relating to investment property that was unlet	20	17	6

## 4. Lease accounting - right of use assets and lease liabilities

This note provides information for leases where the group is a lessee, which is applicable mainly to the group's serviced office business. For leases where the group is a lessor, refer Note 0.

The group leases various offices under non-cancellable leases expiring within 1 years to 125 years (2021: 2 years to 126 years; 2020: 2 years to 107 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms, escalation clauses, extension options and renewal rights. On renewal, the terms of the leases are renegotiated. There are no leases which require variable lease payments.

The group adopted the IFRS 16 COVID-19-Related Rent Concessions Amendment that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The group elected to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient was applied to all rent concessions that meet the conditions in the Amendment. In most cases this resulted in accounting for the concessions as variable lease payments. Rent concessions were received in the form of rent-free periods and utilisation of deposits. Refer Note 4.2 for the profit or loss impact.

The group has received some rent concessions in respect of its leased properties during the year. Where appropriate, in that remaining lease terms are unaffected, the group has taken the optional exemption from assessing the concession as a lease modification. Such concessions have been accounted for as a variable lease payment and recognised in the income statement in the reporting period.



## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

#### 4.1. Amounts recognised in the balance sheet

##### 4.1.1. Right-of-use assets

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value - Buildings	36,888	40,339	48,700
Movement in fair value			
Opening balance	40,339	48,700	-
Adoption of IFRS 16	-	-	51,486
Additions	2,529	4,428	6,490
Adjustment for rental changes	(417)	-	-
Disposals and scrappings	-	(7,186)	(3,475)
Net loss from fair value adjustments on investment property	(5,563)	(5,603)	(5,801)
Closing balance	36,888	40,339	48,700

##### 4.1.2. Lease liabilities

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Lease liabilities			
Current	7,383	5,464	5,804
Non-current	29,505	34,875	42,896
	36,888	40,339	48,700
Movement in lease liabilities			
Opening balance	40,339	48,700	-
Adoption of IFRS 16	-	-	51,486
Additions	2,529	4,429	6,490
Adjustment for rent concessions	-	(145)	-
Adjustment for rental changes	(588)	-	-
Interest	1,687	1,944	2,198
Repayments	(7,079)	(7,402)	(7,999)
Disposals and scrappings	-	(7,187)	(3,475)
Closing balance	36,888	40,339	48,700

Commitments for minimum lease payments under non-cancellable leases are payable as follows:

Expenditure to be incurred within 1 year	7,772	7,653	8,161
Between 1 and 2 years	6,868	7,560	8,161
Between 2 and 3 years	6,425	6,492	8,118
Between 3 and 4 years	5,739	6,037	7,214
Between 4 and 5 years	5,019	5,232	6,299
To be incurred after 5 years	22,325	25,332	30,848
	54,148	58,306	68,801

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

The Commitments for minimum lease payments have been further disaggregated in the current year to provide more useful information to the users regarding the Groups commitments under the non-cancellable leases. As a result, the comparative period has also been disaggregated to be comparable to the current year.

	2022 £'000	2021 £'000	2020 £'000
Sub-lease payments			
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of leases	28,910	27,514	39,088

#### 4.2. Amounts recognised in the statement of profit or loss

	2022 £'000	2021 £'000	2020 £'000
Net loss from fair value adjustments on investment property:			
Buildings	(5,417)	(5,603)	-
Changes in lease payments arising from rent concessions to which IFRS 16 Amendment applied	-	145	-
Interest expense (included in finance cost)	1,687	1,943	2,197
<b>4.3. Total cash outflow for leases during the reporting period</b>	<b>(7,152)</b>	<b>(7,535)</b>	<b>(7,999)</b>

#### 5. Intangible assets

	2022 £'000	2021 £'000	2020 £'000
Goodwill			
Cost	8,031	8,031	8,031
Reversal of negative goodwill	37	-	-
	<u>8,068</u>	<u>8,031</u>	<u>8,031</u>

#### 5.1. Allocation of goodwill to cash generating units

The goodwill acquired in a business combination is allocated, at acquisition, to the CGU or group of CGUs that is expected to benefit from that business. Goodwill arose from the acquisition of The Boutique Workplace Co Ltd ("Boutique") which has been identified as the CGU for which this goodwill has been allocated.

	Opening	Additions	Adjustment	Closing
	£'000	£'000	£'000	£'000
<b>2022</b>				
Boutique	8,031	-	37	8,068
<b>2021</b>				
Boutique	8,031	-	-	8,031
<b>2020</b>				
Boutique	8,021	10	-	8,031

#### 5.2. Impairment review

Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment. Management have reviewed expected (post Covid-19) future performance of The Boutique Workplace Co Ltd to assess the carrying value of goodwill. Management are satisfied that the carrying value of goodwill is supported by the cash flows shown by the post Covid-19 forecasts. The test assumed increased profitability in the new financial year based on the latest number of enquiries from prospective tenants and rent collection experience. It also assumed no organic growth in the number of sites operated by the serviced office business. No impairment arose as a result of this test (2021: nil; 2020: nil).

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

	2022	2021	2020
	%	%	%

The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

Pre-tax discount rate	4.50%	4.46%	5.37%
Growth rate	21.50%	2.7%	4.5%

The principal assumptions where impairment occurs are as follows:

Pre-tax discount rate	22.75%	10.29%	16.52%
Growth rate	-8.30%	0%	(6.3%)

Management have determined the values assigned to each of the above key assumptions as follows:

Discount rate - a pre-tax discount rate reflective of the specific risks applicable to the Boutique CGU

Growth rate - detailed financial forecasts have been produced using realistic assumptions about the rate at which new locations are opened and the speed at which those new locations become profitable to assess goodwill carrying value. These financial forecasts yielded a short-medium term growth rate of 2.7% over a 5 year period, due to the turnaround position from loss to profit following the impact of Covid-19 on the current trading year. Assumptions in the forecast include numbers of new offices opened per year, occupancy rates and how quickly new offices will become fully occupied.

Sustainable growth rate - cash flows beyond the five year period are assumed to be constant.

The intangible assets were identified following on the finalisation of the Ventia purchase price allocation in the 2017 financial year.

#### 6. Interests in joint venture

##### 6.1. Consisting of:

	2022 £'000	2021 £'000	2020 £'000
Shares at cost plus attributable retained income	10,103	9,091	8,768
Financial assets - loans due from joint ventures	9,000	8,580	18,311
	19,103	17,671	27,079

##### 6.2. Shares at cost plus attributable retained income

	2022 £'000	2021 £'000	2020 £'000
The carrying amount of equity accounted joint venture investments has changed as follows during the year:			
At beginning of the year	9,091	8,768	11,327
Reallocation		11,746	-
Share of profit / (loss)	1,012	(11,423)	(2,559)
Carrying value	10,103	9,091	8,768

##### 6.3. Loans due from joint ventures and joint operations

Inception (Reading) S.à.r.l	9,723	8,579	18,310
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Moorgarth Group Ltd has provided an unsecured £14,000,000 loan to Inception (Reading) Sàrl. Interest accrues daily at an annual rate of SONIA + 7%, payable quarterly. The full capital amount is due for repayment by agreement between the parties.

	9,724	8,580	18,311
Less: Loss allowance	(724)	-	-
	9,000	8,580	18,311

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

#### 6.4. Movements in loans due from joint ventures

Opening balance	8,580	18,311	16,447
Loan advanced to joint ventures	-	875	700
Interest	1,144	1,139	1,164
Reallocation	-	(11,745)	-
Loss allowance	(724)	-	-
Closing balance	9,000	8,580	18,311

The reallocation, in the year ended February 2021 represents the application of IAS 28 and its interaction with IFRS 9. Any excess over the share of losses incurred by the JV that would have resulted in the carrying amount of the JV being negative have been allocated to the loan .

#### 6.5. Credit risk management practices and impairment assessment

Management have performed an assessment of the recoverability of the loan to Inception Reading Sarl (IRS). This assessment looked at the likelihood of a number of scenarios and the NPV of the cash flows of each of those scenarios. These scenarios are based on the sale of the Broad Street Mall property held by IRS for a range of values. The assessment of the likely cash generated by a sale, together with the ongoing operating cash flows of the business received before a sale, shows that an impairment of the loan has occurred.

The property budgets have been used to project the income of the property which is distributed evenly to each partner.

There have been no changes in assumptions during the year.

Credit risk is mitigated by customer management and an affordability assessment which determines a customer's ability to repay an outstanding credit amount.

Credit risk has maintained the same level via the affordability test control.

#### 6.6. Details of joint ventures

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the group, and are accounted for using the equity method:

Name of company	Place of business/country of incorporation	%	%	%	Carrying amount 28-Feb-22	Carrying amount 28-Feb-21	Carrying amount 29-Feb-20
		owners hip interest	owners hip interest	owners hip interest			
		28-Feb-22	28-Feb-21	29-Feb-20	£'000	£'000	£'000
Inception (Reading) S.ar.l	UK / Luxembourg	50	50	50	214	(1)	(3,543)
Moolmoor Holdings Ltd	UK	50	50	50	9,889	9,092	12,311
					10,103	9,091	8,768

The joint ventures are private companies and there are no quoted market price available for their shares. Inception (Reading) S.ar.l holds 100% of the shares of Reading Site Services Ltd and Moolmoor Holdings Ltd owns 100% of the shares of Moolmoor Investments Ltd, Moolmoor Waverley Ltd and Moolmoor Site Services Ltd.

#### 6.7. Commitments and contingent liabilities in respect of joint venture

There are no known capital commitments, or contingent liabilities for which the group is jointly or severally liable, in respect of any joint ventures

#### 6.8. Summarised financial information per joint venture entity

Set out below is the summarised financial information for the group's interest in joint ventures, which are accounted for using the equity method.

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

Summarised financial information for the year ended 28 February 2022

	Inception (Reading) S.à.r.l £'000	Moolmoor Holdings Ltd £'000	Total
<b>Current</b>			
Cash and cash equivalents	1,617	901	2,518
Other current assets (excluding cash)	2,201	22,159	24,360
Total current assets	3,818	23,060	26,878
Financial liabilities (excluding trade payables)	(86,094)	-	(86,094)
Other current liabilities (including trade payables)	(1,341)	(23,250)	(24,591)
Total current liabilities	(87,435)	(23,250)	(110,685)
<b>Non-current</b>			
Assets	59,072	42,627	101,699
Total non-current assets	59,072	42,627	101,699
Financial liabilities	(45)	(22,020)	(22,065)
Other liabilities	-	(564)	(564)
Total non-current liabilities	(45)	(22,584)	(22,629)
<b>Net assets/liabilities</b>	<b>(24,590)</b>	<b>19,853</b>	<b>(4,737)</b>
<b>Summarised statement of comprehensive income</b>			
Revenue	4,447	2,996	7,443
Depreciation and amortisation	(221)	(110)	(331)
Interest income	39	1,014	1,053
Income expense	(5,165)	(2,685)	(7,850)
Revaluation of property fair value	(667)	684	17
<b>Pre-tax (loss)/profit from continuing operations</b>	<b>(1,567)</b>	<b>1,899</b>	<b>332</b>
Income tax expense	565	(309)	256
Post-tax profit from continuing operations	(1,002)	1,590	588
Other comprehensive income	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(1,002)</b>	<b>1,590</b>	<b>588</b>
	Inception (Reading) S.à.r.l £'000	Moolmoor Holdings Ltd £'000	<b>Total</b>
<b>Reconciliation to carrying value</b>			
Opening net assets/liabilities	(23,588)	18,142	(5,446)
(Loss)/profit for the period	(1,002)	1,590	588
Other comprehensive income	-	121	121
Closing net assets/liabilities	(24,590)	19,853	(4,737)
Interest in Joint venture @ 50%	(12,295)	9,928	(2,367)
Add back: loss	12,509	-	12,509
Add back: other comprehensive income	-	(39)	(39)
Carrying value	214	9,889	10,103

The information above reflects the amounts presented in the historical financial information of the joint venture adjusted for differences in accounting policies between the group and the joint venture.

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

Summarised financial information for the year ended 28 February 2021

	Inception (Reading) S.à.r.l £'000	Moolmoor Holdings Ltd £'000	Total £'000
<b>Current</b>			
Cash and cash equivalents	804	1,126	1,930
Other current assets (excluding cash)	1,585	1,338	2,923
<b>Total current assets</b>	<b>2,389</b>	<b>2,464</b>	<b>4,853</b>
Financial liabilities (excluding trade payables)	(83,799)	-	(83,799)
Other current liabilities (including trade payables)	(1,747)	(2,035)	(3,782)
<b>Total current liabilities</b>	<b>(85,546)</b>	<b>(2,035)</b>	<b>(87,581)</b>
<b>Non-current</b>			
Assets	60,061	61,619	121,680
<b>Total non-current assets</b>	<b>60,061</b>	<b>61,619</b>	<b>121,680</b>
Financial liabilities	(50)	(43,492)	(43,542)
Other liabilities	(442)	(414)	(856)
<b>Total non-current liabilities</b>	<b>(492)</b>	<b>(43,906)</b>	<b>(44,398)</b>
<b>Net assets/liabilities</b>	<b>(23,588)</b>	<b>18,142</b>	<b>(5,446)</b>
<b>Summarised statement of comprehensive income</b>			
Revenue	4,050	2,965	7,015
Depreciation and amortisation	(235)	(131)	(366)
Interest income	(3,620)	(663)	(4,283)
Income expense	(1,553)	(1,664)	(3,217)
Revaluation deficit	(15,217)	(7,550)	(22,767)
<b>Pre-tax (loss)/profit from continuing operations</b>	<b>(16,575)</b>	<b>(7,043)</b>	<b>(23,618)</b>
Income tax expense	168	604	772
Post-tax (loss)/profit from continuing operations	(16,407)	(6,439)	(22,846)
Other comprehensive income	42	(31)	11
<b>Total comprehensive (loss)/income</b>	<b>(16,365)</b>	<b>(6,470)</b>	<b>(22,835)</b>
<b>Reconciliation to carrying value</b>			
Opening net assets/liabilities	(7,223)	24,612	17,389
(Loss)/profit for the period	(16,407)	(6,439)	(22,846)
Other comprehensive income	42	(31)	11
<b>Closing net assets/liabilities</b>	<b>(23,588)</b>	<b>18,142</b>	<b>(5,446)</b>
Interest in Joint venture @ 50%	(11,793)	9,071	(2,722)
Add back: loss	11,745	-	11,745
Add back: other comprehensive income	47	22	69
<b>Carrying value</b>	<b>(1)</b>	<b>9,093</b>	<b>9,092</b>

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

Summarised financial information for the year ended 29 February 2020

	Inception (Reading) S.à.r.l £'000	Moolmoor Holdings Ltd £'000	Total £'000
<b>Current</b>			
Cash and cash equivalents	626	1,250	1,876
Other current assets (excluding cash)	1,979	1,191	3,170
Total current assets	2,605	2,441	5,046
Other current liabilities (including trade payables)	(1,425)	(1,745)	(3,170)
Total current liabilities	(1,425)	(1,745)	(3,170)
<b>Non-current</b>			
Assets	73,083	49,821	122,904
Total non-current assets	73,083	49,821	122,904
Financial liabilities	(79,839)	(24,082)	(103,921)
Other liabilities	(614)	(1,537)	(2,151)
Total non-current liabilities	(80,453)	(25,619)	(106,072)
<b>Net assets/liabilities</b>	<b>(6,190)</b>	<b>24,898</b>	<b>18,708</b>
<b>Summarised statement of comprehensive income</b>			
Revenue	4,798	3,678	8,476
Depreciation and amortisation	(37)	(3)	(40)
Interest income	(3,775)	(657)	(4,432)
Income expense	(2,021)	(1,275)	(3,296)
Revaluation deficit	(1,704)	(4,294)	(5,998)
<b>Pre-tax (loss)/profit from continuing operations</b>	<b>(2,739)</b>	<b>(2,551)</b>	<b>(5,290)</b>
Income tax expense	(97)	264	167
Post-tax profit from continuing operations	(2,836)	(2,287)	(5,123)
Other comprehensive income	168	(71)	97
<b>Total comprehensive (loss)/income</b>	<b>(2,668)</b>	<b>(2,358)</b>	<b>(5,026)</b>
<b>Reconciliation to carrying value</b>			
Opening net assets/liabilities	(4,554)	26,963	22,409
<b>(Loss)/profit for the period</b>	<b>(2,836)</b>	<b>(2,287)</b>	<b>(5,123)</b>
Other comprehensive income	168	(71)	97
Closing net assets/liabilities	(7,222)	24,605	17,383
Interest in Joint venture @ 50%	(3,611)	12,305	8,69
Add back: other comprehensive income	67	7	74
Carrying value	(3,544)	12,312	8,768

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 7. Loans Receivable

	2022 £'000	2021 £'000	2020 £'000
7.1 Consisting of -			
Loans and receivables with key persons - Non current			
Eastwick Road Ltd (D Wheble) - 10% of The Boutique Workplace Group Ltd	880	859	859
	<u>880</u>	<u>859</u>	<u>859</u>
7.2 Movement in loans receivable			
Opening balance	859	859	833
Interest	21	-	26
Closing balance	<u>880</u>	<u>859</u>	<u>859</u>

On 16 November 2017 a loan of £800 000 was granted to D Wheble for the purchase of 10% of the equity of The Boutique Workplace Company Ltd.

Interest is charged at 2.5% above LIBOR and is payable from distributions.

The loan is secured by cession and pledge of personal assets and is considered a full recourse loan. The loan is repayable on the tenth anniversary of the grant date.

### 8. Deferred taxation

	2022 £'000	2021 £'000	2020 £'000
Deferred taxation assets	3,008	1,250	433
Deferred taxation liabilities	-	-	(766)
Net deferred taxation	<u>3,008</u>	<u>1,250</u>	<u>(333)</u>
8.1 Deferred taxation assets			
Comprising temporary differences attributable to -			
Tax losses carried forward	3,509	978	537
Property, plant and equipment	(221)	430	(104)
Other provisions and liabilities	(280)	(158)	-
	<u>3,008</u>	<u>1,250</u>	<u>433</u>

#### Significant estimates

The deferred tax assets include an amount of £978 000 which relates to the carried forward tax losses of Moorgarth group subsidiaries. The subsidiaries have incurred the losses due to a combination of tax deductible capital allowances and tenant voids during property refurbishments.

The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for the subsidiary. The subsidiaries are expected to generate taxable income or deferred tax liabilities (capital allowances) against which deferred tax assets can be set from 2021 onwards. The losses can be carried forward indefinitely and have no expiry date.

8.2 Movement in deferred taxation assets			
Balance at beginning of the year	1,250	433	1,650
Income tax charge - Refer Note 27.2	1,867	818	(135)
Adjustment on adoption of IFRS 16	-	-	(1,082)
Other	(109)	(1)	-
Balance at end of the year	<u>3,008</u>	<u>1,250</u>	<u>433</u>



## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

	2022 £'000	2021 £'000	2020 £'000
8.3			
Deferred taxation liabilities			
Comprising temporary differences attributable to -			
Provisions and accruals	-	-	(284)
Property, plant and equipment	-	-	(839)
Losses	-	-	357
	-	-	(766)
8.4			
Movement in deferred taxation liabilities			
Balance at beginning of the year	-	(766)	(1,417)
Income tax charge - Refer Note 26	-	769	(303)
Adjustment on adoption of IFRS 16	-	-	1,082
Functional currency translation differences - recognised through other comprehensive income	-	(7)	(128)
Other	-	4	-
Balance at end of the year	-	-	(766)
8.5			
Portion of deferred tax asset to be realised within twelve months	-	352	-
8.6			
Unutilised assessed losses at the beginning of the year	2,246	5,118	1,641
Losses incurred during the year	2,161	2,994	427
Utilised during the year	(154)	(291)	(1,174)
Unutilised assessed losses at the end of the year	4,253	7,821	894
Assessed losses applied in the provision for deferred tax	(3,510)	(5,146)	(894)
Assessed losses to be applied in reduction of future taxable income	743	2,675	-

#### 9. Financial assets at fair value through profit and loss

	2022 £'000	2021 £'000	2020 £'000
9.1			
Consisting of -			
Investment in DV4 Ltd	4,459	4,028	4,638
Financial assets at fair value through profit or loss	4,459	4,028	4,638

Management's intention is to sell these assets within 12 months.

##### 9.1.1 24,975,010 (2021: 24,977,508; 2020: 24 977 508) A Shares in DV4 Ltd designated at fair value through profit or loss;

At beginning of year	4,028	4,638	4,881
Fair value gain / (loss)	755	(610)	569
Distribution received (return of capital)	-324	-	(812)
At end of year	4,459	4,028	4,638

##### 9.2 Estimates used and sensitivity analysis:

The value of investment in DV4 is taken as the relevant share of net assets of DV4 when valued on an IFRS basis per the fund managers valuation. As significant judgement was exercised by management in determining the fair value using inputs that are based on unobservable market data, principally the value of the property portfolio owned by DV4

A 5% increase in the value of DV4's property portfolio would increase the group's net profit by	180	163	188
whilst a 5% decrease in the value of DV4's property portfolio would reduce the net profit by	(180)	(163)	(188)

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 10. Non-current assets held for sale

	2022 £'000	2021 £'000	2020 £'000
Investment property held for sale	15,521	-	-

Two properties, known as 24 and 25/26 Lime Street London were under offer of sale, conditional on the buyer's property and corporate due diligence, but not disposed of at February 2022 (sale price £15.5 million), and each property has been valued at its selling price at the reporting date.

### 11. Trade and other receivables

	2022 £'000	2021 £'000	2020 £'000
Current trade receivables in respect of -			
Outstanding rent	1,312	2,488	1,242
Less: Loss allowance	(276)	(1,175)	(195)
	<u>1,036</u>	<u>1,313</u>	<u>1,047</u>

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	£'000	£'000	£'000	£'000	£'000
<b>28 February 2022</b>					
Expected loss rate %	3%	16%	11%	42%	21%
Gross carrying amount - trade receivables	394	72	336	508	1,312
<b>Loss allowance</b>	11	14	36	215	276

The closing loss allowances for trade and other receivables reconciles to the opening loss allowance as follows:

	2022 £'000	2021 £'000	2020 £'000
Opening loss allowance	1,175	195	281
Increase in loss allowance recognised in profit or loss during the year	627	1,269	190
Receivables written off during the year as uncollectible	(1,251)	(378)	(276)
Unused amount reversed	(275)	89	-
Closing loss allowance	<u>276</u>	<u>1,175</u>	<u>195</u>

#### 11.1 The ageing of trade receivables are as follows -

Neither past due nor impaired			
30 days	382	309	346
60 days			
Past due but not impaired			
30 days past due	61	170	368
60 days past due	300	91	238
90 days past due	141	524	68
More than 90 days past due	152	227	28
Impaired	276	1,167	194
Total gross balance	<u>1,312</u>	<u>2,488</u>	<u>1,242</u>

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 12. Other assets

	2022	2021	2020
	£'000	£'000	£'000
<b>Current – due within one year</b>			
Insurance proceeds receivable	157	1,329	4,799
Prepayments	1,153	1,145	1,306
Other	528	403	431
	<u>1,838</u>	<u>2,877</u>	<u>6,536</u>
<b>Non current – due after more than one year</b>			
Rental deposits	2,238	2,311	2,849
Lease incentives	3,136	3,679	5,024
	<u>5,374</u>	<u>5,990</u>	<u>7,873</u>

### 13. Cash and cash equivalents

	2022	2021	2020
	£'000	£'000	£'000
Cash at bank and on hand	5,781	11,364	10,519
	<u>5,781</u>	<u>11,364</u>	<u>10,519</u>

### 14. Ordinary share capital

	2022	2021	2020
	£'000	£'000	£'000
Issued shares of £25	27	21	21
Share premium	28,408	19,414	19,414
	<u>28,435</u>	<u>19,435</u>	<u>19,435</u>

	Number	Number	Number
Reconciliation of number of shares issued:			
Balance at beginning of the year	860	860	860
28/2/22 - issue of 231 shares for value of £9,000,000	231	-	-
Balance at end of the year	<u>1,091</u>	<u>860</u>	<u>860</u>

On 28 February 2022 Moorgarth Holdings Luxembourg Sarl issued 231 shares of £25 each to its parent company Tradegro Sarl in exchange for an intercompany loan receivable from Moorgarth Group Ltd valued at £9,000,000.

### 15. Other equity and reserves

	2022	2021	2020
	£'000	£'000	£'000
Non-distributable reserves	848	501	409
Cash flow hedging reserve	169	(157)	(232)
Revaluation reserve	634	634	634
Share based payment reserve	45	24	7
Distributable reserve			
(Accumulated loss)/retained earnings	(2,827)	(18,507)	17,230
	<u>(1,979)</u>	<u>(18,006)</u>	<u>17,639</u>
Cash flow hedging reserve			
Balance at beginning of the year	(157)	(232)	78
Other comprehensive income/loss for the year	326	75	(310)
	<u>169</u>	<u>(157)</u>	<u>(232)</u>

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 16. Non-controlling interest

		The Boutique Workplace Company Ltd		
		2022	2021	2020
		£'000	£'000	£'000
<b>The Boutique Workplace Company Ltd</b>	<b>10%</b>	(207)	(77)	43
		<b>(207)</b>	<b>(77)</b>	<b>43</b>

#### 16.1 Non-controlling interest

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

		The Boutique Workplace Company Ltd		
		2022	2021	2020
		£'000	£'000	£'000
<b>Summarised balance sheet</b>				
Current				
Assets		7,290	10,927	4,640
Liabilities		(2,322)	(9,487)	(6,910)
<b>Total current net assets/liabilities</b>		<b>4,968</b>	<b>1,440</b>	<b>(2,270)</b>
Non-current				
Assets		56,194	65,694	60,809
Liabilities		(64,426)	(67,535)	(58,110)
<b>Total non-current net assets/liabilities</b>		<b>(8,232)</b>	<b>(1,841)</b>	<b>2,699</b>
<b>Net assets</b>		<b>(3,264)</b>	<b>(401)</b>	<b>429</b>
<b>Summarised income statement</b>				
Revenue		18,075	18,545	23,505
Loss before taxation		(696)	(875)	(682)
Taxation		-	169	(38)
Other comprehensive loss		(1,226)	-	-
<b>Total comprehensive loss</b>		<b>(1,922)</b>	<b>(706)</b>	<b>(720)</b>
<b>Total comprehensive loss allocated to non-controlling interests</b>		<b>(192)</b>	<b>(70)</b>	<b>(72)</b>
<b>Summarised cash flows</b>				
Net cash (used in)/generated from operating activities		(4,151)	5,213	1,124
Net cash (used in)/generated from investing activities		(314)	(206)	(1,208)
Net cash (used in)/generated from financing activities		(905)	(640)	1,240
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,370)</b>	<b>4,367</b>	<b>1,156</b>
Cash and cash equivalents at beginning of the year		7,335	2,968	1,812
<b>Cash and cash equivalents at end of the year</b>		<b>1,965</b>	<b>7,335</b>	<b>2,968</b>

The amounts shown above are before inter-company eliminations.

### 17. Borrowings from shareholder

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at beginning of the year	147,013	143,921	147,264
Interest accrued	1,291	4,348	3,348
Loan repaid	(3,582)	(1,256)	(6,691)
Debt swapped for equity (note 14)	(9,000)	-	-
Loans waived as capital contribution	(12,984)	-	-
<b>Balance at end of the year</b>	<b>122,738</b>	<b>147,013</b>	<b>143,921</b>

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

During the year the groups immediate parent company Tardegro Sarl waived loans payable by companies within the MHLS group to the value of £12,984,000. These have been treated as a capital contribution in the statement of changes in equity.

#### 18. Long-term borrowings

	2022	2021	2020
	£'000	£'000	£'000
Balance at beginning of the year	58,257	62,878	56,286
<i>Cash items</i>			
Drawn during the period	-	350	19,881
Capital repaid during the period	(1,599)	(5,207)	(11,714)
Interest repaid during the period	(1,986)	(2,144)	(2,169)
<i>Non cash items</i>			
Prepaid loan arrangement fees/ finance charges expensed during the year	279	276	-
Reclassification of arrangement fees	-	-	(1,624)
Interest accrued	1,984	2,104	2,218
Balance at end of the year	56,935	58,257	62,878
Short term portion – note 21	(1,865)	(1,417)	(5,340)
Long term portion	55,070	56,840	57,538

			2022	2021	2020
	Nominal interest rate	Date of maturity	£'000	£'000	£'000
HSBC <sup>1</sup>	3 month LIBOR/SONIA plus 3.5%	Sep-24	5,271	5,972	6,681
HSBC <sup>2</sup>	3 month LIBOR/SONIA plus 2.1%	Oct-23	9,508	9,751	9,779
HSBC <sup>3</sup>	3 month LIBOR/SONIA plus 2.1%	Mar-24	11,619	11,677	11,679
Canada Life <sup>4</sup>	3.41%	Oct-27	31,124	31,669	32,198
Shandon Investments	3 month LIBOR/SONIA plus 3.0%	Jul-22	151	151	151
Springlea Ltd	3 month LIBOR plus 6.15%		-	30	4,014
HSBC/British Business Bank	2.50%	Sep-26	325	350	-
Prepaid loan arrangement fees			(1,063)	(1,343)	(1,624)
			56,935	58,257	62,878
Current portion			(1,865)	(1,417)	(5,340)
Long term portion			55,070	56,840	57,538

<sup>1</sup> EBITDA of the Boutique serviced office business to gross interest may not be less than 4.0 times. EBITDA of the Boutique serviced office business to gross interest and capital repayments may not be less than 1.25 times.

<sup>2</sup> The loan to value ratio (“LTV”) shall not exceed 65%. Interest cover ratio (“ICR”) may not be less than 1.5 times. Debt service cover ratio (“DSCR”) may not be less than 1.05 times.

<sup>3</sup> LTV shall not exceed 65%. ICR may not be less than 1.5 times.

<sup>4</sup> LTV shall not exceed 65%. ICR may not be less than 1.9 times

The group has access to the following undrawn borrowing facilities at the end of the reporting period;

	2022	2021	2020
	£'000	£'000	£'000
Canada Life	2,508	2,515	2,871

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 19. Derivative financial instruments

	2022	2021	2020
	£'000	£'000	£'000
HSBC - secured			
Market to market value of interest rate swap	88	(347)	(373)
Balance at beginning of the year	(347)	(373)	(60)
Mark-to-market adjustments - recognised through other comprehensive income	435	26	(311)
Revaluation / M-T-M adjustments recognised through profit and loss	-	-	(2)
Balance at end of the year	88	(347)	(373)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as non-current assets or liabilities to the extent they are expected to be settled in more than 12 months after the end of the reporting period. The group's accounting policy for its cash flow hedges is set out in Accounting policies note 20. Further information about the derivatives used by the group is provided below.

On 21 January 2019 Moorgarth Living Ltd entered into an interest rate swap, whereby the interest rate on a loan amount of £5 300 000 was fixed. HSBC performed a mark to market valuation at 28 February 2022 which showed a potential gain of £4,033. The swap matures on 20 October 2023.

On 23 April 2019 Moorgarth Euston Ltd entered into an interest rate swap, whereby the interest rate on a loan amount of £5,700,000 was fixed. HSBC performed a mark to market valuation at 28 February 2022 which showed a potential gain of £83,923. The swap matures on 22 March 2024.

### 20. Trade and other payables

	2022	2021	2020
	£'000	£'000	£'000
Trade payables	2,010	3,683	1,069
Other payables and accrued expenses	1,717	3,029	955
Dilapidations provision	3,430	3,490	3,220
Social security and other taxes	546	1,355	840
	7,703	11,557	6,084

The carrying value amount is the amortised cost which approximates fair value.

#### 20.1. Dilapidations provision

	2022	2021	2020
	£'000	£'000	£'000
Opening balance	3,490	3,220	1,156
Additions	124	451	2,392
Used (amounts charged against the provision)	(184)	(181)	(328)
Closing balance	3,430	3,490	3,220

A dilapidations provision is made in full at the inception of a lease of a property and represents the full cost of bringing the property leased back to its original state of repair at the end of the lease.

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

#### 21. Short-term borrowings

	2022	2021	2020
	£'000	£'000	£'000
Short term borrowings comprise			
Short term portion of other long term borrowings – note 18	1,865	1,387	1,328
Springlea Ltd	-	30	4,012
	<u>1,865</u>	<u>1,417</u>	<u>5,340</u>
Balance at end of the year	1,865	1,417	5,340

On 30 October 2019 Moorgarth Group Ltd entered into a 12 month term loan facility of £6,000,000 with Springlea Ltd for the purpose of funding working capital.

Interest is calculated daily at an annual rate of 6.15% + 1 month LIBOR and payable monthly. The loan is unsecured.

#### 22. Revenue

	2022	2021	2020
	£'000	£'000	£'000
Rental income	8,247	8,500	9,816
Boutique serviced office revenues	17,911	18,485	23,445
Total rental income	26,158	26,985	33,261
Property management	947	963	1,045
Deduct: rental income from group companies	(2,990)	(2,932)	(2,370)
Revenue from external customers	<u>24,115</u>	<u>25,016</u>	<u>31,936</u>

#### Timing of revenue recognition

	Over time	Over time	Over time
Rental income	5,257	5,568	7,446
Boutique serviced office revenues	17,911	18,485	23,445
Property management	947	963	1,045
	<u>24,115</u>	<u>25,016</u>	<u>31,936</u>

#### 23. Other operating income

	2022	2021	2020
	£'000	£'000	£'000
Management fees received from associates	318	328	411
Insurance proceeds	-	-	5,176
Sundry income	33	2	663
	<u>351</u>	<u>330</u>	<u>6,250</u>

Insurance proceeds of £5,176,000 for loss of rent and reinstatement costs became receivable when the group's investment property at St Catherine's Retail Park, Perth was destroyed by fire in August 2019.

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

**24. Operating profit/(loss)**

	2022	2021	2020
	£'000	£'000	£'000

Determined after taking into account the following:

Employee benefits expenses	4,301	3,927	4,828
Salaries, wages and service benefits	4,301	3,927	4,828
Retirement benefit contributions	-	-	-
Auditors' remuneration	96	106	104
Audit fees - for this year	96	106	104

Net impairment losses on financial assets relating to :

Loss allowance on trade receivables	627	(1,269)	(195)
	627	(1,269)	(195)

Travel and office costs	348	292	533
Advertising cost	124	151	295
Repairs and maintenance	273	167	489
Boutique operating costs	5,366	5,479	7,613
Professional and letting fees	269	580	366
Legal and professional fees	424	538	706
Car park costs	279	213	225
Unrecovered property costs	1,638	1,803	1,819
	8,721	9,223	12,046

	2022	2021	2020
	£'000	£'000	£'000

Directors' and prescribed officers remuneration

Executive directors	333	424	493
	Salary	Pension scheme contributions	Variable remuneration
	£'000	£'000	£'000
	Total		£'000

Basic remuneration for 2022 comprises the following :

Executive directors	306	7	20	333
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Basic remuneration for 2021 comprises the following :

Executive directors	378	16	30	424
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Basic remuneration for 2020 comprises the following :

Executive directors	394	19	80	493
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# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 25. Finance income/ (cost)

	2022 £'000	2021 £'000	2020 £'000
Finance cost on short-term borrowings			
Finance cost on long-term borrowings	(1,984)	(2,104)	(2,218)
Interest expense on lease liabilities	(1,687)	(1,944)	(2,198)
Finance charge derivative			(3)
Other finance cost	(268)	(251)	(364)
Total finance cost	<u>(3,939)</u>	<u>(4,299)</u>	<u>(4,783)</u>
Interest income on short-term bank deposits	1	4	29
Interest received from loans receivable	21	-	26
Interest received from joint ventures	1,144	1,139	1,164
Total finance income	<u>1,166</u>	<u>1,143</u>	<u>1,219</u>
Finance cost - net	<u>(2,773)</u>	<u>(3,156)</u>	<u>(3,564)</u>

### 26. Taxation

	2022 £'000	2021 £'000	2020 £'000
Consisting of -			
Current taxation on profits for the year	17	18	268
Under / (over) provision in prior periods	-	(261)	174
Total current tax expense	17	(243)	442
Deferred income tax - Refer Note 8	(1,867)	(1,588)	438
(Increase)/decrease in deferred tax assets	(1,867)	(818)	135
Increase / (decrease) in deferred tax liabilities	-	(770)	303
	<u>(1,850)</u>	<u>(1,831)</u>	<u>880</u>

## Moorgarth Holdings (Luxembourg) Sarl Notes to the Historical financial information (continued)

Reconciliation of tax payable at normal rate to income tax expense

	%	£'000	%	£'000	%	£'000
-						
United Kingdom normal tax rate / tax expense	19.0%	134	19.0%	(7,160)	19.0%	(1,860)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income	-277.6%	(1,984)	-14.1%	5,335	-28.0%	2,740
Fair value adjustment on investment property tax rate differential	-	-	-	-	0.2%	(21)
Non-deductible expenses - fair value of investment property	-0.7%	(5)	-8.1%	3,054	-19.0%	1,851
Other non-deductible expenses	-170.5%	(1,220)	-	-	-	-
Exempt income - earnings from joint ventures / associates	-	-	-5.8%	2,170	-5.0%	486
Exempt income - dividends received	-8.6%	(61)	-	-	1.2%	(120)
Exempt income - other transfer pricing adjustments	-28.8%	(205)	0.0%	10	1.0%	(98)
Losses from joint ventures / associates	-7.8%	(55)	-	-	-	-
Exempt income - Covid-19 rent concessions	-	-	0.4%	(145)	-	-
Non-deductible expenses - other	-	2	-0.8%	324	-4.0%	395
Prior period DT adjustment	-	-	0.5%	(202)	-0.4%	43
DT not recognised	24.9%	177	-1.3%	512	0.0%	-
Deferred tax rate changes	-93.8%	(671)	0.2%	(92)	-	-
Foreign wealth tax / withholding tax	2.3%	16	0.0%	17	-0.2%	27
Group relief	-0.1%	-	0.0%	-	0.0%	-
Adjustments for current tax of prior periods	5.4%	38	0.8%	(313)	-1.8%	177
Effective tax rate / Income tax expense	-258.6%	(1,850)	4.9%	(1,831)	-9.0%	880

### 27. Cash flow information

	2022 £'000	2021 £'000	2020 £'000
Non-cash items			
Depreciation charge on property, plant and equipment	1,331	1,941	2,400
Amortisation	-	-	59
Insurance proceeds re St Catherines Perth fire	-	-	(4,796)
Fair value adjustment on investment properties	1,730	27,195	19,436
Fair value adjustment on properties held for resale	5,214	-	-
Fair value loss / (gain) on financial assets at fair value through profit or loss	(777)	610	(568)
Loss allowance on trade and other receivables / impairment losses on financial assets	91	1,269	-
IFRS16 -adjustment on early termination lease	-	(145)	-
Lease incentives disallowed	-	103	120
Provision for share-based payment expense	-	-	195
	7,589	30,973	16,846
<b>Changes in working capital</b>			
Trade and other receivables	1,841	3,759	(6,040)
Trade and other payables	(3,979)	4,884	6,831
	(2,138)	8,643	791
Taxation refund / (paid)			
Taxation per profit or loss	1,850	1,831	(880)
Taxation payable at beginning of year	(13)	(405)	183
Taxation (receivable) / payable at end of year	11	68	405
Change in deferred taxation	(1,867)	(1,588)	437
	(19)	(94)	145

## Moorgarth Holdings (Luxembourg) Sarl Notes to the Historical financial information (continued)

	Cash flows			Non-cash changes			Closing	
	Drawn/issued during the year	Capital repaid during the year	Interest repaid/(received) during the year	Acquired through change in control and other non-cash changes	Interest charged	Foreign currency translation differences / deferred finance charges/other non-cash changes		
<b>For the year ending 28 February 2022</b>	Opening							
Long-term borrowings (including short term portion)	58,257	-	(1,600)	(1,987)	281	1,984	-	56,935
Derivative financial instruments held to hedge liabilities	347	-	-	-	-	-	(435)	(88)
	58,604	-	(1,600)	(1,987)	281	1,984	(435)	56,847
Finance charges paid (loan arrangement fees)								
Interest paid per cash flow statement				(1,987)				
<b>For the year ending 28 February 2021</b>								
Long-term borrowings (including short term portion)	62,878	350	(5,208)	(2,144)	-	2,102	279	58,257
Derivative financial instruments held to hedge liabilities	373	-	-	-	-	-	(26)	347
	63,251	350	(5,208)	(2,144)	-	2,102	253	58,604
Finance charges paid (loan arrangement fees)								
Interest paid per cash flow statement				(2,144)				
<b>For the year ending 29 February 2020</b>								
Long-term borrowings (including short term portion)	56,286	19,861	(11,715)	(2,170)	(1,806)	2,238	184	62,878
Derivative financial instruments held to hedge liabilities	(60)	-	-	-	-	-	433	373
	56,226	19,861	(11,715)	(2,170)	(1,806)	2,238	617	63,251
Finance charges paid (loan arrangement fees)								
Interest paid per cash flow statement				(2,170)				

### 28. Going Concern

The group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 31 August 2023. After servicing all interest and amortisation on borrowings, the forecasts show sufficient cash levels as a buffer against unforeseen events.

The historical financial information have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Despite the adverse effect of the Covid-19 pandemic, group cash balances have remained healthy at £5.8 million (down by 49.1% from 2021).

MHLS receives funding from its parent company Tradegro Sarl which is, in turn, ultimately funded by a facility from RMB Bank to which some of the group's assets provide security. This facility was extended after the year end to August 2023. Additionally, the Group sold its investment in Broad Street Mall Reading held by a JV entity, which generated over £6 million as a result of JV loans being repaid.

Debt covenants are compliant throughout the group, with the exception of the HSBC facility of Boutique (£5.2 million). Waverley (£14.3 million) was in breach during the period but improved trading since COVID-19 restrictions were relaxed, have seen the business return to covenant compliance before the year end. Full covenant waivers have been obtained for these facilities for breaches during the financial years shown.

### Boutique

All Boutique look back covenants have been waived during the period. EBITDA based Interest Cover Ratio (ICR) calculations have been hit hard by the impact Covid-19 had on trading. EBITDA is recovering but it will take time for that recovery to be reflected in look back testing covenant calculations. HSBC are supportive whilst the business recovers and have waived covenants in the year as required. HSBC have provided verbal assurance that waivers will be provided

## Moorgarth Holdings (Luxembourg) Sarl

### Notes to the Historical financial information (continued)

against any future covenant breaches, although these will be granted as and when required, as is the nature of HSBC's operations and consistent with the way in which covenant waivers have been issued to date. Boutique has fully serviced its interest and debt repayments over the Covid-19 affected period and holds cash reserves of £2 million at 28 February 2022. Boutique's cash flow forecasts show the continued service of interest and capital and a positive cash position throughout the period to August 2023. Forecasts show that all forward looking covenant tests will pass during the following financial year and look back tests will approach compliance by the final quarter of the 2023 financial year. This information has been shared with HSBC and HSBC have indicated continued support of waivers required. A summary of the waivers granted to date is set out below:

	Quarter to 20.7.21	Quarter to 20.10.21	Quarter to 20.1.22	Quarter to 20.4.22
Historic ICR (looking back)	-0.625	-1.291	-5.856	-8.82
Test	4.0	4.0	4.0	4.0
Historic Debt Service Cover Ratio (looking back)	-0.171	-0.341	-1.526	-2.277
Test:	1.25	1.25	1.25	1.25
Status	Waived	Waived	Waived	Waived

The directors of Boutique believe it is appropriate for Boutique to be considered a going concern for the following reasons:

- Covenant breaches which may be considered an area of risk were caused by impacts of trading through Covid-19, this was a factor that impacted the whole economy and was not reflective of Boutique's trading performance of ability to continue to trade.
- Boutique has made a recovery from this situation and is forecasting profits for the next financial year
- The breaches in question have either been formally waived by HSBC, thus pose no risk, or for future breaches assurance has been obtained of the ongoing support of HSBC to waive these, it is simply an internal process of HSBC that waivers are only issued in 6 monthly instalments.
- Breaches within its future forecasting are purely in relation to look back periods, Boutique has already successfully traded through these periods, so these periods' results are not reflective of the going concern of the business moving forward.
- Throughout the period of covenant breach Boutique continued to meet its financing obligations; breaches were purely a reporting issue and did not impact the operational and financial cash flow performance of the business.
- Future cashflow projections show that Boutique is able to meet future financial obligations; the only cashflow restrictions shown in the forecast are caused by future expansion, which will only go ahead if provided with group financing support. Should such support be unavailable, the planned expansion projects will be put on hold and operational cashflows will support the liabilities to HSBC.
- HSBC is not the only source of financing for Boutique; if HSBC were to withdraw its funding, Boutique is confident of its ability to draw on intergroup funding to bridge the financing gap until another lender is identified.

## 29. Financial instruments and financial risk management

### 29.1. Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on the statement of comprehensive income and loss of a defined interest rate shift.

The group continues to review its interest rate risk and the policies in place to manage the risk.

#### 29.1.1. Interest rate sensitivity

	2022 £'000	2021 £'000	2020 £'000
For the current year a 100 basis point increase in interest rates across the year would have resulted in a decrease in the net profit of the group of	415	338	289
whilst a 100 basis point reduction in interest rates would have resulted in an increase in the net profit of the group of	122	220	263

### 29.2. Market Risk – Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified as at fair value through profit or loss. No financial instruments or derivatives have been employed to hedge this risk. The group is not exposed to commodity price risk – refer note 9.2 for a sensitivity analysis.

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 29.3. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents held at banks, favourable derivative financial instruments, deposits with banks and financial institutions and outstanding receivables, including rental, trade and other outstanding receivables, and loans receivable.

#### 29.3.1. Trade and other receivables – risk management

The letting operations are located throughout the United Kingdom, with the relevant properties held in Pound Sterling. The group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history.

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease.

Deposits refundable to tenants may be withheld by the group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

#### 29.3.2. Cash and cash equivalents

Cash balances are held with major banking groups with high credit ratings. The group's treasury policy is designed to limit exposure to any one institution.

At year-end cash and cash equivalents, neither past due nor impaired has been invested as follows:

	2022	2021	2020
Bank rating (as per Fitch Ratings)			
F1 +	5,781	11,364	10,519
F2	-	-	-
F3	-	-	-
Total	5,781	11,364	10,519

### 29.4. Liquidity risk

Liquidity risk is defined as the risk that the group could not be able to settle or meet its obligations on time or at a reasonable price. Group treasury is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. Tradehold manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. Such forecasting takes into consideration the group's debt financing plans and covenant compliance.

The table below analyses the company's and the group's financial liabilities into relevant maturity groupings based on the remaining period at year-end to the contracted maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include both interest and capital.

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
At 28 February 2022 (£thousands)							
Trade and other payables including taxation	4,316	169	290	1,090	1,834	7,699	7,699
Borrowings	1,585	1,344	2,766	29,667	28,781	64,143	57,998
Lease liabilities	3,886	3,886	6,868	17,183	22,326	54,149	36,888
Total non-derivatives	9,787	5,399	9,924	47,940	52,941	125,991	102,585
Derivatives	82	82	145	22	-	-	-
	9,869	5,481	10,069	47,962	52,941	125,991	102,585

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
<u>At 28 February 2021 (£ thousands)</u>							
Trade and other payables including taxation	4,565	3,502	-	-	3,490	11,557	11,557
Borrowings	1,371	1,498	3,043	30,507	30,829	67,248	59,600
Lease liabilities	3,827	3,827	7,560	17,760	25,333	58,307	40,339
Total non-derivatives	9,763	8,827	10,603	48,267	59,652	137,112	111,496
Derivatives	71	71	141	137	-	420	347
	9,834	8,898	10,744	48,404	59,652	137,532	111,843

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
<u>At 29 February 2020 (£ thousands)</u>							
Trade and other payables including taxation	2,227	637	86	694	2,440	6,084	6,084
Borrowings	1,250	5,262	2,489	31,789	32,113	72,903	64,500
Lease liabilities	4,080	4,080	8,161	21,631	30,015	67,967	48,700
Total non-derivatives	7,557	9,979	10,736	54,114	64,568	146,954	119,284
Derivatives	71	71	141	279	-	562	373
	7,628	10,050	10,877	54,393	64,568	147,516	119,657

**29.5. Fair value of financial instruments**

The carrying amounts, net gains and losses recognised through profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

<b>28 February 2022</b>	Carrying value	Net (losses)/gains	Total interest income	Total interest expense	Impairment
<u>Assets (£'million)</u>					
Financial asset at fair value through profit or loss	4.5	0.4	-	-	-
Derivatives	0.1	-	-	-	-
Loans to joint venture	9.0	-	1.1	-	-
Loans receivable	0.9	-	-	-	-
Trade and other receivables	1.0	-	-	-	-
Other assets	6.0	-	-	-	-
Cash and cash equivalents	5.8	-	-	-	-
<u>Liabilities (£'million)</u>					
Long-term borrowings	55.1	-	-	(2.0)	-
Deferred revenue	3.9	-	-	-	-
Short-term borrowings	1.9	-	-	-	-
Trade and other payables	4.3	-	-	-	-
Lease liabilities	36.9	-	-	(1.7)	-

**Moorgarth Holdings (Luxembourg) Sarl**  
**Notes to the Historical financial information (continued)**

<b>28 February 2021</b>	Carrying	Net	Total	Total	
Assets (£'million)	Value	(losses)/gains	interest	interest	Impairment
Financial asset at fair value through profit or loss	4.0	(0.6)	-	-	-
Loans to joint venture	8.6	-	1.1	-	-
Loans receivable	0.9	-	-	-	-
Trade and other receivables	1.3	-	-	-	-
Other assets	7.8	-	-	-	-
Cash and cash equivalents	11.4	-	-	-	-
<b>Liabilities (£'million)</b>					
Long-term borrowings	56.8	-	-	(2.1)	-
Derivatives	0.3	-	-	-	-
Deferred revenue	4.6	-	-	-	-
Short-term borrowings	1.4	-	-	-	-
Trade and other payables	8.1	-	-	-	-
Lease liabilities	40.3	-	-	(1.9)	-
<b>29 February 2020</b>					
	Carrying	Net	Total	Total	
Assets (£'million)	value	(losses)/gains	interest	interest	Impairment
Financial asset at fair value through profit or loss	4.6	0.6	-	-	-
Derivatives	-	-	-	-	-
Loans to joint venture	18.3	-	1.2	-	-
Loans receivable	0.9	-	-	-	-
Trade and other receivables	1.0	-	-	-	-
Other assets	13.1	-	-	-	-
Cash and cash equivalents	10.5	-	-	-	-
<b>Liabilities (£'million)</b>					
Long-term borrowings	57.5	-	-	(2.1)	-
Derivatives	0.4	-	-	-	-
Deferred revenue	4.8	-	-	-	-
Short-term borrowings	5.3	-	-	-	-
Trade and other payables	2.9	-	-	-	-
Lease liabilities	48.7	-	-	(2.2)	-

# Moorgarth Holdings (Luxembourg) Sarl

## Notes to the Historical financial information (continued)

### 30. Related parties

J D Wiese, alternate to non-executive director C H Wiese, is a director and indirect beneficial shareholder of Springlea Ltd, which advanced a loan to Moorgarth Group Ltd of £6 million during the 2020 financial year. Interest of £20,974 accrued on the loan during the year. The outstanding loan balance of £nil (2021: £30,468; 2020: £4,012,615) is disclosed in 'Short term borrowings' in note 21.

	2022	2021	2020
	£'000	£'000	£'000
Loans receivable include the following related party loans advanced to key management for the acquisition of equity interests in the group			
Eastwick Road Ltd (D Wheble) – 10% of The Boutique Workplace Company Ltd	880	859	859

### 31. Events after the reporting period

On 24 June 2022 Inception Reading Sarl, a 50% joint venture company, sold its investment in Broad Street Mall Reading for £57.5 million. The asset was held at a fair value of £60.0 million at 28 February 2022.

The directors are not aware of any other significant events which occurred after the reporting date up to the date of this report.

### 32. Ultimate parent undertaking

The immediate parent undertaking is Tradegro Sarl, a company registered in Luxembourg.

The ultimate parent undertaking and controlling party is Tradehold Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

The largest and smallest group in which the results of the group are consolidated is that of the ultimate parent company, Tradehold Limited. The consolidated historical financial information of Tradehold Limited are available to the public at its registered address at Leinster Hall, 7 Weltevreden Street, Gardens, Cape Town 8005 Parow East 7501, South Africa.