Registered number: 07638220

EDYN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EDYN LIMITED

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EDYN LIMITED

COMPANY INFORMATION

Directors	L Brinkmann (resigned 8 March 2022) D Carre-Bishop J Hyler E Jafari S McCall R Meller Z Vaughan (resigned on 18 June 2021) L Young (appointed 8 March 2022)
Company secretary	Intertrust (UK) Limited
Registered number	07638220
Registered office	6th Floor, Embassy House Queens Avenue Clifton Bristol BS8 1SB United Kingdom
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Beachcroft LLP Portwall Place Portwall Lane Bristol BS1 6NA

EDYN LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present the Strategic Report of Edyn Limited (the "Company") for the year ended 31 December 2021. Comparative information is presented for the year ended 31 December 2020.

Business review

The principal activity of the Company is that of the provision of serviced apartments and aparthotel accommodation.

On 1 January 2021, Edyn Limited transferred 116 business development and central function staff, £872,308 net book value of tangible fixed assets used in group function and £59,796 net book value of intangible fixed assets relating to the intellectual property for the SACO and Locke trademark, to Edyn Group Services Limited, a company incorporated on 18 November 2020 for the purpose of hosting edyn's group functions.

Edyn Limited operates aparthotels and serviced apartments in London and the regions in the UK under three primary brands; Locke, SACO and Cove. The Locke brand offers design-led and locally inspired aparthotels for those who want to experience the unique and authentic. The SACO brand, established in 1997 and born from an ambition to offer a new level of value, choice and flexibility that was not available from traditional hotels, operates a breadth of leased and partner networked properties. The Cove brand offers versatile spaces to appeal to both corporate clients and leisure guests embracing flexibility and new ways of living.

The edyn group is going through an ambitious phase of pan-European growth and is committed to creating flexible, contemporary living spaces for the modern traveller. The focus is on driving ambitious growth plans, which currently include a portfolio of nine new properties (seven under the Locke brand and 2 under the Cove brand), comprising of over 1,800+ aparthotel rooms across the UK and Europe, all set to be open by 2024. edyn aims to be the industry-leader in the lifestyle aparthotel category, and create unique, design-led properties that bring the modern traveller and dynamic local communities together in spaces where both residents and locals are free to be themselves. edyn reaffirms its continued commitment to question, evolve and grow as a business driven by our people and our culture.

The Covid-19 pandemic significantly impacted the hospitality industry in 2020 and into 2021, however, as travel restrictions eased to provide a route back to "normal", coupled with the resilient business model of the edyn group offering aparthotel and serviced apartment rooms, the Company was able to outperform its competitors in 2021 across key industry metrics including occupancy, average daily rate and revenue per available room as well as gross operating profit indices. edyn achieved 75% occupancy in 2021 (up from 65% in 2020) compared to 43% achieved in the hotel industry (source: STR). Average occupancy for H1 of 2021 was 65% compared with an average occupancy for Q2 of 2021 of 85%, following further easement of the COVID-19 travel restrictions. edyn outperformed it's competitive set by 1.5x at REVPAR (source: STR), GOPPAR by 2.7x (source: Hotstats).

Edyn Limited has invested a significant amount in the current year in opening new properties and building industry leading infrastructure ready for future growth. Over 2021, eight of our SACO properties were transformed and rebranded to our newest brand, under the edyn group, Cove, in addition to opening five new properties in the UK. January brought the full opening of Kingsland Locke situated in the heart of Dalston, one of the most talked about and interesting areas of London. Cove Liverpool, which is situated in the heart of Liverpool, opened in June with floor-to-ceiling views of the city. Edyn opened its first franchise hybrid with Turing Locke and Hyatt Centric Cambridge in September. Buckle Street Studios opened in October, situated in Aldgate minutes away from our first Locke, Leman Locke. Finally, in November the Cove brand launched its second new opening with Landmark Pinnacle, based in Europe's tallest residential apartment tower the property offers breath-taking views of London's thriving financial capital.

Future developments

The Group is entering an exciting phase of growth with ambitious European expansion plans. The burgeoning tech and creative scenes in these cities match our vision to be an inspired second home for communities in every European gateway city.

edyn continued to grow the Locke brand in 2021, opening it's first Locke in mainland Europe – Schwan Locke. Operated by our sister company, the property is situated in Munich minutes away from Theresienwiese, the home of Oktoberfest. Further expansion of the Locke brand is planned through openings in new and existing locations in the coming years, with 7 projects (6 Europe and 1 UK) in the pipeline to be completed by 2024.

Future developments (continued)

The new aparthotels are performing well, and the outlook post Covid-19 is positive as new aparthotel properties open in strategic sites within gateway cities and the business starts to reach scale and stabilises properties. As international business and leisure travel reawakens, we are seeing new trends, tastes and priorities emerging. Locke's hybrid home-meets-hotel concept has never felt more relevant, and edyn is looking forward to expanding the brand into new markets to meet traveller demand for more spacious, self-contained accommodation.

Openings in 2022 include a Cove property in The Hague, 'Cove-Centrum', opening in March 2022. The property is located on Grote Marktstraat, one of The Hague's most important shopping districts, and will serve a base of corporate clients, as well as leisure travellers and families seeking more spacious, comfortable accommodation. The property will include 121 studio and one-bedroom apartments plus a lounge, lobby and co-work space.

The group will also open two new Locke properties in Germany in 2022, with the opening of WunderLocke in Munich, and Locke at East Side Gallery in Berlin. This follows on from a successful 2021 for the Locke brand, which saw six new openings across London, Cambridge, Dublin and Munich.

WunderLocke will feature 360 spacious studio apartments, a large co-working area, meeting and event spaces, workout studio and outdoor heated swimming pool; as well as four food and drink destinations, whilst Locke at East Side Gallery will comprise 176 sleek studio apartments, equipped with kitchenettes and living areas, and most will have access to a private balcony with either river or skyline views. Locke at East Side Gallery will also feature a complimentary co-working area for guests and locals to enjoy; a third-wave coffee shop; flexible meeting and events space that includes a rooftop terrace; and a 24-hour gym on the eighth floor, with floor to ceiling windows and views overlooking Berlin's Mediaspree.

Edyn Limited remains a centre of excellence and support for the wider edyn group. The Company continually searches for efficiency and optimisation gains while also undertaking investments to improve ways of working and support scalability.

Principal risks and uncertainties

The Company's principal risk flows from the general levels of demand from business and leisure travellers. Edyn Limited benefits from a diverse trading base (short and extended stay business), which minimises risks through economic trading cycles. In order to further minimise this risk, the business closely manages the occupancy and average daily rates that it charges in order to maximise turnover, whilst at the same time, closely controlling costs. The Company also closely manages its mix of apartment holdings depending on demand, having a range of leases which enables a balance of security and flexibility.

The aparthotel and serviced apartment industry is a dynamic and ever-changing market. The aparthotel sector continues to grow in popularity and awareness as guests realise the benefits of divisible living and sleeping space and greater flexibility than traditional hotels.

The Company is funded by equity and working capital. Management regularly monitors performance and maintains cash flow forecasts to ensure the Company continues to have adequate resources in place and that it effectively manages its cash position with customers and suppliers. Management has been successful in achieving it's intended cost saving plans during the pandemic. The conflict in Ukraine has contributed to high levels of inflation and increased interest rates in the UK in early 2022, potentially reducing guests' spending power and increasing supply costs, particularly utilities and labour inflation This is partially mitigated by fixed rate supply contracts in the UK until October 2022, labour productivity improvements, efficiency programmes (some of which links to our ESG strategy) and re-negotiation of loan covenants and the acquisition of interest rate derivates.

Trading performance over the last 2 years has shown the resilience of the Group's business model to the challenges of the Covid-19 pandemic, achieving average occupancy rates of 65% in 2020 and 75% in 2021 across its trading properties. Demand continues to increase in 2022, with occupancy rates averaging 77% in the first three months of the year and the group is expected to maintain positive profit margins throughout 2022, with higher costs offset by productivity improvements and average daily rate (ADR) inflation, as well as increased demand from both corporate and leisure travellers, both domestic and international.

Management continues to improve its people, processes and systems to reduce the risks posed and improve control.

Companies Act Section 172 Statement

This report sets out how the directors comply with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the Board's decision making throughout 2021.

The Board's primary responsibility is to promote the long-term success of the Group by creating and delivering sustainable value as well as contributing to wider society. The successful delivery of the long-term plans relies on key inputs and positive relationships with a wide range of stakeholders including employees, customers, the local communities of our properties, suppliers and shareholders. In addition, the Group considers the impact of its activities on the environment and its reputation when making decisions.

The Board seeks to achieve this by setting out its strategy, monitoring performance against the Group's strategic objectives and reviewing the implementation of the strategy. The Board also monitors the effectiveness of the Group's systems of internal control, governance, and risk management.

Engaging with stakeholders to deliver long term success is a key area of focus for the Board and all decisions take into account the impact on stakeholders. This is achieved through information provided by management and also by direct engagement with stakeholders themselves. Obviously, stakeholders are impacted by, or benefit from, decisions made by the Board in different ways. However, it is the Board's priority to ensure that the directors have acted both individually and collectively in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of the members as a whole with regard to all its stakeholders and to the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006.

Significant event / decision	**Stakeholder group**	**Actions and Impact**
Business resilience planning	Employees and wider workforce including contractors/agency staff.	Management Committee communicated regularly with the business via email, podcasts and town halls, the impact of Covid-19 and the actions taken to mitigate the risks both on the financial performance and the wellbeing of employees and guests throughout 2021.
	External stakeholders including our customers, suppliers	Operational teams continually monitored health and safety protocols and kept in close communication with guests to provide reassurance, regularly checking in on their wellbeing. Timely communication with suppliers to provide reassurance around changing ways of working and edyn's ability to continue to operate within the agreed terms.
	Shareholders	Continuous consultations with key management at Brookfield to assess impact on employees and business performance.

Companies Act Section 172 Statement (continued)

Significant event / decision	Stakeholder group	Actions and Impact
Consolidation and exit of unprofitable leases	Employees and wider workforce including contractors / agency staff	Consultation and close support for the employees and wider work force directly impacted by the consolidation and exit of leases. Management Committee communicated the decision to the wider business, outlining the rational and impact of the decision. Employees were encouraged to seek support and ask questions for further understanding if required.
	External stakeholders including our customers, suppliers	Guests with live or future bookings in the properties being exited were contacted and relocated to a near-by property. Negotiations between edyn and landlords commenced following the initial review of the profitability of leases.
	Shareholders	Alignment of group strategy through regular board meetings including presentation of proposals.
Social Responsibility	Employees and wider workforce including contractors/agency staff.	Management Committee made Sustainability a strategic priority for 2022, launching the programme to edyn's leadership team at an event in Cambridge in Q4 2021, followed by further communications via email and the intranet and an ongoing engagement programme. Environmental awareness and training continues to be given to new staff as part of the induction programme.
	External stakeholders including our customers, suppliers	edyn's social responsibility statement continues to be promoted on all our brand websites and social media platforms. edyn's supplier policies ensure goods and materials from sustainable sources are used wherever possible both within existing facilities and in all new development projects.

Engagement with suppliers and customers

The Directors understand the importance of the Group's supply chain in deliver long-term plans of the Group. We work collaboratively and set reasonable expectations in open and honest working relationships.

The Group has recently reviewed its anti-corruption and anti-bribery and whistleblowing policies as part of its regular review of its process looking to maintain a best practice approach to suppliers.

Building solid and long-standing relationships with our customers is fundamental to the success of our company. We pride ourselves on providing excellent customer service and hospitality that meets all customer requirements to maintain customer loyalty and build brand reputation.

Our commercial and operational teams have regular communication with our customers to ensure we are meeting their requirements and working collaboratively for future developments. We utilised regular customer feedback and onsite audits to ensure we can exceed customer expectations.

Companies Act Section 172 Statement (continued)

Financial key performance indicators

The key financial highlights of the year are as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	39,809,672	25,209,180
Loss before taxation	(4,539,290)	(13,338,171)
Loss for the financial year	(4,539,290)	(13,338,171)
Total equity	4,074,001	1,105,291

Covid-19 has significantly impacted Company revenue which is down 15% compared to 2019, however revenue was up 58% on 2020. The company incurred losses in the year as a result of continued investment in growth and the impact of Covid-19 on the trading performance.

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

S McCall
Director
Date: 24 May 2022

EDYN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The loss for the financial year amounted to £4,539,290 (2020 – £13,338,171).

The Directors do not recommend the payment of a dividend (2020 - £nil).

Post balance sheet events

No post balance sheet events.

Directors

The Directors who served during the year and up to the date of approval of the financial statements unless otherwise stated were:
L Brinkmann (resigned 8 March 2022)
D Carre-Bishop
J Hyler
E Jafari
S McCall
R Meller
Z Vaughan (resigned on 18 June 2021)
L Young (appointed 8 March 2022)

Future developments

Details of future developments are given in the strategic report.

Financial risk management

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

a. Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. This risk is mitigated by using robust credit control procedures, undertaking legal proceedings on aged receivable balances when required and the Company obtains debtor insurance on large corporate contracts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

b. Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term intercompany debt finance.

c. Cash flow risk

No hedging or futures are utilised by the business and financial risks to currency are reviewed regularly and naturally hedged with inflows and outflows of currency.

Going concern

The continued challenges following Brexit, COVID-19 and the conflict in Ukraine has applied significant pressure on supply chains and inflating costs and interest rates, and these factors continue to be considered as part of the Company's adoption of the going concern basis.

Since 2020, the COVID-19 pandemic has had an adverse impact on the hospitality industry, with restrictive measures across multiple operating countries on the free movement of people continuing into 2021, and as at the date of approving these financial statements, the impact of COVID-19 on the Company's trading continues to be assessed. In addition, the conflict in Ukraine has contributed to high levels of inflation and increased interest rates in the United Kingdom in early 2022, reducing guests' spending power and increasing supply costs, particularly utilities. Labour shortages also persist leading to wage inflation.

As at 31 December 2021 the Company is in a net current assets position of £1,299,000 (2020: net current liabilities of £2,614,000), which includes £2,412,000 (2020: £3,980,000) of amounts due to group undertakings.

Because of the above conditions, the Company is dependent on the group not calling on debt and on continuing to provide the company with cash to meet its liabilities. The Company meets its day-to-day working capital requirements through its bank facilities and its balances with other group companies. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and availability of finance, show that the Company is reliant upon funding by other group companies. Therefore, ultimately the Company is reliant upon the Group's ability to continue as a going concern or would otherwise be required to secure additional funding, which is not guaranteed.

Going concern (continued)

By virtue of its business model the Group has remained more resilient to the external factors outlined above than other businesses in the hospitality industry, particularly in relation to COVID-19, and has seen trading revenues return to pre-pandemic levels of turnover in 2021, largely supported by the new openings in 2020 and 2021 and the global vaccination program enabling the return to free movement of people. However, the Group continues to take appropriate measures to reduce the impact of all external factors including cost reduction, such as measures to fix rates on supply contracts to minimise the impact of rising costs, and outsourcing supplies. In addition, the Group has re-negotiated its loan covenants to ensure the adverse impact of these factors on trading does not create any additional liquidity issues. The Group continues to manage its cash flow requirements by utilising existing available cash across the group, utilising existing financing facilities and exploring the opportunity to raise additional financing. The Group also has a supportive shareholder who is committed to the long-term success of the Group and continues to make working capital available as needed.

As a result of the above measures, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the events arising as a result of the external factors has meant that there is a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disabled employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee information

The Company is fully committed to involving its employees at all levels. Success can only be achieved through the actions of its staff and therefore it takes the commitment very seriously. The Company goal is to provide an engaging and highly motivated environment, attractive career paths and benefits and empowerment to own and drive our vision. The Company recognises the importance of engaging employees to help them make their fullest contribution to the business, which is fundamental to achieving the Company's strategy and long-term objectives.

At edyn, employee engagement is very important to us and we actively seek the views and opinions of our staff through employee engagement surveys. Staff participation is encouraged at many levels, such as recognising colleagues for our values awards. Regular business updates are given to the staff by the Directors to ensure that everyone understands the position of the Company and where the challenges and opportunities are. Our performance management standard encompasses all aspects of our employees' development, from performance management and management training to leadership development.

Engagement with others

Refer to Section 172 Statement in the Strategic Report.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Streamlined Energy & Carbon Reporting

Under the Companies Act 2006/SECR Regulations, 'Large' companies are required to report their annual emissions in their Directors' report.

Edyn Limited's Streamlined Energy and Carbon Reporting (SECR) statement covers the year ended 31 December 2021 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location Based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

'Location Based' method

The total energy consumption for 2021 was 12,256,553.99 kWh equating to 2,649.509 tCO_2e
Carbon intensity: Emissions of tCO2e / £m Sales Revenue during 2021 was 66.603 tCO_2e

'Market Based method'

The total energy consumption for 2021 was 12,256,553.99 kWh equating to 1,342.397 tCO_2e
Carbon intensity: Emissions of tCO2e / £m Sales Revenue during 2021 was 33.745 tCO_2e

However, the Company strategy has been to purchase renewable energy backed by Renewable Electricity & Gas Guarantees of Origin (REGO/ RGGOs) certificates. Through this strategy, within the above 2021 total energy consumption, the Company has sourced a total of 2,247,918.75 kWh of REGO/ RGGOs backed (zero emission) electricity & gas equating to 18.44% of total gas & electricity use.

In addition, the Company continued to source energy efficiency solutions, with specific action taken during the year as follows:

- Continued to replace light-bulbs with LED energy saving bulbs in our properties.
- Switched to renewable electricity and 'green' gas for UK properties.

Sources of Greenhouse Gas Emissions		Location Based Method		Market Based Method	
		2021 consumption (kWh)	2021 emissions (tCO_2e)	2021 consumption (kWh)	2021 emissions (tCO_2e)
Scope 1	Natural Gas	3,820,414.71	699.747	3,820,414.71	660.357
Scope 2	Electricity	8,366,996.60	1,776.564	8,366,996.60	612.186
Scope 3	Transmission and Distribution	—	157.216	—	53.872
	Transport	69,142.68	15.982	69,142.68	15.982
Total		**12,256,553.99**	**2,649.509**	**12,256,553.99**	**1,342.397**
Carbon intensity: All Scope's emissions of tCO_2e / £m Sales Revenue:		—	**66.603**	—	**33.745**

Item	Comparison Reporting Year (2020)	Current Reporting Year (2021)
Total energy consumption (kWh)	9,190,307.87 kWh	12,256,553.99 kWh
Associated Carbon Emissions (tCO_2e)	2,077.339 tCO_2e	2,649.509 tCO_2e
Metric - Emissions of tCO_2e per £m Sales Revenue	82.400 tCO_2e	66.603 tCO_2e

** tCO2e is the tonnage of equivalent carbon emissions generated by the various greenhouse gasses (carbon dioxide, methane, nitrous oxide etc.) each of which has a 'Global Warming Potential' factor that is included in the above emission figure.*

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be 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 S418 of the Companies Act 2006.

Independent auditor

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

S McCall
Director

Date: 24 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDYN LIMITED

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Edyn Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw your attention to note 2 to the Company's financial statements which describes how the ability of the Company to continue as a going concern is affected by the continuing challenges following Brexit, the COVID-19 pandemic, and the current conflict in Ukraine on both the Company and the wider group. The Company is dependent on the group not calling on debt and on continuing to provide the Company with cash to meet its liabilities. Given the continuing impact of Brexit, COVID-19, and the Ukraine conflict on the wider group, the Company could be required to secure additional funding, which is not guaranteed. These events indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have identified a material uncertainty 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.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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 course of 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 this regard.

Other Companies Act 2006 reporting
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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities, 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 to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was capable of detecting irregularities, including 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:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and tax legislation.

- making enquiries of management of the policies and procedures relating to:
    - Identifying, evaluating and complying with laws and regulations and whether they are 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; and
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDYN LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

- making enquiries of other personnel with roles relevant to compliance with laws and regulations

- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:

    - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
        - challenging assumptions made by management in their significant accounting estimates in particular in relation to the useful economic lives of fixed assets, recoverability of debtors, and incremental borrowing rates;
        - identifying and testing journal entries, in particular any journal entries for journals inconsistent with the usual transactions of the Company.
    - revenue recognition: application of cut-off at, and measurement of accrued income to, and deferred from, the year-end. We reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period
    - communicating 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.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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:
Andrea Bishop
F789409149AE423...

26 May 2022

Andrea Bishop (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EDYN LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	5	39,809,672	25,209,180
Cost of sales		(35,696,916)	(26,812,023)
Gross profit / (loss)		**4,112,756**	**(1,602,843)**
Other operating income	6	1,085,000	1,508,835
Administrative expenses		(6,527,057)	(10,434,069)
Operating loss	7	**(1,329,302)**	**(10,528,077)**
Interest receivable and similar income	11	94,349	193,027
Interest payable and similar expenses	12	(3,304,338)	(3,003,121)
Loss before taxation		**(4,539,290)**	**(13,338,171)**
Tax on loss	13	-	-
Loss for the financial year		**(4,539,290)**	**(13,338,171)**
Total comprehensive loss for the year		**(4,539,290)**	**(13,338,171)**

Turnover and operating loss are derived from continuing operations.

The notes on pages 18 to 36 form part of these financial statements.

EDYN LIMITED

REGISTERED NUMBER: 07638220

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Goodwill	14	480,000	480,000
Intangible assets	15	-	59,796
Tangible assets	16	4,733,532	2,834,073
Right-of-use assets	17	55,366,735	55,482,332
		60,580,267	**58,856,201**
Current assets			
Inventory		-	1,638
Debtors	18	12,994,176	4,454,895
Cash at bank and in hand	19	2,868,114	8,128,362
		15,862,291	**12,584,895**
Creditors: amounts falling due within one year	20	(14,562,930)	(15,198,801)
Net current assets / (liabilities)		**1,299,361**	**(2,613,906)**
Total assets less current liabilities		**61,879,627**	**56,242,295**
Creditors: amounts falling due after more than one year	21	(57,805,626)	(55,137,004)
Net assets		**4,074,001**	**1,105,291**
Capital and reserves			
Called up share capital	23	22,594,425	15,086,425
Profit and loss account	24	(18,520,424)	(13,981,134)
Total equity		**4,074,001**	**1,105,291**

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

The notes on pages 18 to 36 form part of these financial statements.

S McCall
Director

Date: 24 May 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called-Up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	15,086,425	(13,981,134)	1,105,291
Loss for the year	-	(4,539,290)	(4,539,290)
Shares issued	7,508,000	-	7,508,000
At 31 December 2021	**22,594,425**	**(18,520,424)**	**4,074,001**

The notes on pages 18 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-Up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	100	(642,963)	(642,863)
Loss for the year	-	(13,338,171)	(13,338,171)
Shares issued	15,086,325	-	15,086,325
At 31 December 2020	**15,086,425**	**(13,981,134)**	**1,105,291**

The notes on pages 18 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Edyn Limited (the "Company") is engaged in the provision of serviced residential accommodation.

The Company is a private limited company limited by shares. It is incorporated in the UK under the Companies Act 2006 and is registered in England and Wales. The Company's registered office is 6th Floor, Embassy House, Queens Avenue, Clifton, Bristol.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

2. Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework', with the exception of goodwill. Goodwill is capitalised as an intangible asset and is not amortised as explained in note 3.3.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions and certain disclosure requirements in respect of leases. Further exemptions are detailed in section 3.1.

Where relevant, equivalent disclosures have been given in the group accounts of Brookfield Property Partners LP. The financial statements have been prepared on the historical cost basis except where otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern

The continued challenges following Brexit, COVID-19 and the conflict in Ukraine has applied significant pressure on supply chains and inflating costs and interest rates, and these factors continue to be considered as part of the Company's adoption of the going concern basis.

Since 2020, the COVID-19 pandemic has had an adverse impact on the hospitality industry, with restrictive measures across multiple operating countries on the free movement of people continuing into 2021, and as at the date of approving these financial statements, the impact of COVID-19 on the Company's trading continues to be assessed. In addition, the conflict in Ukraine has contributed to high levels of inflation and increased interest rates in the United Kingdom in early 2022, reducing guests' spending power and increasing supply costs, particularly utilities. Labour shortages also persist leading to wage inflation.

As at 31 December 2021 the Company is in a net current assets position of £1,299,000 (2020: net current liabilities of £2,614,000), which includes £2,412,000 (2020: £3,980,000) of amounts due to group undertakings.

Because of the above conditions, the Company is dependent on the group not calling on debt and on continuing to provide the Company with cash to meet its liabilities. The Company meets its day-to-day working capital requirements through its bank facilities and its balances with other group companies. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and availability of finance, show that the Company is reliant upon funding by other group companies. Therefore, ultimately the Company is reliant upon the Group's ability to continue as a going concern or would otherwise be required to secure additional funding, which is not guaranteed.

2. Basis of preparation of financial statements (continued)

Going concern (continued)

By virtue of its business model the Group has remained more resilient to the external factors outlined above than other businesses in the hospitality industry, particularly in relation to COVID-19, and has seen trading revenues return to pre-pandemic levels of turnover in 2021, largely supported by the new openings in 2020 and 2021 and the global vaccination program enabling the return to free movement of people. However, the Group continues to take appropriate measures to reduce the impact of all external factors including cost reduction, such as measures to fix rates on supply contracts to minimise the impact of rising costs, and outsourcing supplies. In addition, the Group has re-negotiated its loan covenants to ensure the adverse impact of these factors on trading does not create any additional liquidity issues. The Group continues to manage its cash flow requirements by utilising existing available cash across the group, utilising existing financing facilities and exploring the opportunity to raise additional financing. The Group also has a supportive shareholder who is committed to the long-term success of the Group and continues to make working capital available as needed.

As a result of the above measures, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the events arising as a result of the external factors has meant that there is a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

3. Significant accounting policies

3.1 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

Where relevant, equivalent disclosures have been given in the group accounts of Brookfield Property Partners LP.

3. Significant accounting policies (continued)

3.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the contractual consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised over the length of the stay. Revenue relating to post year end dates is deferred until the date of the stay and recognised in the Statement of Financial Position at year end. Where customers are not invoiced until after their stay, revenue is accrued and recognised in the Statement of Comprehensive Income on the date of stay.

The Company has no obligation to refund bookings that are cancelled or shortened outside the required notice period as stipulated in the terms and conditions on the Company website.

3.3 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued. Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

3.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets in the course of construction are not depreciated.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated lease, if shorter, using the straight-line method.

3. Significant accounting policies (continued)

3.4 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Fixtures, fittings and equipment - 3 to 7 Years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

3.5 Intangible fixed assets

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

At each balance sheet date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.6 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract.

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

3. Significant accounting policies (continued)

3.6 Leases (continued)

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as linen, small items of furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the contractual payments due to the lessor over the lease term, discounted by using the rate implicit in the lease unless (as is typically the case) this is not readily determinable. If this rate cannot be readily determined, the Company uses its incremental borrowing rate on commencement of the lease.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- Exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in creditors due after more than one year in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

3. Significant accounting policies (continued)

3.6 Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencements of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the cost of sales line item (see note 17).

3.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

3. Significant accounting policies (continued)

3.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

3.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

3.12 Interest expense

Interest expense costs are recognised in the profit and loss in the period in which they are incurred.

3.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

3. Significant accounting policies (continued)

3.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.
No consideration is received/ paid for group relief surrendered/ received.

4. Critical judgements in applying accounting policies and key sources of estimation uncertainty

Key estimates and critical judgements which have a material impact are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying accounting policies

(i) Goodwill

Goodwill is capitalised as an intangible asset and is not amortised. Instead, it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

(b) Key sources of estimation uncertainty

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

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the property plant and equipment and note 3.4 for the useful economic lives for each class of assets.

4. Critical judgments in applying accounting policies and key sources of estimation uncertainty (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The risk of impairment of debtors is further mitigated through debtor recoverability insurance held with Euler Hermes, which includes debt collection for debts 60 days past due. See note 18 for the net carrying amount of the debtors.

(iii) Incremental borrowing rate

Under IFRS 16 the lease payments should be discounted using the interest rate implicit in the lease; or if this cannot be readily determined, the lessee's incremental borrowing rate (IBR). The lessee's IBR is defined as "the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment".

Management utilised a market-based approach to estimate IBRs for each individual lease. The IBR is an assumption that requires judgement, particularly with respect to either very short-term (e.g. less than 3-years) or long-term leases (e.g. with terms of up to 99 years) as commercial real estate mortgage rates are typically quoted for terms between 5 – 10 years. Therefore, Management utilised different data sets to estimate base IBRs via an analysis of:

(i) yields on outstanding public debt of Brookfield Asset Management, and/or its subsidiaries, as well as comparable asset managers and REITs;
(ii) observable mortgage rates; and
(iii) unlevered property yields and discount rates.

Management then applied adjustments to account for considerations related to term and security that may not be fully incorporated by the aforementioned data sets. Based on individual characteristics of each lease, Management selected an IBR taking into consideration how each data approach and adjustments thereto incorporate term, currency and security.

5. Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
United Kingdom	39,564,701	25,054,587
Rest of Europe	222,920	149,163
Rest of the world	22,051	5,430
	39,809,672	**25,209,180**

6. Other operating income

Other operating income of £1,085,000 (2020: £1,508,835) relates to a £1,000,000 business interruption insurance receipt received due to the negative impacts of the pandemic on trading and £85,000 in relation to insurance received for rooms out of service.

7. Operating loss

The operating loss is stated after charging/(crediting):

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Depreciation of tangible fixed assets	764,060	933,911
Depreciation of right-of-use assets	5,325,918	6,192,819
Exchange differences	27,924	(13,385)
Operating lease rentals	1,327,327	1,329,180
Gain on right-of-use asset lease modification	(65,966)	(333,767)
Loss/ (Gain) on disposal of fixed assets	51,917	(6,254)

Amounts recognised in cost of sales: depreciation of tangible fixed assets £482,246 (2020: £371,153), depreciation of right-of-use assets £5,149,188 (2020: £5,893,520) and operating lease rentals £1,296,890 (2020: £1,307,602).

Amounts recognised in administrative expenses: depreciation of tangible fixed assets £281,813 (2020: £562,758), depreciation of right-of-use assets £176,731 (2020: £299,299) and operating lease rentals £30,437 (2020: £21,578).

8. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Fees for the audit of the Company's annual accounts	25,630	25,630

9. Employees

Staff costs, including Directors' remuneration, were as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Wages and salaries	3,974,039	8,687,105
Social security costs	377,972	776,556
Other pension costs	69,056	133,886
	4,421,067	**9,597,547**

9. Employees (continued)

The UK Government made available a range of financial support to help companies affected by Covid-19, including the Coronavirus Job Retention Scheme (CJRS). During the year to 31 December 2021 the Company has received £20,012 (2020: £691,806) in Government grants from the CJRS (furlough). The scheme has been utilised as it was intended in order to avoid redundancies in areas of the business that have been significantly impacted by the pandemic.

The average monthly number of employees, including the Directors, during the year was as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Housekeeping	-	63
Apartment Management	125	130
Business Development and Reservations	15	70
Central Function	3	44
	143	**307**

On 1 January 2021, Edyn Limited transferred 116 business development and central function staff (including directors) to Edyn Group Services Limited.

10. Directors' remuneration

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Directors' emoluments	-	422,976
Company contributions to money purchase pension schemes	-	1,134

The highest paid Director received remuneration of £nil (2020 – £263,040).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2020 - £nil).

In the year there were no Directors who were members of the defined contribution pension scheme (2020 - one).

11. Interest receivable and similar income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest receivable from group companies	94,349	193,027

12. Interest payable and similar expenses

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Intercompany interest payable	52,991	34,882
Interest on lease liabilities	3,251,347	2,968,239
	3,304,338	**3,003,121**

13. Tax on loss

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Corporation tax		
Current tax on loss for the year	-	-
Total current tax credit	-	-
Deferred tax		
Origination and reversal of temporary difference	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-
Total tax charge / (credit) for the year	-	-

Factors affecting tax charge / (credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Loss before taxation	**(4,539,290)**	**(13,338,171)**
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(862,465)	(2,534,252)
Effects of:		
Fixed asset differences	25,080	68,391
Expenses not deductible for tax purposes	6,090	28,541
Deferred tax not recognised	831,295	2,437,320
Total tax charge / (credit) for the year	-	-

13. Tax on loss (continued)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax assets/liabilities as at 31 December 2021 has been calculated based on this rate.

14. Goodwill

	2021	2020
	£	£
Cost		
At 1 January	480,000	480,000
At 31 December	**480,000**	**480,000**

Cash generating units

Goodwill is allocated to the Company's cash generating unit as follows:

	2021	2020
	£	£
Edyn Limited	480,000	480,000

15. Intangible assets

	Patents and trademarks
	£
Cost or valuation	
At 1 January 2021	68,568
Additions	-
Disposal	**(68,568)**
At 31 December 2021	-
Amortisation	
At 1 January 2021	8,772
Charged in the year	-
Disposals	**(8,772)**
At 31 December 2021	-
Net book value	
At 31 December 2021	-
At 31 December 2020	**59,796**

Patents and trademarks are amortised over their estimated useful lives, which is on average 10 years.

On 1 January 2021 £59,796 net book value of intangible fixed assets relating to the intellectual property for the SACO and Locke trademark, to Edyn Group Services Limited, which is included within the disposals value.

16. Tangible assets

	Fixtures, fittings and equipment	Assets under construction	Total
	£	£	£
Cost			
At 1 January 2021	6,139,688	158,482	6,298,170
Additions	3,666,843	161,906	3,828,749
Disposals	(2,296,995)	(158,482)	(2,455,477)
At 31 December 2021	**7,509,536**	**161,906**	**7,671,442**
Accumulated Depreciation			
At 1 January 2021	3,464,097	-	3,464,097
Charged in the year	764,060	-	764,060
Disposals	(1,290,247)	-	(1,290,247)
At 31 December 2021	**2,937,910**	**-**	**2,937,910**
Net book value			
At 31 December 2021	**4,571,626**	**161,906**	**4,733,532**
At 31 December 2020	2,675,591	158,482	2,834,073

On 1 January 2021, Edyn Limited transferred £872,308 net book value of tangible fixed assets used in group function to Edyn Group Services Limited, and has been included in the disposals value.

17. Right-of-use assets

	Buildings £
Cost or valuation	
At 1 January 2021 (restated)	64,122,429
Additions	5,825,709
Disposals	(708,780)
Modifications	(313,700)
At 31 December 2021	**68,925,658**
Accumulated Depreciation	
At 1 January 2021 (restated)	8,640,097
Charged in the year	5,325,918
Disposals	(407,092)
At 31 December 2021	**13,558,923**
Net book value	
At 31 December 2021	**55,366,735**
At 31 December 2020	**55,482,332**

The Company leases buildings for the provision of serviced apartments and aparthotel accommodation. The average lease term is 10 years (2020: 8 years). 6 percent (2020: 6 percent) of the leases in the portfolio have a termination option and 18 percent (2020: 11 percent) have an extension option. Where it is reasonably certain that these options will be exercised, this has been considered in the calculation of the right-of use-asset.

There are no purchase options, sale and lease back transactions or restrictive covenants imposed by leases.

One lease expired in the year; this was not replaced by a new lease for the identical underlying asset. The £5,825,709 of additions relates to new leases acquired in the year.

One lease was terminated in the year, this resulted in the disposal to right-of-use assets carrying value of £301,688.

Lease modifications of £313,700 relate to rent uplifts on existing leases.

The restatement relates to the correction of a fully written off disposal that should have been removed in the 2020 financial statements.

17. Right-of-use assets (continued)

	2021 £	2020 £
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	5,325,918	6,192,819
Interest expenses on lease liabilities	3,251,347	2,968,239
Expense relating to short term leases	1,335,060	1,064,870
Covid-19 rent concessions qualifying for practical expedient	(39,827)	(93,241)

At 31 December 2021, the Company is committed to £99,679 (2020: £464,342) for short term leases.

The Company has no leases which contain variable lease payment terms (2020: no leases contained variable lease payment terms linked to revenue performance). The breakdown of lease payments for these properties is as follows:

	2021 £	2020 £
Fixed payments	-	-
Variable payments	-	-
Total payments	-	-

18. Debtors

Amounts due within one year

	2021 £	2020 £
Trade debtors	2,666,475	569,378
Other debtors	794,716	1,025,620
Prepayments	951,150	569,011
Taxation & social security	31,487	-
Accrued income	1,291,214	67,567
Amounts owed by group undertakings	7,259,135	2,223,319
	12,994,176	**4,454,895**

Amounts owed by group undertakings bear interest at a rate of 5.785% and are repayable on demand.

19. Cash at bank and in hand

	2021 £	2020 £
Cash at bank and in hand	2,868,114	8,128,362

20. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,810,722	1,132,191
Amounts owed to group companies	2,411,669	3,979,967
Taxation and social security	320,238	253,576
Other creditors	58,580	670,121
Accruals	4,570,144	4,796,846
Deferred income	1,785,140	447,139
Lease Liability	2,606,438	3,918,961
	14,562,930	**15,198,801**

Amounts owed to group undertakings bear interest at a rate of 5.785% and are repayable on demand.

21. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Lease Liabilities	57,805,626	55,137,004
	57,805,626	**53,137,004**

Analysis of lease liabilities

Amount due for settlement:	2021 £	2020 £
Within one year	2,606,438	3,918,961
Between one and five years	11,107,088	13,954,213
After five years	46,698,538	41,182,791
	60,412,064	**59,055,965**

The total cash outflow for leases amounted to £6,610,701 (2020: £8,091,664).

22. Deferred taxation

Deferred tax asset	2021 £	2020 £
At 1 January	-	-
Adjustment in respect of prior years	-	-
At 31 December	-	-

23. Called up share capital

Authorised	2021 £	2020 £
22,594,425 (2020: 15,086,425) Ordinary A shares of £1 each	22,594,425	15,086,425
	22,594,425	**15,086,425**

Allotted, called up and fully paid	2021 £	2020 £
25,594,425 (2020: 15,086,425) Ordinary A shares of £1 each	22,594,425	15,086,425
	22,594,425	**15,086,425**

On the 3 March 2021, the Company issued 2,490,000 ordinary A shares at a par value of £1.
On the 8 April 2021, the Company issued 700,000 ordinary A shares at a par value of £1.
On the 28 May 2021, the Company issued 1,200,000 ordinary A shares at a par value of £1.
On the 27 July 2021, the Company issued 2,818,000 ordinary A shares at a par value of £1.
On the 8 December 2021, the Company issued 300,000 ordinary A shares at a par value of £1.

1 Ordinary A share carries 1 vote, and full rights to dividends and capital distributions (including upon winding up).

24. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £69,056 (2020: £125,050).

As of 31 December 2021, contributions of £15,490 (2020: £30,156) due in respect of the current reporting period had not been paid over to the schemes and are included in other creditors.

26. Related party transactions

There are no related party transactions in the year other than transactions between wholly-owned subsidiaries of the parent company.

27. Post balance sheet events

There were no post balance sheet events.

28. Controlling party

The immediate parent company is Aparthotel Holdings Limited, which is registered in England and Wales. The ultimate parent undertaking and controlling party is Brookfield Asset Management Inc, a company incorporated in Canada.

The smallest group to consolidate these financial statements is Brookfield Property Partners LP, a company incorporated in the United States of America. Its registered address is 73 Front Street, 5th Floor, Hamilton, HM 12 Bermuda. Copies of the financial statements of Brookfield Property Partners LP can be obtained from the company secretary at One Canada Square, Level 25, Canary Wharf, London, E14 5AA.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc. are available to the public on request and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3 (registered office).