

Mitsui Fudosan (U.K.) Ltd

Annual report and financial statements

Registered number 02460207

31 December 2020

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Strategic report

Principal activities

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

Business review

The Group's revenue decreased during the year due to a reduction in the sales of residential properties in Television Centre Phase1. There was a major disposal of investments in Whitewood Media Village (UK) SARL and Whitewood Media Village GP Ltd which resulted in a loss on disposal. Rental income from let investment properties decreased as a result of some retail tenants being forced to close their businesses during lockdowns.

As at the year end, the Group held three investment properties in central London redeveloped in earlier years and the following projects which were partially under construction.

- The Group has a 75% holding in Whitewood Phase1 Holdings UK SARL a company which heads a group which owns a property in west London on which commercial and residential properties are being developed. The property is a mixed use development site.
- Television Centre Phase 2; The Group has a 45% holding in Whitewood TV City UK SARL a joint venture which owns a property in west London on which commercial property is being developed. The property is a commercial development site. It is anticipated that the redevelopment will continue through 2021.
- White City Place; The Group has a 50% holding in Whitewood Gateway (UK) SARL a joint venture which owns an office development site in west London. It is anticipated that the development will continue through 2021.

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

COVID-19

The development of Covid-19 into a global health crisis presented new challenges in 2020. The Group's primary focus was the health and wellbeing of its customers, partners and advisers, and the continued operational readiness of the business, such that it continued to deliver on its objectives. Whilst the directors anticipate continued short-term volatility, they are confident that the Group's scale, quality, and strength of liquidity and balance sheet will allow it to meet these challenges.

As at the date of signing these financial statements the directors are closely monitoring the developing situation and stakeholder impacts. For the time being, operations and developments continue to progress without significant disruption. So far, the Group has not identified any significant long-term issues in collecting income, making payments and/or undertaking construction. The situation is dynamic and changing by the day. Over time the full impact of Covid-19 will become clear, but at this stage there remains insufficient certainty to make any meaningful forward-looking assessment. The Group has sufficient available support from its parent company and is therefore confident that it will continue to cope with the crisis.

Key performance indicators

The Group's key financial indicators are operating profit and profit before taxation. During the year, the Group generated an operating profit of £13,253,102 (2019: £67,875,195) and a loss before taxation of £14,490,302 (2019: profit before tax of £73,783,331). The operating loss and the loss before taxation are due to a reduction in sales income from Television Centre Phase1, revaluation losses on investment properties and a loss on disposal of investments in Whitewood Media Village (UK) SARL and Whitewood Media Village GP Ltd.

Strategic report *(continued)*

Statement on section 172 Companies Act 2006

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

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

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

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

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

- (a) setting an annual, long-term business plan presenting the relevant standing agenda;
- (b) reviewing the business plan throughout board meetings and meetings with the parent company CEO throughout the year;
- (c) formal consideration of any of factors which are relevant to any major decisions taken by the board throughout the year;
- (d) having a risk management process and executing an internal audit plan executed by both the company and the parent company.

Principal risks and uncertainties

Liquidity risk

Liquidity risk is low due to expected future cashflows from renting commercial properties and the good reputation and credit worthiness of the tenants at 5 Hanover Square, 8 Moorgate, 1 Angel Court and Television Centre Phase1, which are the Group's primary sources of income.

Interest rate risk

The Group is exposed to interest rate risk to the extent that a rise in market interest rates could increase the interest payments on the variable-rate loans. However, this risk is partly mitigated by fact that some of the Group's loans are at lower than current market fixed rates. In addition, the Group uses an interest rate swap to guarantee fixed interest payments in exchange of variable interest payments and to eliminate any exposure from interest rate movements on a particular bank loan. Hedge accounting is not used.

Strategic report *(continued)*

Credit risk

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

Cash flow risk

The Group manages cash flow risk by use of an interest rate swap as explained above.

Results

The Group generated a loss after taxation for the year of £19,326,693 (2019: profit after taxation of £63,091,260).

Approved by the board

17 11 20 21

T Nakamura
Director

6th Floor Cassini House
57-58 St. James's Street
London
SW1A 1LD
31 March 2021

Directors' report

The directors present their directors' report, strategic report and consolidated financial statements for the year ended 31 December 2020.

Directors

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

T. Yamamoto
Y. Ono
E. Onozawa (resigned 1 June 2020)
T. Nakamura (appointed 1 June 2020)

Stakeholders engagement statement

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

Occupiers and Purchasers

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

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

Employees

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

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

Suppliers

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

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

Debt providers

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

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

Shareholders

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

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

Directors' report *(continued)*

Stakeholders engagement statement *(continued)*

Local communities

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

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

Dividends

The directors do not recommend the payment of a dividend for the year *(2019: none)*.

Political contributions

The Group made no political contributions during the year *(2019: none)*.

Disclosure of information to auditor

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

Auditor

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

By order of the board

17 11 20 21

T Nakamura
Director

6th Floor Cassini House
57-58 St. James's Street
London
SW1A 1LD
31 March 2021

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

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

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

Opinion

We have audited the financial statements of Mitsui Fudosan (U.K.) Limited ("the company") for the year ended 31 December 2020 which comprise the Consolidated and Company Balance Sheets, the Consolidated Profit and Loss Account, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

- Considering remuneration incentive schemes and performance targets for management.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and risk of fraudulent revenue recognition, in particular the risk that revenue on residential units' sale is recorded in the wrong period, and the risk that the directors may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgments such as investment property valuations.

We did not identify any additional fraud risks.

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

We performed procedures including:

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

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

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

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

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

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

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

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

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

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

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

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

Strategic Report and Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'M. Williams', written over a horizontal line.

Matthew Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
31 March 2021

Consolidated profit and loss account
for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	98,884,895	97,935,225
Operating costs		(69,782,356)	(65,019,240)
Other operating income	4	89,063	198,765
Revaluation of investment property	12	(15,938,500)	34,760,445
Operating profit		13,253,102	67,875,195
Share of (loss)/profit in joint venture	13	(7,496,366)	14,147,108
Share of profit in associates	13	2,180,929	1,254,979
Loss on disposal of investment in joint venture	13	(14,978,033)	-
Interest receivable and similar income	5	28,330	77,670
Interest payable and similar expenses	6	(7,282,441)	(9,294,497)
Loss on financial assets at fair value		(195,823)	(277,124)
(Loss)/Profit before taxation		(14,490,302)	73,783,331
Tax on (loss)/profit	10	(4,836,391)	(10,692,071)
(Loss)/Profit for the financial year		(19,326,693)	63,091,260
(Loss)/Profit for the financial year attributable to:			
Owners of the parent company		(18,256,880)	58,249,383
Non-controlling interests		(1,069,813)	4,841,877
		(19,326,693)	63,091,260

Turnover and operating profit derive wholly from continuing operations.

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

The notes on pages 18 to 38 form part of these financial statements.

Consolidated balance sheet
at 31 December 2020

	Note	2020	2019
		£	£
Non-current assets			
Fixtures, plant & equipment	11	4,802,057	5,578,622
Investment property	12	1,092,074,626	1,103,236,399
Investments			
Investments in joint ventures	13	146,447,147	250,501,138
Investments in associates	13	25,838,505	23,712,667
Loans to associates	13	-	61,097
		<u>172,285,652</u>	<u>274,274,902</u>
		1,269,162,335	1,383,089,923
Current assets			
Inventory	14	37,971,035	70,040,942
Debtors: due within one year	15	27,463,930	16,274,446
Debtors: due after one year	15	93,514,733	83,393,051
Cash at bank and in hand		85,453,968	19,662,335
		<u>244,403,666</u>	<u>189,370,774</u>
Creditors: amounts falling due within one year	16	(72,169,541)	(118,864,593)
Net current assets		172,234,125	70,506,181
Total assets less current liabilities		1,441,396,460	1,453,596,104
Creditors: amounts falling due after more than one year	17	(273,827,722)	(272,965,599)
Provisions for liabilities	19,20	(59,156,213)	(59,021,805)
Net assets		1,108,412,525	1,121,608,700
Capital and reserves			
Called up share capital	21	477,250,000	477,250,000
Profit and loss account		514,860,253	533,117,133
Equity attributable to owners of the parent company		992,110,253	1,010,367,133
Non-controlling interests		116,302,272	111,241,567
Total equity		1,108,412,525	1,121,608,700

The notes on page 18 to 38 form part of these financial statements.

These financial statements were approved by the board of directors on 31 March 2021 and were signed on its behalf by:

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T Nakamura
Director

Company balance sheet
at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Fixtures, plant & equipment	11	1,020,502	74,678
Investments	13	875,097,239	865,556,737
		<u>876,117,741</u>	<u>865,631,415</u>
Current assets			
Debtors: due within one year	15	2,976,214	3,221,448
Debtors: due after one year	15	-	32,785
		<u>2,976,214</u>	<u>3,254,233</u>
Total debtors		2,976,214	3,254,233
Cash at bank and in hand		83,831,122	11,834,916
		<u>86,807,336</u>	<u>15,089,149</u>
Creditors: amounts falling due within one year	16	(150,913,619)	(77,271,928)
		<u>(64,106,283)</u>	<u>(62,182,779)</u>
Net current liabilities		(64,106,283)	(62,182,779)
Total assets less current liabilities		812,011,458	803,448,636
Creditors: amounts falling due after more than one year	17	(260,715,008)	(260,412,835)
		<u>(260,715,008)</u>	<u>(260,412,835)</u>
Net assets		551,296,450	543,035,801
Capital and reserves			
Called up share capital	21	477,250,000	477,250,000
Profit and loss account		74,046,450	65,785,801
		<u>551,296,450</u>	<u>543,035,801</u>
Equity shareholders' funds		551,296,450	543,035,801

The notes on page 18 to 38 form part of these financial statements.

These financial statements were approved by the board of directors on 31 March 2021 and were signed on its behalf by:

17 11 2021

T Nakamura
Director

Consolidated statement of changes in equity

	Called up share capital	Profit and loss account	Equity attributable to owners of the parent company	Non- controlling interests	Total equity
	£	£	£	£	£
Balance at 1 January 2019	477,250,000	474,867,750	952,117,750	105,749,703	1,057,867,453
Total comprehensive income for the year					
Profit for the year	-	58,249,383	58,249,383	4,841,877	63,091,260
Total comprehensive income for the year	-	58,249,383	58,249,383	4,841,877	63,091,260
Transactions with owners, recorded directly in equity					
Issue of shares in subsidiaries	-	-	-	649,987	649,987
Total transactions with owners, recorded directly in equity	-	-	-	649,987	649,987
Balance at 31 December 2019	477,250,000	533,117,133	1,010,367,133	111,241,567	1,121,608,700

	Called up share capital	Profit and loss account	Equity attributable to owners of the parent company	Non- controlling interests	Total equity
	£	£	£	£	£
Balance at 1 January 2020	477,250,000	533,117,133	1,010,367,133	111,241,567	1,121,608,700
Total comprehensive income for the year					
Loss for the year	-	(18,256,880)	(18,256,880)	(1,069,813)	(19,326,693)
Total comprehensive income for the year	-	(18,256,880)	(18,256,880)	(1,069,813)	(19,326,693)
Transactions with owners, recorded directly in equity					
Issue of shares in subsidiaries	-	-	-	6,130,518	6,130,518
Total transactions with owners, recorded directly in equity	-	-	-	6,130,518	6,130,518
Balance at 31 December 2020	477,250,000	514,860,253	992,110,253	116,302,272	1,108,412,525

The notes on pages 18 to 38 form part of these financial statements.

Company statement of changes in equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2019	477,250,000	60,009,031	537,259,031
Total comprehensive income for the year			
Profit for the year	-	5,776,770	5,776,770
Total comprehensive income for the year	-	5,776,770	5,776,770
Total transactions with owners, recorded directly in equity	-	-	-
Balance at 31 December 2019	477,250,000	65,785,801	543,035,801

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2020	477,250,000	65,785,801	543,035,801
Total comprehensive income for the year			
Profit for the year	-	8,260,649	8,260,649
Total comprehensive income for the year	-	8,260,649	8,260,649
Total transactions with owners, recorded directly in equity	-	-	-
Balance at 31 December 2020	477,250,000	74,046,450	551,296,450

The notes on pages 18 to 38 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/Profit for the year		(19,326,693)	63,091,260
<i>Adjustment for:</i>			
Depreciation, amortisation and impairment	11	1,886,420	1,788,414
Change in value of investment property	12	15,938,500	(34,760,445)
Interest receivable and similar income	5	(28,330)	(77,670)
Interest payable and similar expenses	6	7,282,441	9,294,497
Share of loss/(profit) in joint venture	13	7,496,366	(14,147,108)
Share of profit in associates	13	(2,180,929)	(1,254,979)
Loss on disposal of investment		14,978,033	-
Loss of financial assets at fair value through		195,823	277,124
Taxation	10	4,836,391	10,692,071
		<hr/>	<hr/>
(Increase) in trade and other debtors	15	(21,291,044)	(18,458,423)
Decrease in inventory	14	32,069,907	36,533,145
Increase/(decrease) in trade and other creditors	16,17	5,159,176	(1,854,010)
Increase in provisions	15	1,217,209	-
		<hr/>	<hr/>
Interest paid		(7,402,523)	(9,417,016)
Tax paid		(5,249,734)	(11,697,979)
Other		26,437	44,908
Net cash from operating activities		35,607,450	30,053,789
		<hr/>	<hr/>
Cash flows from investing activities			
Proceeds from sale of investments	13	101,614,851	-
Capital reduction	13	55,091	6,080,761
Interest received	5	28,330	77,670
Capitalised development expenditure	11,12	(5,913,021)	(1,612,702)
Investment in associates	13	-	(61,097)
Investment in joint venture	13	(19,974,160)	(16,813,755)
		<hr/>	<hr/>
Net cash from investing activities		75,811,091	(12,329,124)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from new loan	18	99,237,135	20,000,000
Repayment of borrowings	18	(150,994,561)	(64,411,683)
Issues of shares in subsidiaries		6,130,518	649,987
		<hr/>	<hr/>
Net cash from financing activities		(45,626,908)	(43,761,696)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		65,791,633	(26,037,030)
Cash and cash equivalents brought forward		19,662,335	45,699,365
		<hr/>	<hr/>
Cash and cash equivalents carried forward		85,453,968	19,662,335
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 38 form part of these financial statements.

Analysis of changes in net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash and cash equivalents			
Cash	45,699,365	(26,037,030)	19,662,335
	<u>45,699,365</u>	<u>(26,037,030)</u>	<u>19,662,335</u>
Borrowings			
Debt due within one year	(32,823,466)	(68,962,960)	(101,786,426)
Debt due after one year	(373,374,643)	113,374,643	(260,000,000)
	<u>(406,198,109)</u>	<u>44,411,683</u>	<u>(361,786,426)</u>
Total	<u>(360,498,744)</u>	<u>18,374,653</u>	<u>(342,124,091)</u>

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash and cash equivalents			
Cash	19,662,335	65,791,633	85,453,968
	<u>19,662,335</u>	<u>65,791,633</u>	<u>85,453,968</u>
Borrowings			
Debt due within one year	(101,786,426)	51,757,426	(50,029,000)
Debt due after one year	(260,000,000)	-	(260,000,000)
	<u>(361,786,426)</u>	<u>51,757,426</u>	<u>(310,029,000)</u>
Total	<u>(342,124,091)</u>	<u>117,549,059</u>	<u>(224,575,032)</u>

The notes on pages 18 to 38 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

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

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

- Cash Flow Statement and related notes;
- Key Management Personnel compensation.

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

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

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

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

Notes (continued)

1 Accounting policies (continued)

Measurement convention

The financial statements are prepared under the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative & other financial instruments classified at fair value through profit or loss and investment property measured in accordance with the revaluation model.

Basis of consolidation

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

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

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

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

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

Going concern

The Company has net current liabilities of £64,106,283 (2019: £62,182,779) and the Group has net current assets of £172,234,125 (2019: £70,506,181). The directors have considered the cash requirements of the Group and the Company for at least 12 months from the date of approval of the financial statements. In this forecast the directors have taken account of the serious implications of the outbreak of coronavirus which has adversely impacted global commercial activities. The UK real estate market is no exception to this. The directors therefore have modelled a reasonable worst case scenario in respect to the Group's cash inflows incorporating mitigating actions on its cash outflows. The results of this forecast indicate that the Group has adequate resources to continue in operational existence for the foreseeable future.

As at 31 December 2020 Group's net current assets are £ 172,234,125 including cash at bank of £85,453,968, which will be sufficient to fund Group's ongoing operating cost for at least the 12 months following the approval of these financial statements. The Group holds external financing of £ 210,000,000, of which £50,000,000 will be due within next six months and is within the financing facility already provided by the ultimate parent company.

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

Prior year error

The financial statements include a consolidated cashflow statement for the current year. Historically, an exemption to not include a consolidated cashflow statement had been incorrectly applied. Under FRS 102 although the Company is a qualifying entity and hence able not to include a cash flow statement for the Company, there is no similar exemption in FRS 102 from including a consolidated cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currency

Company

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

Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Investments in subsidiaries, jointly controlled entities and associates

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

Other financial instruments

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

Fixtures, plant & equipment

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

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

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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

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

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

Investment property

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

Inventory

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

Notes (continued)

1 Accounting policies (continued)

Impairment of financial assets (including trade and other debtors)

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

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

Turnover

- Rental income which is recognised on a straight line basis over the lease term. Rental income includes lease incentives which are also spread on a straight line basis over the lease term.
- Service charge income is recognised in the period in which the related services are provided.
- Sales income from the sale of residential properties which is recognised when control is passed to the purchaser, typically on completion of contracts.
- Dividend income is recognised in the profit and loss account on the date the right to receive payments is established.

Expenses

Operating lease

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

Interest receivable and Interest payable

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

Notes *(continued)*

1 Accounting policies *(continued)*

Leasing commitments

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

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

Taxation

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

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

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

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

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

Provisions for liabilities

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

Notes *(continued)*

2 Accounting estimates and judgements

Key sources of estimation uncertainty

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

Judgements:

Operating lease commitments

The Group has entered into commercial property leases as a lessor on its investment property portfolio and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Estimates:

Valuation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. Fair value has been estimated by an external valuation performed in accordance with RICS Global Valuation Standards by an external valuation professional at 31 December 2020. The valuation technique is based on comparable market data because of the nature of the property. See note 12.

Net Realisable value

Net Realisable value is calculated based on the expected market price less selling cost. Apartments are recorded at carrying value and are based on the following:

Exchanged/reserved: value based on the agreed price; and

Others: value based on the asking price

Provision for repair costs

Provisions for the expected cost of repair obligations are at the date of sales of the relevant residential properties at the directors' best estimate of the expenditures required to settle the Group's obligation under the warranty terms (Note 19).

Notes (continued)

3 Analysis of turnover

Turnover comprises:

	2020 £	2019 £
Rental income	45,112,748	46,184,775
Service charges	14,838,968	-
Property sales income	38,933,179	51,750,450
	<u>98,884,895</u>	<u>97,935,225</u>

The Group derives all turnover from the UK.

4 Other operating income

Other operating income comprises:

	2020 £	2019 £
Other property sales income	89,063	198,765
	<u>89,063</u>	<u>198,765</u>

5 Interest receivable and similar income

	2020 £	2019 £
Interest receivable on bank deposits and other	28,330	65,451
Interest receivable on loan notes and similar income from associates	-	12,219
	<u>28,330</u>	<u>77,670</u>

6 Interest payable and similar expenses

	2020 £	2019 £
Bank loans	6,570,289	8,611,498
Loan guarantee fee	232,228	210,000
Finance charges payable under finance leases	479,924	472,999
	<u>7,282,441</u>	<u>9,294,497</u>

Notes (continued)

7 Expenses and Auditor's remuneration

	2020 £	2019 £
Profit before taxation is stated after charging:		
Operating lease rentals:		
Office premises	475,189	225,660
Depreciation of Fixtures, plant & equipment	1,886,424	1,788,413
	<u> </u>	<u> </u>
Auditor's' remuneration:		
	2020 £	2019 £
Audit of these financial statements	112,000	107,900
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	166,631	103,875
Taxation compliance service	158,250	93,500
All other services	15,000	16,500
	<u> </u>	<u> </u>

8 Remuneration of directors

	2020 £	2019 £
Emoluments:		
Paid by the Company (included in employee costs)	230,946	285,068
Paid by parent undertaking	128,537	134,134
	<u> </u>	<u> </u>
	359,483	419,202
	<u> </u>	<u> </u>

The directors performed their duties to the Company in accordance with contracts with the ultimate parent company by whom they are employed. There were no pension contributions. The highest paid director received emoluments of £277,737 in the year ended 31 December 2020 (2019: £419,202). The directors are the key management personnel in the Group.

9 Staff numbers and costs

The average number of employees was 21 who were involved in administration (2019: 19). The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	3,330,242	3,289,102
Social security costs	190,785	137,661
Staff pensions (defined contribution)	126,939	80,273
	<u> </u>	<u> </u>
	3,647,966	3,507,036
	<u> </u>	<u> </u>

Notes (continued)

10 Taxation

Analysis of the tax charge

	2020 £	2019 £
<i>Current tax</i>		
Corporation tax on profits for the year	4,012,403	1,259,827
Total current tax	<u>4,012,403</u>	<u>1,259,827</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	823,988	9,432,244
Total deferred tax	<u>823,988</u>	<u>9,432,244</u>
Tax on profit	<u>4,836,391</u>	<u>10,692,071</u>

Factors affecting the tax charge for the period

The current tax charge for the period is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	£	£
<i>Current tax reconciliation</i>		
(Loss) / Profit before tax	(14,490,302)	73,783,331
Multiplied by tax rate at 19% (2019:19%)	<u>(2,753,157)</u>	<u>14,018,833</u>
<i>Effects of:</i>		
Share of investments in joint ventures and associates	1,009,933	(2,926,397)
Effect of tax rate change	6,711,978	(695,209)
Other differences	<u>(132,363)</u>	<u>294,844</u>
Total tax charge	<u>4,836,391</u>	<u>10,692,071</u>

Factors that may affect future tax charges

Subsidiaries undertaking has £13,699,258 taxation losses (2019: £21,115,910) available for carry forward and set-off against its future taxable profits.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £18,522,961.

Notes (continued)

11 Fixtures, plant & equipment

Group	Furniture fittings and equipment £	Motor vehicles £	Total £
Cost			
At beginning of year	9,356,944	124,353	9,481,297
Additions	1,121,302	14,990	1,136,292
Disposals	(510,958)	(48,000)	(558,958)
At end of year	9,967,288	91,343	10,058,631
Depreciation			
At beginning of year	3,828,487	74,188	3,902,675
Charge for year	1,867,646	18,774	1,886,420
Disposals	(493,271)	(39,250)	(532,521)
At end of year	5,202,862	53,712	5,256,574
Net book value			
At 31 December 2020	4,764,426	37,631	4,802,057
At 31 December 2019	5,528,457	50,165	5,578,622
Company			
Cost			
At beginning of year	565,548	124,353	689,901
Additions	1,121,302	14,990	1,136,292
Disposals	(510,955)	(48,000)	(558,955)
At end of year	1,175,895	91,343	1,267,238
Depreciation			
At beginning of year	541,035	74,188	615,223
Charge for year	145,260	18,774	164,034
Disposals	(493,271)	(39,250)	(532,521)
At end of year	193,024	53,712	246,736
Net book value			
At 31 December 2020	982,871	37,631	1,020,502
At 31 December 2019	24,513	50,165	74,678

Notes (continued)

12 Investment Property

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

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

Group	£
At 1 January 2020	1,103,236,399
Additions	5,706,272
Deductions	(929,545)
Disposals	-
Net gains or losses from fair value adjustments	(15,938,500)
At 31 December 2020	1,092,074,626

The historical costs of the investment properties are £726,456,610 (2019: £721,804,843).

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

The valuations are tied in to market evidence and based on the aggregate of net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the estimated rental value to arrive at the property valuation. The range of yields applied is 3.7% - 5.5% (2019: 3.8% - 5.3%) and the estimated rental value applied is between £55 and £95 per square foot (2019: between £58 and £99 per square foot).

Fair value reconciliation

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

	2020 £	2019 £
Assessed Market Value	1,178,360,895	1,182,343,277
<i>Add:</i>		
Finance lease liability	8,092,094	8,091,170
<i>Less:</i>		
Fixtures, plant & equipment separately presented	(3,781,555)	(5,578,622)
Accrued income in respect of lease incentives separately presented	(75,547,546)	(65,055,018)
Deferred expenses	(15,049,262)	(16,564,408)
Fair value reported at 31 December 2020	1,092,074,626	1,103,236,399

Notes (continued)

13 Fixed asset investments

Group

<i>Joint ventures</i>	£
As at 1 January 2020	250,501,138
Additions	20,035,258
Share of profit/(loss) in joint ventures	(7,496,366)
Disposals	(116,592,883)
At 31 December 2020	146,447,147

Share of loss in joint ventures is net off revaluation surplus of £ 8,508,915.

During the year, the Group disposed of its interests in Whitewood Media Village (UK) SARL and Whitewood Media Village GP Ltd for consideration of £103,326,586 which resulted in loss on disposal of £14,978,033.

Whereas, the transaction cost incurred on the sale is £1,711,735.

<i>Associates</i>	£
As at 1 January 2020	23,712,667
Share of profit in associates	2,180,929
Dividends paid	(55,087)
Capital repayment	(4)
At 31 December 2020	25,838,505

<i>Loan to associates</i>	£
As at 1 January 2020	61,097
Repayment	(61,097)
At 31 December 2020	-

Company

	Subsidiaries £	Participating interests £	Loan to associates £	Total £
Cost				
As at 1 January 2020	852,111,062	13,384,578	61,097	865,556,737
Additions	9,540,506	61,097	-	9,601,603
Repayment	-	(4)	(61,097)	(61,101)
At 31 December 2020	861,651,568	13,445,671	-	875,097,239

Notes (continued)

13 Fixed asset investments (continued)

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

Subsidiaries

Name of entity	Country of incorporation	Holding	Nature of business	Group % holding	Company % holding
MFD (Old Bailey) Ltd	Great Britain	Ordinary shares	Investment company	100	100
5 Hanover Square GP Ltd	Great Britain	Ordinary shares	Investment company	100	100
5 Hanover Square Unit Trust	Jersey	Capital account	Investment Property Unit Trust	100	99.75
5 Hanover Square LP	Great Britain	Capital account	Investment partnership	100	-
8 Moorgate GP Ltd	Great Britain	Ordinary shares	Investment company	100	100
8 Moorgate Nominee Ltd	Great Britain	Ordinary shares	Investment company	100	-
Moorgate Property Unit Trust	Jersey	Capital account	Investment Property Unit Trust	100	99.67
8 Moorgate LP	Great Britain	Capital account	Investment partnership	100	-
MF White Television City Limited	Great Britain	Ordinary shares	Investment company	100	100
Whitwood Phase1 Holdings UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood Helios UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood (Residential) UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood (Commercial) UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood (Substation) UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood (Studio 1-3) UK SARL	Luxembourg	Ordinary shares	Property development company	75	-
Whitwood (Stage 4-5) UK SARL	Luxembourg	Ordinary shares	Property development company	75	-
Whitwood (Ring) UK SARL	Luxembourg	Ordinary shares	Property development company	75	-
Whitwood (Blue rest) UK SARL	Luxembourg	Ordinary shares	Property development company	75	-
Whitwood Crescent Holdings UK SARL	Luxembourg	Ordinary shares	Investment company	75	-
Whitwood (Ring) Nominee Limited	Great Britain	Ordinary shares	Investment company	75	-

Notes (continued)

13 Fixed asset investments (continued)

Subsidiaries (continued)

Name of entity	Country of incorporation	Holding	Nature of business	Group % holding	Company % holding
Whitewood Estate Management Limited	Great Britain	Membership	Property management	69	-
MF White Media City Limited	Great Britain	Ordinary shares	Investment company	100	100
MF Angel GP Ltd	Great Britain	Ordinary shares	Investment company	100	100
MF Angel Nominee Ltd	Great Britain	Ordinary shares	Investment company	100	-
MF Angel Unit Trust	Jersey	Capital account	Investment Property Unit Trust	100	99.67
MF Angel LP	Great Britain	Capital account	Investment partnership	100	-
MFS Broadway Ltd	Great Britain	Ordinary shares	Investment company	90	90
MF BL Ltd	Great Britain	Ordinary shares	Investment company	100	100
SMBL Developments Limited	Great Britain	Ordinary shares	Property development company	65	-

Joint ventures

Name of entity	Country of incorporation	Holding	Nature of business	Group % holding	Company % holding
Whitewood TV City UK SARL	Luxembourg	Ordinary shares	Property development company	45	-
Whitewood Gateway (UK) SARL	Luxembourg	Ordinary shares	Property development company	50	-
MFS Development Services Ltd	Great Britain	Ordinary shares	Investment company	50	50

Associates

Name of entity	Country of incorporation	Holding	Nature of business	Group % holding	Company % holding
Stanhope Holdings Limited	Great Britain	Ordinary shares	Investment company	31	31
Suffolk Employee Co Limited	Great Britain	Ordinary shares	Investment company	31.64	31.64

Notes (continued)

13 Fixed asset investments (continued)

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

14 Inventory

	Group 2020 £	2019 £
Residential property available for sale	37,971,035	70,040,942
	<u>37,971,035</u>	<u>70,040,942</u>

15 Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Amounts falling due within one year:				
Amounts owed by subsidiary undertakings	-	-	978,988	2,564,325
Trade debtors	1,012,216	930,930	-	-
Other debtors	21,720,066	9,949,952	23,158	42,386
Prepayments and accrued income	3,039,033	3,721,071	129,667	179,035
Corporation tax receivable	2,909,824	1,672,493	1,844,401	435,702
Less: impairment of trade debtors and accrued income	(1,217,209)	-	-	-
	<u>27,463,930</u>	<u>16,274,446</u>	<u>2,976,214</u>	<u>3,221,448</u>
Amounts falling due after more than one year:				
Deferred tax (refer note 20)	-	-	-	32,785
Accrued income	74,252,708	63,323,865	-	-
Other debtors	19,262,025	20,069,186	-	-
	<u>93,514,733</u>	<u>83,393,051</u>	<u>-</u>	<u>32,785</u>

Other debtors comprise VAT receivables and deposits.

Notes (continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred income	7,819,998	5,574,900	-	-
JV Shareholder's loan	29,000	-	-	-
Bank loans (refer note 18)	50,000,000	101,786,426	50,000,000	50,000,000
Accruals	6,218,527	4,583,514	1,319,936	1,443,760
Amounts owed by Group undertakings	-	-	97,054,067	25,396,936
Trade creditors	1,841,813	3,029,705	137,882	194,286
Other creditors	6,260,203	3,890,048	1,042,627	236,946
Corporation tax payable	-	-	1,359,107	-
	<u>72,169,541</u>	<u>118,864,593</u>	<u>150,913,619</u>	<u>77,271,928</u>

Other creditors comprise VAT payables and deposits held for tenants.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (refer note 18)	160,000,000	160,000,000	160,000,000	160,000,000
Obligations under finance leases (refer note 23)	8,092,094	8,091,170	-	-
Derivative financial instruments	608,657	412,835	608,657	412,835
Amounts owed to the ultimate parent company	100,000,000	100,000,000	100,000,000	100,000,000
Other creditors	5,126,971	4,461,594	106,351	-
	<u>273,827,722</u>	<u>272,965,599</u>	<u>260,715,008</u>	<u>260,412,835</u>

Derivatives comprise an interest rate swap valued at fair value.

Other creditors comprise rent deposits held for tenants.

18 Loans

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Repayable within one year	50,029,000	101,786,426	50,000,000	50,000,000
Wholly repayable from one year to five years	160,000,000	160,000,000	160,000,000	160,000,000
	<u>210,029,000</u>	<u>261,786,426</u>	<u>210,000,000</u>	<u>210,000,000</u>

Third party bank loans due within one year attract an interest rate of 3.0625% (2019: 1.4800%) and are due 20 August 2021 (2019: due 30 September 2020). Third party bank loans due in more than one year attract interest rates of between 0.87788% and 2.49640% (2019: 1.59550% and 3.06250%) and fall due between 1 December 2022 and 31 March 2026 (2019: between 20 August 2021 and 31 March 2026).

Notes (continued)

19 Provisions for liabilities

	Deferred Taxation (Note 20) £	Repair Costs £	Total £
At 1 January 2020	57,832,052	1,189,753	59,021,805
Addition	823,988	1,200,000	2,023,988
Amount charged against provision	-	(1,629,150)	(1,629,150)
Unused amounts reversed	-	(260,430)	(260,430)
At 31 December 2020	58,656,040	500,173	59,156,213

The provision for repair costs was recognised to cover repairs required under warranty relating to residential properties and is expected to be settled upon the expiry of warranty periods. Additions reflect increases related to sales. Amounts charged reflect the repairs performed. Where repairs are no longer anticipated the provision has been reversed.

20 Deferred tax

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Deferred tax liabilities (assets) comprise:				
Accelerated capital allowances	8,728,878	6,798,719	106,351	(32,785)
Investment property revaluation	49,638,436	50,253,094	-	-
Assets acquired in business combinations	288,726	780,239	-	-
At end of year	58,656,040	57,832,052	106,351	(32,785)

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
The movement in the year comprises:				
At beginning of year	57,832,052	48,399,808	(32,785)	(41,153)
Debit / (credit) to profit and loss account	823,988	9,432,244	139,136	8,368
At end of year	58,656,040	57,832,052	106,351	(32,785)

21 Called up share capital

	Group and Company	
	2020 £	2019 £
Allotted, called up and fully paid 477,250,000 ordinary shares of £1 each (2019: 477,250,000 ordinary shares of £1 each)	477,250,000	477,250,000

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

Notes (continued)

22 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Financial assets measured at amortised cost	42,644,217	31,011,165	1,002,146	2,667,808
Derivatives measured at fair value through profit or loss	(608,657)	(412,835)	(608,657)	(412,835)
Financial liabilities measured at amortised cost	(320,107,594)	(372,031,899)	(407,191,949)	(335,591,222)

The derivatives comprise an interest rate swap.

The swap agreement is a bank loan with nominal amount of £20,000,000 at fixed interest rate of 2.165% p.a. which expires in December 2022.

The fair value of the interest rate swap is determined by reference to a valuation provided by third party brokers.

23 Leases

Leases as lessee

Finance leases

The future minimum finance lease payments are as follows:

Group	2020 £	2019 £
<i>The future minimum finance lease payments:</i>		
- within one year	479,000	479,000
- in two to five years inclusive	1,916,000	1,916,000
- over five years	77,527,000	78,006,000
Total gross payments	79,922,000	80,401,000
Less: finance charges	(71,829,906)	(72,309,830)
	8,092,094	8,091,170

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

Notes (continued)

23 Leases (continued)

Operating leases

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

Group and Company	2020	2019
	£	£
<i>Payments due:</i>		
- within one year	568,832	125,667
- in two to five years inclusive	2,001,374	-
- over five years	2,570,206	-
	<u>5,140,412</u>	<u>125,667</u>

The charge to profit for operating leases was:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Operating lease charges	<u>116,973</u>	<u>188,500</u>	<u>116,973</u>	<u>188,500</u>

Leases as lessor

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<i>Payments due:</i>				
- within one year	45,106,335	44,878,253	-	-
- in two to five years inclusive	156,134,172	164,110,460	-	-
- over five years	259,132,724	293,901,084	-	-
	<u>460,373,231</u>	<u>502,889,797</u>	<u>-</u>	<u>-</u>

Notes (continued)

24 Commitments

Capital commitments

The Group is committed to incur capital expenditure in respect of its interests in jointly controlled entities of £72,086,378 (2019: £83,113,122) in Whitewood Gateway (UK) SARL, £nil (2019: £644,749) in Whitewood Media Village (UK) SARL and £23,604,750 (2019: £263,374) in Whitewood TV City UK SARL.

25 Related party disclosures

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

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

	2020 £	2019 £
Development costs paid	1,931,513	4,853,667
Asset management costs paid	1,115,352	260,000
	<u> </u>	<u> </u>

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

	2020 £	2019 £
Amounts payable	190,450	267,914
	<u> </u>	<u> </u>

26 Ultimate parent company

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

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

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