ESKMUIR GROUP FINANCE PLC

Report and Financial Statements

For the year ended

30 September 2021

Company Registration No. 11024386

REPORT AND FINANCIAL STATEMENTS 2021

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FINANCIAL HIGHLIGHTS

	Year ended 30 September 2021	**Year ended 30 September 2020**
Profit on ordinary activities before tax	£158,000	£167,000
Earnings per share	£1.28	£1.35
Net assets per share	£5.43	£4.15

Key performance indicators are considered at a consolidated level in the group and are presented in the statements of the parent company Eskmuir Properties Limited.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C M Laing*	Chairman
P A Hodgson	Managing Director
J A Harding	Finance Director
R J M Collier*	
D E Laing*	
J M K Laing*	
N J Treble *	

* Non-Executive

COMPANY SECRETARY

J A Harding

REGISTERED OFFICE

8 Queen Anne Street
London, United Kingdom
W1G 9LD

SOLICITORS

Osborne Clark
One London Wall
London, United Kingdom
EC2Y 5EB

BDB Pitmans LLP
51-53 Hills Road
Cambridge
CB2 1NT

DLA Piper UK LLP
3 Noble Street
London
EC2V 7EE

Allen & Overy
One Bishops Square
London
E1 6AD

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Hill House, 1 Little New St
London, United Kingdom
EC4A 3TR

STRATEGIC REPORT

The Directors present their Strategic Report for Eskmuir Group Finance Plc ("the Company").

PRINCIPAL ACTIVITIES

The Company is a finance company in a group of companies of which Eskmuir Properties Limited is the ultimate parent company ("The Group").

FUTURE DEVELOPMENTS

It is intended that the Company remains the finance company of the Group for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

Given the simple nature of the Company's activities, the principal risks and uncertainties arising for the Company are linked to those of the group. Matters such as liquidity risk are managed on a Group basis and such risks and uncertainties are set out in the financial statements of Eskmuir Properties Limited.

Details of key business risks are included in the Report of the Directors on page 6.

FINANCIAL KEY PERFORMANCE INDICATORS

The results for the year are detailed in the income statement on page 14. This shows a profit before tax of £158,000 (2019: £167,000) and a profit after tax of £128,000 (2020: £135,000).

The Directors do not consider it necessary to provide a further analysis of performance using additional key performance indicators as the activity of the Company which holds bonds listed on the Professional Securities Market of the London Stock Exchange, is simple in its nature.

SECTION 172(1) STATEMENT

The Directors' approach

The Company is simple in nature, having issued £95m interest bearing 2047 bonds to investors in 2017 and advancing the sum received on an interest bearing basis to its ultimate parent undertaking for general corporate purposes. The ultimate parent undertaking - Eskmuir Properties Ltd - and a fellow subsidiary - Eskmuir (Thayer Street 2) Ltd - act as guarantor to the bonds having pledged investment property assets as security.

The Directors consider that in conducting the business of the Company over the course of the year ended 30 September 2021 they have complied with Section 172(1) of the Companies Act 2006 ("the Act").

Maintaining our licence to operate:

Section 172(1)(a) to (f) of the Companies Act 2006 requires that "a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The specified matters noted to be regarded (amongst others), and action specific to demonstrate compliance, by the company are as follows:

Specified matter	Company specific action
a. the likely consequences of any decision in the long term;	Having made the decision to issue 2047 bonds and lend proceeds for a similar tenor to the ultimate parent undertaking in 2017 there is limited opportunity to make decisions that are considered to have long term consequences for the Company. One such area of decision making that can have a long term impact is in relation to Substitutions of property secured to the bond by the parent undertaking and fellow subsidiary. These are a common occurrence to faciltiate the sale of investment properties secured to the bond. During the year a substitution of property security was completed in relation to property owned by the parent undertaking. Covenant performance was enhanced as a consequence of the action. The Company engaged with the bond trustee in this regard.

SECTION 172(1) STATEMENT (continued)

Maintaining our licence to operate (continued):

Specified matter	Company specific action
b. the interests of the company's employees;	The Company has no employees and is managed by its ultimate parent undertaking.
c. the need to foster the company's business relationships with suppliers, customers and others;	The Company's main business relationship is with the holders of the 2047 bonds. Pursuant to the bond trust deed, an information meeting is held annually.
d. the impact of the company's operations on the community and the environment;	The Company's operations have no impact on the community and the environment. The ultimate parent undertaking engages with the community where considered necessary and is in the process of enhancing its environmental credentials by participating in the GRESB, the ESG benchmark for real assets.
e. the desirability of the company maintaining a reputation for high standards of business conduct; and	The Company has no employees but those of the ultimate parent undertaking: are members of professional bodies and are thus obligated to maintain high standards in the discharge of their professional duties; they also have to comply with the Employee Handbook which also has a requirement to adhere to high standards of business conduct.
f. the need to act fairly as between members of the company".	The Company has only one member, being wholly owned by Eskmuir Properties Ltd.

STREAMLINED ENERGY AND CARBON REPORTING

The company is considered as a large company for the purposes of the disclosure required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018; the latter commonly referred to as Streamlined Energy & Carbon Reporting ("SECR").

Being a wholly owned group company with no office or investment property portfolio the Company consumes less than 40,000 kWh of energy within its UK operations and is therefore considered a low energy user and exempted from reporting under SECR.

Approved by the Board of Directors and signed on behalf of the Board

DocuSigned by:
Paul Hodgson
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P A Hodgson
Managing Director

Date: 21 December 2021

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 30 September 2021 for Eskmuir Group Finance Plc, a company domiciled in the the United Kingdom, registered in England and Wales and incorporated in Great Britain on 20 October 2017. The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report, which would otherwise be required to be disclosed in the Report of the Directors. Matters so referred to include: financial risk management objectives and policies and future developments.

ACTIVITY

The principal activity of the Company is the business of a finance company for its parent undertaking, Eskmuir Properties Ltd, and its fellow subsidiary undertakings. During 2017 the Company issued £95m of Bonds at an interest rate of 4.255% and due for repayment in 2047. The Bonds are guaranteed by the parent undertaking, Eskmuir Properties Ltd, and a fellow subsidiary undertaking, Eskmuir (Thayer Street 2) Ltd, both of whom have pledged investment property assets as security for the Bond. Proceeds from the Bond issue were loaned to Eskmuir Properties Ltd to fund repayment of debenture loans and for general corporate purposes.

RESULTS AND DIVIDENDS

The results for the year are detailed in the income statement on page 14. This shows a profit before tax of £158,000 (2020: £167,000) and a profit after tax of £128,000 (2020: £135,000).

No interim dividend has been paid during the year (2020: £nil) and the Board is not recommending the payment of a final dividend for the year ended 30 September 2021 (2020: £nil).

BUSINESS REVIEW

Covid-19 has remained an issue in the economy for the 2021 financial year but movement restrictions have eased, the furlough scheme has now ended and businesses are returning to some form of normality. 2021 has been an exceptional year for the Parent company's group, delivering its best ever results: Rental income growth from asset management work and acquisitions; Strong rent collection; Profitable investment property sales; and a rebalancing of sector weightings favouring Industrial stock all contributed to success.

Continued operational performance has demonstrated Eskmuir’s business model and strategy are both resilient and reliable that will, amongst other aims, enable the company, its Bond Gurarantors and additional chargor - (Eskmuir Properties Ltd and Eskmuir (Thayer Street 2) Ltd - to meet ongoing financial covenants stipulated in the Bond Trust Deed.

The parent company's group investment portfolio saw capital values increase by 9.5% (2020: decrease by 6.8%) which compares favourably to the MSCI/IPD All Property Monthly Index which saw capital values increase by 7.9% (2020: decrease by 7.8%). Eskmuir's deleverage strategy since 2015 has seen LTV reduce significantly from 47% to 32%, enabling opportunities to be taken as and when they arise.

The Directors are satisfied with the performance during the year and consider the Company to be well placed to continue to perform in the years ahead.

Further information that fulfils the requirements of the Business Review can be found in the financial highlights for the Company set out on page 2, which are incorporated into this report by reference.

The key business risks facing the Company are considered in detail by the Board on a quarterly basis. The principal risks facing the Company (and the Guarantors and additional chargor under the Bond) are:

- interest rate risk - this is detailed in note 13 to the financial statements;
- tenant failure / credit risk - the significant risk to cash flow in property investment is the loss of rental income, particularly so in this Covid-19 environment. The nature of the Group’s portfolio is such that this income is derived from a large and diverse tenant base thereby reducing risk. In addition, the exposure and control over potential bad debts in the portfolio is managed through intensive asset and property management and careful vetting of potential tenants. Covid specific impacts are noted in the Going Concern review over the page.
- covenant compliance risk is the risk of the company, fellow guarantors and chargors breaching the loan to value or interest cover ratios that are a condition of the debenture trust deeds or the loan documentation. The covenants require that the company, fellow guarantors and chargors maintain an agreed loan to value ratio of the properties secured, and an income from the secured properties to interest ratio.
- market risk - the uncertainty surrounding the UK economy, its departure from the European Union and Covid-19 have a potentially negative impact on property values.

DIRECTORS

The membership of the Board during the year and up to the date of signing of the Report and Financial Statements is set out on page 3.

None of the Directors has an interest in the shares of the Company.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The financial position of the Company is set out in the Balance Sheet and the accompanying notes to the financial statements. The Directors believe that, within the parent company's group (particularly in relation to covenant performance of the Bond, the Guarantors and additional Chargor - Eskmuir Properties Ltd and Eskmuir (Thayer Street 2) Ltd) - having: a balanced portfolio of investment properties; the knowledge and experience of the Group's management team; and a conservative level of bank funding are the standard approach adopted to help mitigate business risks. With the onset of the Covid crisis in the prior year Directors formed a series of additional mitigating actions that continued this year to assist in minimising the financial impact to Eskmuir. Actions, now mostly delivered, included: Tight credit control of outstanding tenant arrears, providing assistance mainly in the form of payment plans in the prior year to those tenants needing help; Implementation of the 2021 investment property sale programme and repayment of bank debt with proceeds; Continuing to pursue the letting of vacant space; Refinancing of the £60m bank loan facility on similar terms with maturity now 31 March 2025; The company had no need to call on any of the support Government offered to businesses affected by the Covid crisis; the acquisiton of 8 industrial estates during December 2020 diversified specific tenant risk, the number of tenants across the portfolio has grown from 169 to 238; The frequency of meetings with the Interim Economic Risk Management Committee (IERMC) also remained elevated from the pre-Covid norm although is now every c.3 weeks.

The company had net current liabilities at the year end only as a consequence of not having its own bank account, current liabilities being settled by the parent undertaking via the intercompany loan account. The company's ultimate holding company and controlling party has agreed to provide adequate funds to enable the company to meet in full its financial liabilities as they fall due for a period of at least 12 months from the date when the financial statements are signed. The directors have considered the ability and intent of the ultimate holding company to provide this support and are satisfied it will remain available. The Directors, after making reasonable enquiries, are of the opinion that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION

No Director received, or is due, any emoluments for services to the Company during the year.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of the report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors, in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

A qualifying third party indemnity provision as defined in section 232(2) of the Companies Act 2006 is in force for the benefit of each of the Directors and the Company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law, in relation to the Company and other entities within the group. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the financial year. This also applies to the wider group.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

DocuSigned by:
Paul Hodgson
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P A Hodgson
Managing Director

Date: 21 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Director is required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR GROUP FINANCE PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Eskmuir Group Finance Plc (the 'company'):
- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the company.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: - Recoverability of debtors from group undertakings This key audit matter is consistent with the prior year.
Materiality	The materiality that we used in the current year was £121,000 which was determined on the basis of 3% of debenture interest receivable.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There has been no changes in our key audit matters, materiality and scoping relating to Eskmuir Group Finance plc.

4. Conclusions relating to going concern

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:
- Evaluating financing facilities including the nature of the facilities, repayment terms and covenants
- Evaluating the assumptions used in management’s latest cash flow forecasts and projections to assess available headroom and forecast covenant compliance; and
- Assessing the ability and commercial rationale of the parent company to provide the appropriate financial support to address the net current liability position of the company.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which has the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR GROUP FINANCE PLC (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Recoverability of debtors from group undertakings

Key audit matter description	Debtors from group undertakings are stated in the balance sheet at £96.0m (2020: £95.8m) being substantially all of the gross assets. There is a significant level of judgement involved in determining the recoverability of these debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as trading performance of the group undertakings, revenue growth and the valuation of investment property assets. Further details are included within the debtors note 9 to the financial statements.
How the scope of our audit responded to the key audit matter	We challenged the judgements applied by the directors in their consideration in respect of a) the projected future trading performance of the group undertakings by benchmarking against forecasted market trends, assessing the amount of headroom available on covenants in stressed case scenarios as well as reviewing the historical accuracy of management's forecasts and b) the ability of the group as a whole to support the repayment of the intercompany debtor. We obtained an understanding of relevant controls related to the valuation and recoverability of debtors from group undertakings.
Key observations	Based on the work performed we concluded that debtors from group undertakings are appropriately stated.

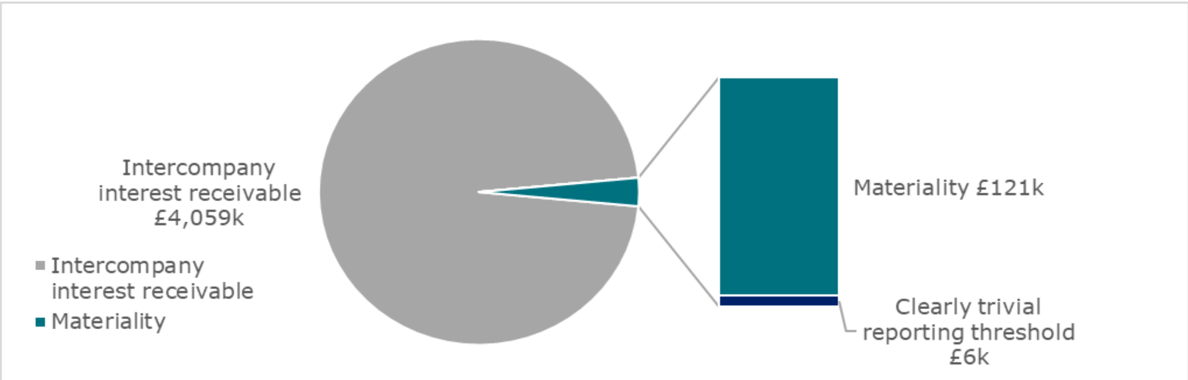
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£121,000 (2020: £127,000)
Basis for determining materiality	3% (2020: 3%) of intercompany interest receivable
Rationale for the benchmark applied	The purpose of the company within the group is to hold the external debt with the group's investors. It is considered that debenture interest is the most appropriate basis for determining materiality since it is of most interest to the primary users of the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR GROUP FINANCE PLC (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

6.2 Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors:

- The limited level activity of the entity being to earn intercompany interest income on amounts owed by group undertakings and incur debenture interest payable on the listed bond debt
- The simple IT environment
- No statements having been identified in the previous audit

6.3 Error reporting threshold
We agreed with the directors that we would report to the directors all audit differences in excess of £6k (2020: £6k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.	We have nothing to report in respect of these matters.

9. Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR GROUP FINANCE PLC (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

11. Extent to which the audit was considered capable of detecting irregularities, inclduing fraud

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

11.1 Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified
As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR GROUP FINANCE PLC (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: - we have not received all the information and explanations we require for our audit; or - adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
13.2 Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.	We have nothing to report in respect of these matters.

14. Use of our report

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

DocuSigned by:
Andy Siddorns
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Andy Siddorns FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 21 December 2021

INCOME STATEMENT
For the year ended 30 September 2021

	NOTE	2021 £'000	2020 £'000
Administrative expenses		(22)	(20)
OPERATING LOSS	**3**	(22)	(20)
Interest receivable and similar income	**4**	4,240	4,246
Interest payable and similar charges	**5**	(4,060)	(4,059)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		158	167
Tax on profit on ordinary activities	**7**	(30)	(32)
Profit for the financial year		128	135
Basic and diluted earnings per share	**15**	£1.28	£1.35

The above results are from continuing operations.

A statement of comprehensive income has not been provided as there was no items of "Other comprehensive income" in either year.

BALANCE SHEET
As at 30 September 2021

	NOTE	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Debtors: Amounts falling due in more than one year	**9**	95,987	95,846
CURRENT ASSETS			
Debtors: Amounts falling due in less than one year	**10**	4	4
CREDITORS: amounts falling due within one year	**11**	(1,269)	(1,273)
NET CURRENT LIABILITIES		(1,265)	(1,269)
TOTAL ASSETS LESS CURRENT LIABILITIES		94,722	94,577
CREDITORS: amounts falling due after more than one year	**12**	(94,179)	(94,162)
NET ASSETS		543	415
CAPITAL AND RESERVES			
Called up share capital	**14**	100	100
Profit and loss reserve		443	315
SHAREHOLDER'S FUNDS		543	415
NET ASSETS PER SHARE	**16**	£5.43	£4.15

These financial statements of Eskmuir Group Finance Plc, registered number 11024386, on pages 14 to 16 were approved and authorised for issue by the Board of Directors on 9 December 2021. Signed on behalf of the Board of Directors

DocuSigned by:
Paul Hodgson
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P A Hodgson
Managing Director

Date: 21 December 2021

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2021

	Called up share capital Note 14 £ 000's	Profit and loss reserve £ 000's	Total £ 000's
At 30 September 2019	**100**	**180**	**280**
Profit and total comprehensive income for the year	-	135	135
At 30 September 2020	**100**	**315**	**415**
Profit and total comprehensive income for the year	-	128	128
At 30 September 2021	**100**	**443**	**543**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2021

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

a) General information and basis of accounting

Eskmuir Group Finance Plc (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The address of the Company's Registered Office is shown on page 3.

The principal activities of the Company and its subsidiaries and the nature of the Company's operations are set out in the Report of the Directors on Page 6.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC).

The functional currency of the Company is considered to be Pounds Sterling, that is the currency of the primary economic environment in which the company operates.

Eskmuir Group Finance Plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements.
Exemptions have been taken in relation to presentation of its own cash flow statement and notes concerning remuneration of key management personnel.

b) Going concern

The financial statements have been prepared using the going concern basis of accounting. See page 7 for details.

c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2021

1 ACCOUNTING POLICIES (continued)

e) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2021

1 ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is: (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors there were no sources of estimation uncertainty or critical accounting judgements.

3 OPERATING LOSS

	2021 £'000	2020 £'000
The operating loss is stated after charging:		
Auditor's remuneration for audit services of the Company's annual financial statements	11	11
Taxation compliance services	3	3
Total audit and non-audit fees	14	14

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Interest due on intercompany loans from parent	4,240	4,246

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £'000	2020 £'000
Bond loan interest	4,043	4,043
Amortisation of bond issue costs	17	16
	4,060	4,059

6 STAFF COSTS

The Company has no employees.

No Director received any emoluments from the Company during the year.

7 TAX ON PROFIT

Analysis of tax charge

	2021 £'000	2020 £'000
Current Tax		
United Kingdom corporation tax at 19.0% (2020: 19.0%)	30	32
Total tax charge on profit	30	32

Factors affecting the tax charge for the current year
The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
Profit before tax	158	167
Tax on profit at standard UK corporation tax rate of 19.0% (2020: 19.0%)	30	32
Total tax charge for year	30	32

The main rate of corporation tax, as outlined in The Finance Bill 2017, was to reduce to 17% from 19% on 1st April 2020. This was not implemented however and so the rate of Corporation tax remained at 19%. A subsequent enactment during 2021 increased the tax rate to 25% from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2021

8 DIVIDENDS

The Directors do not recommend the payment of a Dividend in respect of the year ended 30 September 2021 (2020: none).

9 DEBTORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Amounts due from parent undertaking	95,987	95,846

As detailed in note 12, proceeds from the Bond issue in the prior year were loaned to Eskmuir Properties Ltd, the company's parent undertaking, to fund repayment of debenture loans and for general corporate purposes. Amounts due from the parent undertaking are due for repayment in December 2047, are unsecured and bear interest at 4.455% pa.

10 DEBTORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2021 £'000	2020 £'000
Other taxes	3	3
Prepayments and accrued income	1	1
	4	4

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Corporation tax	30	32
Accruals and deferred income	1,239	1,241
	1,269	1,273

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Bond loan 4.255% 2047	94,179	94,162

On 12 December 2017 the company issued £95m of bonds and completed a listing on the Professional Securities Market of the London Stock Exchange. The bonds were issued with a coupon of 4.255% pa and are due for repayment in December 2047. Eskmuir Properties Ltd, the company's parent undertaking, and Eskmuir (Thayer Street 2) Ltd, a fellow subsidiary undertaking, are Guarantors to the new bonds and the Bond Trustee holds a charge over certain property assets. The proceeds from the new issue were loaned to Eskmuir Properties Ltd to fund: redemption of the existing £78.25m debenture loans; and for general corporate purposes. See note 9.

The loan was initially recognised net of issue costs of £882,000 which have been capitalised and will be amortised over the term of the loan.

Borrowings are repayable as follows:

	2021	2020
Bond loan		
More than ten years	94,179	94,162

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2021

13 FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
The carrying values of the Company's financial assets and liabilities are summarised by category below:		
Financial assets		
Measured at amortised cost:		
Amounts due from parent undertaking	95,987	95,846
Financial liabilities		
Measured at amortised cost:		
Bond loan 4.255% 2047	94,179	94,162
	94,179	94,162

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2021	2020
Interest income and expense		
Total interest income for financial assets	4,240	4,246
Total interest expense for financial liabilities at amortised cost	(4,060)	(4,059)
	180	187

Risk management

Interest rate risk

Interest rate risk is split into two different types of risk: cash flow interest rate risk; and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the Company has fixed rate debt, it is not exposed to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As the Company has fixed rate debt, it is exposed to fair value interest rate risk.

The table below summarises the contractual maturity dates of the Company's financial instruments, from year end, which are exposed to interest rate risk:

	Contracted interest rate at 30 Sept 21	Less than one year £'000	More than two and less than five years £'000	More than five years £'000
4.255% Bonds	4.255%	-	-	94,179

Market risk - sensitivity analysis

The Company only has fixed rate debt so from a cash flow perspective is unaffected by market movements in interest rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In order to manage this risk, management regularly monitors all amounts that are owed to the Company to ensure that all amounts are paid in full and on time. In relation to covenant performance of the Bond, the company is reliant on the performance of the Bond Guarantor and additional Chargor - Eskmuir Properties Ltd and Eskmuir (Thayer Street 2) Ltd). Covenant performance is monitored on an ongoing basis. No significant credit risks were noted at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day-to-day monitoring of future cash flow requirements to ensure that the Company has enough resources to repay

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2021

13 FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The objective of the parent undertaking and its subsidiaries (the "Group") is to maintain a balance between continuity of funding and flexibility through the use of bank loans and bonds. The Company satisfies the Bond element of the Group funding objectives.

It is the Group's stated policy that, to ensure continuity of funding, at least 40% of its borrowings should mature in more than five years. As a consequence of the issue of the 2047 Bonds by the Company during 2017 and nil drawings under the Natwest bank facility 100% (2020: 100%) of the Group's borrowings are due to mature in more than five years.

Covenant compliance risk

Covenant compliance risk is the risk of the Company breaching the loan to value or interest cover ratios that are a condition of the Bond trust deed. The covenants require that the company maintains: an agreed loan to value ratio of the properties secured; and an income (from the secured properties) to interest ratio. The Company expects to continue to meet the requirements for the foreseeable future.

14 CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Called up, allotted and fully paid:		
100,000 ordinary shares of £1	100,000	100,000

100,000 ordinary shares of £1 each were issued on incorporation.

15 EARNINGS PER SHARE

	2021	2020
	£	£
Basic and diluted earnings per share	1.28	1.35

Basic and diluted earnings per share have been calculated based upon the following figures:

	No.	No.
Number of shares in issue	100,000	100,000
	£'000	**£'000**
Earnings for the year	128	135

16 NET ASSETS PER SHARE

Net assets per share has been calculated on 100,000 ordinary shares in issue at the year end (2020: 100,000) and on net assets of £543,000 (2020: £415,000).
Net assets are made up of share capital and the distributable profit and loss reserve.

17 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 102, “Related Party Transactions”, not to disclose details of any transactions with entities that are included in the consolidated financial statements of its parent, Eskmuir Properties Limited.

18 CONTROLLING PARTY INFORMATION

The immediate and ultimate parent company of Eskmuir Group Finance Plc is Eskmuir Properties Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated financial statements of Eskmuir Properties Limited, which include Eskmuir Group Finance Plc as a consolidated subsidiary and is the largest and smallest group Eskmuir Group Finance Plc is a member of, are available from The Company Secretary, 8 Queen Anne Street, London, W1G 9LD or at Companies House.

The Sir Kirby Laing Principal Settlement Trust is the controller and ultimate controller of Eskmuir Properties Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of the Company will be held at 8 Queen Anne Street, London, W1G 9LD on 9 March 2022 at 3.45pm to transact the following business:

Resolution 1
To receive the accounts and reports of the Directors and the auditor thereon for the year ended 30th September 2021.

Resolution 2
To re-appoint Deloitte LLP as auditor of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD

J A Harding
Company Secretary
Date 9 December 2021

8 Queen Anne Street, London W1G 9LD
Registered in England
Company No. 11024386

Note:

A member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote in his place. The instrument appointing a proxy should be deposited at the Company's registered office not less than 48 hours before the time of the meeting.