

Registered number: 02071488

Annual Report and Financial Statements 2023  
**Allianz Properties Limited**

# Allianz Properties Limited

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# Allianz Properties Limited

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## Company Information

**Directors** F K Dyson (resigned 29 May 2023)  
C J Holmes  
U Lange (appointed 30 May 2023)  
Y Ye (appointed 10 July 2023)

**Company secretary** C M Twemlow

**Registered office** 57 Ladymead  
Guildford  
Surrey  
GU1 1DB

**Registered number** 02071488

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

# Allianz Properties Limited

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## Strategic Report for the Year Ended 31 December 2023

The Directors present their strategic report for the year ended 31 December 2023.

### Principal activities

The principal activity of Allianz Properties Limited ("the Company") is the management of a portfolio of investment properties.

### Business review

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 10. The profit for the year amounted to £1,923k (2022: £15,714k loss). The profit for the year arose mainly from the combination of revenue and fair value losses on investment properties.

### Key performance Indicators ("KPIs")

The financial KPIs monitored by the Company are profit before tax, total equity and the performance of its investment portfolio. The profit before tax for the year was £2,517k (2022: £19,384k loss) and at the year end the Company had £194,321k of total equity (2022: £192,398k).

The total return of the portfolio in 2023 was 1.6% (2022: -8.9%), ahead of the market benchmark, the Morgan Stanley Capital International ("MSCI") Quarterly Universe, which declined by 1.5%. During the year, the capital value of the portfolio decreased by 3.2%, due to a sharp increase in borrowing costs and economic slowdown. This was compared with the benchmark capital return of -5.9%.

### Principal risks and uncertainties

The principal risk facing the Company is that poor performance of its investment property portfolio has a significant impact on the asset valuation and rental income received. The Company manages this risk by investing in high quality properties and regularly reviewing the portfolio.

During the year, the property portfolio increased in value by £7,015k (2022: £22,050k decrease). For more details, please refer to note 5.

### Future outlook

No changes in the principal activity are anticipated in the foreseeable future.

### Going concern

These financial statements have been prepared on a going concern basis. The Board has reviewed the Company's forecasts for the next 12 months and beyond. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements.

### Section 172 (1) Companies Act 2006 Statement

Section 172 (1) of the Companies Act 2006 requires the Directors of a Company to act in a way that promotes the success of the company for the benefit of its members as a whole. The Directors of the Company are committed to promoting a healthy corporate culture and understand that striving to achieve the Company's strategic aims will ultimately increase the value of the Company, its parent, Allianz Insurance plc ("AZI"), the Allianz Holdings plc ("AZH") Group ("the Group") and the wider Allianz SE Group.

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider, both individually and collectively they have acted in a way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

### Strategic Report for the Year Ended 31 December 2023 (continued)

#### Section 172 (1) Companies Act 2006 Statement (continued)

The Company is a wholly owned subsidiary of AZI which is itself a wholly owned subsidiary of AZH, and part of a group of companies which is one of the largest general insurers in the UK measured by gross written premium.

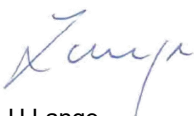
As a result of the governance structure of the Group, strategic decisions and matters which affect the whole Group are considered by the Board of AZH or its committees to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (including employees, community and the environment) are considered at and actions concerning them determined at a Group level by the AZH Board and its committees rather than at a subsidiary board level. A majority of the Company's Directors are also directors of the Group Board and ensure that Group-wide strategy and stakeholder considerations are communicated to the Company's Board.

As a wholly owned subsidiary of the Group and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board must have regard to the overall strategy and direction of the Group, including the impact on broader stakeholders of the Group, when making decisions. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business.

The Company's key stakeholders are its shareholder, property tenants, suppliers, service providers, employees working on its business (who are employed by another entity within the Group) as well as wider stakeholders such as the local communities in which it operates and environmental considerations. The Company's Board meets as required. When strategic and operational matters are considered by the Company's Board, the Directors, in compliance with their s172(1) duties, have regard to the Company's relevant stakeholders and their interests as well as the long term consequences of their decisions on the Company and the wider Group.

During 2023 the Company's Board met to approve the annual report and financial statements for the year ended 31 December 2022.

On behalf of the Board



U Lange  
Director

24 June 2024

### Directors' Report for the Year Ended 31 December 2023

The directors present their audited annual report and financial statements for the year ended 31 December 2023. As permitted by section 414C (11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Results for the year;
- Principal activities of the Company;
- Business review and Future prospects and
- Stakeholders.

#### Directors

The Directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

F K Dyson (resigned 29 May 2023)

C J Holmes

U Lange (appointed 30 May 2023)

Y Ye (appointed 10 July 2023)

#### Directors' liabilities

A qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

#### Dividends

No interim dividend was paid for the year ended 31 December 2023 (2022: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

#### Going concern

These financial statements have been prepared on a going concern basis. The Board has reviewed the Company's forecasts for the next 12 months and beyond. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements.

#### Stakeholder Engagement Statements

Details on how the Board has had regard to the need to foster the Company's business relationships with its stakeholders and the effect of that regard on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 3.

## Allianz Properties Limited

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### Directors' Report for the Year Ended 31 December 2023(continued)

#### Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been re-appointed as auditors at the end of 28 days beginning with the day on which copies of these report and financial statements are sent to Members.

By order of the Board



C M Twemlow  
Company secretary

24 June 2024

### Statement of Directors' responsibilities in respect of the financial statements

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

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 UK-adopted international accounting standards.

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

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

#### Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



U Lange  
Director

24 June 2024



# Independent auditors' report to the members of Allianz Properties Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Allianz Properties Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

### Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the posting of inappropriate journal entries and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing relevant meeting minutes, including those of the directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Lee Wilkinson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 June 2024

## Allianz Properties Limited

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### Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 31 December 2023

|                                                                            | Note | 2023<br>£'000       | 2022<br>£'000          |
|----------------------------------------------------------------------------|------|---------------------|------------------------|
| Revenue                                                                    | 3    | 12,279              | 10,155                 |
| Net fair value losses                                                      | 4    | (7,478)             | (26,209)               |
| Realised losses                                                            | 5    | (101)               | (1,222)                |
| Property expenses                                                          |      | <u>(1,923)</u>      | <u>-</u>               |
| <b>Operating profit/(loss)</b>                                             |      | <b>2,777</b>        | <b>(17,276)</b>        |
| Interest expenses                                                          |      | (260)               | (75)                   |
| Property expenses                                                          |      | -                   | (2,033)                |
| <b>Profit/(loss) before tax</b>                                            |      | <b>2,517</b>        | <b>(19,384)</b>        |
| Income tax (expense)/credit                                                | 6.1  | <u>(594)</u>        | <u>3,670</u>           |
| <b>Profit/(loss) for the year wholly attributable to the equity holder</b> |      | <b><u>1,923</u></b> | <b><u>(15,714)</u></b> |

There has been no other comprehensive income in the year ended 31 December 2023 (2022: £nil)

The accounting policies and notes on pages 14 to 26 are an integral part of these financial statements.

## Allianz Properties Limited

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### Statement of Changes in Equity For the Year Ended 31 December 2023

|                            | Share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|----------------------------|---------------------------|-------------------------------|----------------|
| At 1 January 2022          | 120,510                   | 87,602                        | 208,112        |
| Loss for the year          | -                         | (15,714)                      | (15,714)       |
| <b>At 31 December 2022</b> | <b>120,510</b>            | <b>71,888</b>                 | <b>192,398</b> |

|                            | Share<br>capital<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|----------------------------|---------------------------|-------------------------------|----------------|
| At 1 January 2023          | 120,510                   | 71,888                        | 192,398        |
| Profit for the year        | -                         | 1,923                         | 1,923          |
| <b>At 31 December 2023</b> | <b>120,510</b>            | <b>73,811</b>                 | <b>194,321</b> |

The accounting policies and notes on pages 14 to 26 are an integral part of these financial statements.

## Allianz Properties Limited

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### Statement of Financial Position As at 31 December 2023

|                                     | Note | 2023<br>£'000    | 2022<br>£'000    |
|-------------------------------------|------|------------------|------------------|
| <b>Assets</b>                       |      |                  |                  |
| Investment properties               | 5    | 201,165          | 190,150          |
| Investment properties held for sale | 5    | -                | 4,000            |
| Deferred tax assets                 | 6.4  | 3,172            | 3,148            |
| Trade and other receivables         | 7    | 5,195            | 3,301            |
| Cash and cash equivalents           | 8    | 1,063            | -                |
| <b>Total assets</b>                 |      | <b>210,595</b>   | <b>200,599</b>   |
| <b>Equity and liabilities</b>       |      |                  |                  |
| <b>Equity</b>                       |      |                  |                  |
| Share capital                       | 9    | (120,510)        | (120,510)        |
| Retained earnings                   |      | (73,811)         | (71,888)         |
| <b>Total equity</b>                 |      | <b>(194,321)</b> | <b>(192,398)</b> |
| <b>Liabilities</b>                  |      |                  |                  |
| Deferred tax liabilities            | 6.4  | (2,236)          | (2,561)          |
| Amounts due to related parties      | 10   | (7,928)          | (1,834)          |
| Trade and other payables            | 11   | (4,935)          | (2,280)          |
| Current tax liability               | 6.3  | (1,175)          | (1,526)          |
| <b>Total liabilities</b>            |      | <b>(16,274)</b>  | <b>(8,201)</b>   |
| <b>Total equity and liabilities</b> |      | <b>(210,595)</b> | <b>(200,599)</b> |

These financial statements on pages 10 to 26 were approved by the Board of Directors on 24 June and signed on its behalf by:



U Lange  
Director

24 June 2024

**Allianz Properties Limited**  
**Registered Number: 02071488**

The accounting policies and notes on pages 14 to 26 are an integral part of these financial statements.

## Allianz Properties Limited

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### Statement of Cash Flows For the Year Ended 31 December 2023

|                                                               | Note | 2023<br>£'000   | 2022<br>£'000  |
|---------------------------------------------------------------|------|-----------------|----------------|
| <b>Cash flows from operating activities</b>                   |      |                 |                |
| Profit/(loss) before tax                                      |      | 2,517           | (19,384)       |
| <b>Adjusted for non-cash items</b>                            |      |                 |                |
| Increase in lease incentives                                  | 4, 5 | (792)           | (334)          |
| Realised losses                                               | 5    | 101             | 1,222          |
| Net fair value losses                                         | 4    | 7,478           | 26,543         |
|                                                               |      | <b>9,304</b>    | <b>8,047</b>   |
| <b>Changes in working capital</b>                             |      |                 |                |
| (Increase)/decrease in trade and other receivables            | 7    | (1,894)         | 2,720          |
| Increase/(decrease) in trade and other payables               | 11   | 2,655           | (870)          |
| Increase/(decrease) in amounts due to related undertakings    | 10   | 6,094           | (2,496)        |
| <b>Cash generated from operations</b>                         |      | <b>16,159</b>   | <b>7,401</b>   |
| Tax paid during the year                                      | 6.2  | (1,294)         | (2,020)        |
| <b>Net cash flow from operating activities</b>                |      | <b>14,865</b>   | <b>5,381</b>   |
| <b>Cash flows from investing activities</b>                   |      |                 |                |
| Purchase of investment properties                             | 5    | (17,701)        | (13,890)       |
| Proceeds from disposal of held for sale properties            | 5    | 3,899           | 8,509          |
| <b>Net cash flow from investing activities</b>                |      | <b>(13,802)</b> | <b>(5,381)</b> |
| <b>Net increase in cash and cash equivalents</b>              |      | <b>1,063</b>    | -              |
| <b>Cash and cash equivalents at the beginning of the year</b> | 8    | -               | -              |
| <b>Cash and cash equivalents at end of year</b>               |      | <b>1,063</b>    | -              |

The accounting policies and notes on pages 14 to 26 are an integral part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2023

### 1 ACCOUNTING POLICIES

#### 1.1 Company and its operations

Allianz Properties Limited ("the Company") is a private limited company incorporated in England and Wales and domiciled in the United Kingdom.

#### 1.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

#### 1.3 Basis of preparation

The financial statements have been prepared on the historical cost basis except for Investment properties which are stated at their fair value (further details are disclosed in accounting policy (e)). The functional and presentational currency is British Pounds.

#### Going concern

The financial statements have been prepared on a going concern basis. For more information on the going concern assessment please refer to Going Concern within the Strategic Report on page 2.

#### New standards and interpretations adopted by the Company

There are no new standards and interpretations affecting the Company that are mandatorily effective from 1 January 2023. The accounting policies have been consistently applied unless a new policy has been implemented.

#### New standards and interpretations not yet adopted by the Company

New standards and interpretations which are not mandatorily effective have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead it will apply the standards from the effective date as determined by the date of UK Endorsement Board ("UKEB").

#### New standards and interpretations not yet adopted by the Company

##### Amendments to IAS 1 'Presentation of Financial Statements'

Amendments to the classification of liabilities as either current or non-current, and non-current liabilities with covenants, clarify that the classification of liabilities as either current or non-current is based solely on the Company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The amendments also aim to improve the quality of information the Company provides related to liabilities subject to these conditions. These amendments are not expected to have any impact on the Company.



## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of material accounting policy information

The Company has identified the accounting policies that are most significant to its business operations and the understanding of its results. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgements based on information and financial data that may change in the future periods. Since these involve the use of assumptions and subjective judgements as to future events and are subject to change, the use of different assumptions or data could produce significantly different results. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of significant adjustments in the next year are discussed in note 2.

The material policies adopted in the preparation of the financial statements are set out in the following paragraphs:

#### (a) Revenue recognition

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 at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rental income from property is recognised in the Statement of Profit and Loss and Other Comprehensive Income on a straight line basis over the term of the lease. Interest income is recognised in the Statement of Profit and Loss and Other Comprehensive Income as it accrues.

Interest income is recognised in the Statement of Profit and Loss and Other Comprehensive Income as it accrues, taking into account the effective yield of the assets or an applicable floating rate.

Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on a same straight-line basis within rental income.

#### (b) Realised losses in the Statement of Profit and Loss and Other Comprehensive Income

Realised losses on investment properties are calculated as the difference between the net sales proceeds and the original or amortised cost. Realised losses are recognised in the Statement of Profit and Loss and Other Comprehensive Income when the sale transaction occurs.

#### (c) Net fair value losses in the Statement of Profit and Loss and Other Comprehensive Income

Net fair value losses relating to investment properties are recognised immediately in the Statement of Profit and Loss and Other Comprehensive Income.

#### (d) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income tax expense.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, together with adjustments to tax payable in respect of prior years.

Deferred tax is provided in full using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Statement of Financial Position date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of material accounting policy information (continued)

##### (d) Income taxes (continued)

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment has been made to the relevant tax authorities.

##### (e) Investment properties

Property held for long-term rental yields and for capital appreciation is classified as investment property.

Investment properties are initially measured at cost. Subsequently, at each Statement of Financial Position date such properties are carried at fair value as assessed by qualified external valuers. Fair value is the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Properties are treated as acquired when the Company assumes control of the property. An investment property is derecognised when either its use changes or it has been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Properties are treated as disposed when control of the property is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Company continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion.

##### (f) Trade and other receivables

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Statement of Financial Position date and the carrying amount of the receivables balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

##### (g) Trade and other payables

Trade and other payables are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

##### (h) Leases

Where the Company acts as lessor, it determines whether each lease is a finance or operating lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

##### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with an original maturity of three months or less at the date of placement. An ECL provision is assessed as at the statement of financial position date and the carrying amount of the cash and cash equivalents balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

**Notes to the Financial Statements for the Year Ended 31 December 2023  
(continued)**

**2 USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical judgements, estimations and assumptions that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

**Investment Property**

An all risk yield investment method of valuation has been adopted for estimating the fair value of the investment properties. Judgement and estimation is applied in determining the significant unobservable inputs, these being rental growth, voids, occupancy rates, rent free periods and equivalent yields. Further details concerning the valuation techniques can be found in note 15.

**3 REVENUE**

|                          | <b>2023</b>          | <b>2022</b>          |
|--------------------------|----------------------|----------------------|
|                          | <b>£'000</b>         | <b>£'000</b>         |
| Rental income            | 11,413               | 10,132               |
| Interest income          | 74                   | 23                   |
| Lease incentive movement | 792                  | -                    |
| <b>Total revenue</b>     | <b><u>12,279</u></b> | <b><u>10,155</u></b> |

Rental income relates to operating leases.

**4 NET FAIR VALUE LOSSES**

|                                    | <b>2023</b>           | <b>2022</b>            |
|------------------------------------|-----------------------|------------------------|
|                                    | <b>£'000</b>          | <b>£'000</b>           |
| Investment properties              | (7,478)               | (26,543)               |
| Lease incentive movement           | -                     | 334                    |
| <b>Total net fair value losses</b> | <b><u>(7,478)</u></b> | <b><u>(26,209)</u></b> |

**5 INVESTMENT PROPERTIES**

|                                                 | <b>2023</b>           | <b>2022</b>           |
|-------------------------------------------------|-----------------------|-----------------------|
|                                                 | <b>£'000</b>          | <b>£'000</b>          |
| <b>At 1 January</b>                             | <b>190,150</b>        | <b>207,550</b>        |
| Additions                                       | 17,701                | 13,890                |
| Net fair value losses                           | (7,478)               | (27,624)              |
| Transfer to investment properties held for sale | -                     | (4,000)               |
| Lease incentive movement                        | 792                   | 334                   |
| <b>At 31 December</b>                           | <b><u>201,165</u></b> | <b><u>190,150</u></b> |

## Allianz Properties Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 5 INVESTMENT PROPERTIES (CONTINUED)

##### Held for sale

|                                                 | <b>2023</b>    | <b>2022</b>    |
|-------------------------------------------------|----------------|----------------|
|                                                 | <b>£'000</b>   | <b>£'000</b>   |
| <b>At 1 January</b>                             | <b>4,000</b>   | <b>8,650</b>   |
| Net fair value gains                            | -              | 1,081          |
| Realised losses                                 | (101)          | (1,222)        |
| Transfer to investment properties held for sale | -              | 4,000          |
| Disposals of investment properties              | (3,899)        | (8,509)        |
| <b>At 31 December</b>                           | <b>-</b>       | <b>4,000</b>   |
| <b>Total investment properties</b>              | <b>201,165</b> | <b>194,150</b> |

Included within the investment properties balance are tenant lease incentive balances totalling £2,134k (2022: £1,342k).

At each Statement of Financial Position date the portfolio valuation is assessed by qualified external valuers, for more information refer to note 15.

No properties were classified as investment properties held for sale (2022: one property).

#### 6 INCOME TAX

##### 6.1 Income tax recognised in profit and loss

|                                                                          | <b>2023</b>  | <b>2022</b>    |
|--------------------------------------------------------------------------|--------------|----------------|
|                                                                          | <b>£'000</b> | <b>£'000</b>   |
| Current tax                                                              |              |                |
| In respect of the current year                                           | 1,906        | 1,526          |
| In respect of prior year                                                 | (963)        | (253)          |
| <b>Total current tax</b>                                                 | <b>943</b>   | <b>1,273</b>   |
| Deferred tax                                                             |              |                |
| In respect of the current year                                           | (39)         | (1,778)        |
| In respect of prior year                                                 | (308)        | (2,603)        |
| Adjustment to deferred tax attributable to changes in tax rates and laws | (2)          | (562)          |
| <b>Total deferred tax</b>                                                | <b>(349)</b> | <b>(4,943)</b> |
| <b>Total income tax expense/(credit) recognised in the current year</b>  | <b>594</b>   | <b>(3,670)</b> |

## Allianz Properties Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 6 INCOME TAX (CONTINUED)

##### 6.1 Income tax recognised in profit and loss (continued)

|                                                                               | 2023<br>£'000 | 2022<br>£'000   |
|-------------------------------------------------------------------------------|---------------|-----------------|
| <b>Profit/(loss) before tax</b>                                               | <b>2,517</b>  | <b>(19,384)</b> |
| <b>Income tax expense calculated at 23.5% (2022: 19%)</b>                     | <b>592</b>    | <b>(3,683)</b>  |
| Decrease in current tax from adjustment for prior periods                     | (1,271)       | (2,856)         |
| Increase from effect of expenses not deductible in determining taxable profit | 1,290         | 3,433           |
| Decrease from transfer pricing adjustments                                    | (15)          | (2)             |
| Deferred tax credit relating to changes in tax rates or laws                  | (2)           | (562)           |
| <b>Income tax expense/(credit) recognised in profit or loss</b>               | <b>594</b>    | <b>(3,670)</b>  |

The income tax expense for the year can be reconciled to the accounting profit as follows:

##### 6.2 Tax paid for cash flow purposes

|                                                                | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------------------|---------------|---------------|
| <b>Current tax payable at 1 January</b>                        | <b>1,526</b>  | <b>2,273</b>  |
| Amounts charged/(credited) to the statement of profit and loss | 594           | (3,670)       |
| Movements in deferred tax asset in the income statement        | 349           | 4,943         |
| Tax paid during the year                                       | (1,294)       | (2,020)       |
| <b>Current tax payable at 31 December</b>                      | <b>1,175</b>  | <b>1,526</b>  |

##### 6.3 Current tax liabilities

|                            | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------|---------------|---------------|
| <b>Current tax payable</b> | <b>1,175</b>  | <b>1,526</b>  |

##### 6.4 Deferred tax balances

###### (i) Deferred tax assets

|                                                                     | 2023<br>£'000 | 2022<br>£'000 |
|---------------------------------------------------------------------|---------------|---------------|
| <b>The balance comprises temporary differences attributable to:</b> |               |               |
| Capital allowances                                                  | 3,172         | 3,148         |
| <b>Total deferred tax assets</b>                                    | <b>3,172</b>  | <b>3,148</b>  |

## Allianz Properties Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 6 INCOME TAX (CONTINUED)

##### 6.4 Deferred tax balances (continued)

|                                                     | Capital allowances<br>£'000 | Total<br>£'000 |
|-----------------------------------------------------|-----------------------------|----------------|
| <b>Movements in relation to deferred tax assets</b> |                             |                |
| <b>At 1 January 2022</b>                            | -                           | -              |
| Credited to profit or loss                          | 3,148                       | 3,148          |
| <b>At 31 December 2022</b>                          | <b>3,148</b>                | <b>3,148</b>   |
| <b>At 1 January 2023</b>                            | <b>3,148</b>                | <b>3,148</b>   |
| Credited to profit or loss                          | 24                          | 24             |
| <b>At 31 December 2023</b>                          | <b>3,172</b>                | <b>3,172</b>   |

##### (ii) Deferred tax liabilities

|                                                                     | 2023<br>£'000  | 2022<br>£'000  |
|---------------------------------------------------------------------|----------------|----------------|
| <b>The balance comprises temporary differences attributable to:</b> |                |                |
| Unrealised gains                                                    | (2,236)        | (2,561)        |
| <b>Total deferred tax liabilities</b>                               | <b>(2,236)</b> | <b>(2,561)</b> |

|                                                          | Unrealised gains<br>£'000 | Total<br>£'000 |
|----------------------------------------------------------|---------------------------|----------------|
| <b>Movements in relation to deferred tax liabilities</b> |                           |                |
| <b>At 1 January 2022</b>                                 | (4,356)                   | (4,356)        |
| Credited to profit or loss                               | 1,795                     | 1,795          |
| <b>At 31 December 2022</b>                               | <b>(2,561)</b>            | <b>(2,561)</b> |

|                            |                |                |
|----------------------------|----------------|----------------|
| <b>At 1 January 2023</b>   | (2,561)        | (2,561)        |
| Credited to profit or loss | 325            | 325            |
| <b>At 31 December 2023</b> | <b>(2,236)</b> | <b>(2,236)</b> |

|                                    | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------|---------------|---------------|
| Deferred tax asset                 | 3,172         | 3,148         |
| Deferred tax liability             | 2,236         | 2,561         |
| Current deferred tax asset         | 283           | 277           |
| Non-current deferred tax asset     | 2,889         | 2,871         |
| Non-current deferred tax liability | 2,236         | 2,561         |

## Allianz Properties Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 6 INCOME TAX (CONTINUED)

##### 6.4 Deferred tax balances (continued)

The UK Government announced its intention in the budget of 3 March 2021 to legislate to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023. This legislation was substantively enacted on 24 May 2021.

##### The Organisation for Economic Cooperation and Development (“OECD”) Pillar Two model rules

The group is within the scope for the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which the company is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules (“GloBE”) effective tax rate per jurisdiction and the 15% minimum rate. The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The group is currently engaged with tax specialists to assist it with applying the legislation.

#### 7 TRADE AND OTHER RECEIVABLES

|                                          | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------|---------------|---------------|
| Trade receivables                        | 5,195         | 3,301         |
| <b>Total trade and other receivables</b> | <b>5,195</b>  | <b>3,301</b>  |

Trade and other receivables approximate to fair value. All other receivables are due within 12 months of the Statement of Financial Position date.

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

#### 8 CASH AND CASH EQUIVALENTS

|                                        | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------|---------------|---------------|
| Cash and cash equivalents              | 1,063         | -             |
| <b>Total cash and cash equivalents</b> | <b>1,063</b>  | <b>-</b>      |

#### 9 EQUITY

##### Share capital - allotted, called up and fully paid

|                            | 2023        |             | 2022        |             |
|----------------------------|-------------|-------------|-------------|-------------|
|                            | No.         | £           | No.         | £           |
| Ordinary shares of £1 each | 120,510,002 | 120,510,002 | 120,510,002 | 120,510,002 |

## Allianz Properties Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 10 RELATED PARTY TRANSACTIONS

##### Transactions with and balances from or to related parties

|                                                | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------|---------------|---------------|
| <b>Due to related parties at 31 December</b>   |               |               |
| Other related parties                          | 1,298         | 1,334         |
| <b>Total due to related parties</b>            | <b>1,298</b>  | <b>1,334</b>  |
| <b>Loans from related party at 31 December</b> |               |               |
| Loan facility advance from related party       | 6,630         | 500           |
| <b>Total loans from related party</b>          | <b>6,630</b>  | <b>500</b>    |
| <b>Total amounts due to related parties</b>    | <b>7,928</b>  | <b>1,834</b>  |
| <b>Analysed as:</b>                            |               |               |
| Current                                        | 1,298         | 1,334         |
| Non-current                                    | 6,630         | 500           |

On 1 October 2021 AZI granted the Company an unsecured sterling term loan facility of a total principal amount not exceeding £47,000k, comprising the amount utilised at that date of £7,000k and available facility amount of £40,000k.

Amounts repayable to related party, AZI, are to be repaid up to and including 31 December 2026 and carry interest at the Bank of England base rate +0.50%. The interest is payable quarterly and charged on the outstanding loan balance.

The Company considers its key management personnel to be the Directors only. Further information is disclosed in note 14.

#### 11 TRADE AND OTHER PAYABLES

|                                       | 2023<br>£'000 | 2022<br>£'000 |
|---------------------------------------|---------------|---------------|
| Trade payables                        | 180           | 30            |
| Taxation and social security          | 407           | 349           |
| Other payables                        | 4,348         | 1,901         |
| <b>Total trade and other payables</b> | <b>4,935</b>  | <b>2,280</b>  |

Trade and other payables approximate to fair value. All of the trade and other payables are payable within 12 months of the Statement of Financial Position date.

#### 12 EMPLOYEE RELATED COSTS

The Company has no employees (2022:nil) and as such incurs no employee related costs.



## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 13 AUDITORS' REMUNERATION

The total remuneration payable by the company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. The Company's audit fees are borne by Allianz Management Services Limited ("AMS"). Other services supplied pursuant to legislation were £nil (2022: £nil).

|                                                           | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------------------------------|---------------|---------------|
| Fees payable to the Company's auditors and its associates | <u>47</u>     | <u>46</u>     |

### 14 DIRECTORS' EMOLUMENTS

The remuneration of C Holmes, F K Dyson and Y Ye was paid by AMS and U Lange's remuneration was paid by Allianz SE with costs being borne by AMS. AMS is a Group Services company and makes no recharge to the Company for such costs. The aforementioned individuals provided services to the Company and other companies within the Allianz Holdings plc group of companies ("the Group") and it is not possible to make an appropriate apportionment of an individual's remuneration in respect of their role as a Director of the Company. Accordingly, no remuneration is being disclosed for such individuals.

### 15 RISK MANAGEMENT POLICIES

#### Capital management

The Company's capital risk is determined with reference to the requirements of the Group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2023 the Company had £194,321k (2022: £192,398k) of total capital employed.

The Company manages a portfolio of investment properties based in the United Kingdom. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

#### Financial risk

The key financial risk is that proceeds from the realisation of assets are insufficient to meet obligations as they fall due. The most important aspects of financial risk comprise market risk, credit risk and liquidity risk.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is exposed to market risk through its investment property insofar as investment property valuations will affect the value of the Company's assets and income. The Company manages this risk by investing in high quality properties and regularly reviewing the portfolio.

#### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its trade and other receivables. The Company manages credit risk for trade and other receivables by limiting the amount of exposure with each counterparty. All trade and other receivables are due within one year of the Statement of Financial Position date.

Notes to the Financial Statements for the Year Ended 31 December 2023  
(continued)

15 RISK MANAGEMENT POLICIES (CONTINUED)

**Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its investment properties, trade and other payables, amounts due to related parties and current tax liabilities. All trade and other payables, apart from the related party loan, are payable within one year of the Statement of Financial Position date. The total amount of the loan from related party is to be repaid up to and including 31 December 2026. The Company has sufficient liquid current assets to be able to settle the current liabilities at the statement of financial position date.

**Fair value hierarchy**

A three-level fair value hierarchy for financial assets is used by the Company depending on the inputs used to determine fair value. The fair value hierarchy has the following levels:

Level 1: quoted prices in active markets for identical assets.

Level 2: valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: if one or more of the significant inputs is not based on observable market data.

The investment properties and investment properties held for sale are all classified as level 3 (2022: level 3).

**Reconciliation of opening and closing balances for level 3 fair value measurement:**

|                                     | Fair value<br>as at 1<br>January<br>£'000 | Additions<br>£'000 | Disposals<br>£'000 | Losses /<br>lease<br>incentives<br>£'000 | Transfer<br>from<br>Investment<br>Properties<br>£'000 | Fair value<br>as at 31<br>December<br>£'000 |
|-------------------------------------|-------------------------------------------|--------------------|--------------------|------------------------------------------|-------------------------------------------------------|---------------------------------------------|
| <b>2023</b>                         |                                           |                    |                    |                                          |                                                       |                                             |
| Investment properties               | 190,150                                   | 17,701             | -                  | (6,686)                                  | -                                                     | 201,165                                     |
| Investment properties held for sale | 4,000                                     | -                  | (3,899)            | (101)                                    | -                                                     | -                                           |
| <b>Total</b>                        | <b>194,150</b>                            | <b>17,701</b>      | <b>(3,899)</b>     | <b>(6,787)</b>                           | <b>-</b>                                              | <b>201,165</b>                              |
|                                     | Fair value<br>as at 1<br>January<br>£'000 | Additions<br>£'000 | Disposals<br>£'000 | Losses /<br>lease<br>incentives<br>£'000 | Transfer<br>from<br>Investment<br>Properties<br>£'000 | Fair value<br>as at 31<br>December<br>£'000 |
| <b>2022</b>                         |                                           |                    |                    |                                          |                                                       |                                             |
| Investment properties               | 207,550                                   | 13,890             | -                  | (27,290)                                 | (4,000)                                               | 190,150                                     |
| Investment properties held for sale | 8,650                                     | -                  | (8,509)            | (141)                                    | 4,000                                                 | 4,000                                       |
| <b>Total</b>                        | <b>216,200</b>                            | <b>13,890</b>      | <b>(8,509)</b>     | <b>(27,431)</b>                          | <b>-</b>                                              | <b>194,150</b>                              |

**Sensitivity to changes in unobservable inputs**

An all risk yield investment method of valuation has been adopted for estimating the fair value of the investment properties, whereby the rental income stream is capitalised at an appropriate capitalisation rate based on current comparable rental and investment transactions. In considering the evidence, the net initial and, where known, equivalent and reversionary yields, have been used to inform the valuation, capitalising the net income to achieve an appropriate net initial yield, reversionary yield on the Market Rent ("MR"), and equivalent yield on the full income stream. A 5% sensitivity has been disclosed but is just indicative, the actual valuations could fluctuate by a wider margin.

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 15 RISK MANAGEMENT POLICIES (CONTINUED)

Significant unobservable inputs:

|                           |                                                            |
|---------------------------|------------------------------------------------------------|
| Rental growth             | Factored into the yield applied (location/sector specific) |
| Voids                     | 0-18 months                                                |
| Occupancy rate            | Approximately 81.06%                                       |
| Rent free                 | 0-12 months upon re-letting                                |
| Equivalent yields applied | 5.23% - 7.71%                                              |

Sensitivity analysis changes in key unobservable inputs:

|                  | Net equivalent yield<br>("NEY") | Estimated realisable<br>value ("ERV")<br>£'000 | Portfolio valuation<br>£'000 |
|------------------|---------------------------------|------------------------------------------------|------------------------------|
| Base portfolio   | 6.12%                           | 13,271                                         | 200,914                      |
| +5% ERV          | 6.13%                           | 13,935                                         | 208,834                      |
| -5% ERV          | 6.11%                           | 12,608                                         | 193,032                      |
| +5% NEY          | 6.64%                           | 13,271                                         | 185,351                      |
| -5% NEY          | 5.61%                           | 13,271                                         | 219,382                      |
| -5% NEY, -5% ERV | 5.60%                           | 12,608                                         | 210,664                      |
| +5% NEY, +5% ERV | 6.65%                           | 13,935                                         | 192,567                      |
| -5% NEY, +5% ERV | 5.62%                           | 13,935                                         | 228,137                      |
| +5% NEY, -5% ERV | 6.62%                           | 12,608                                         | 178,171                      |

The Company is unaware of any restrictions on the realisability of any of the investment properties or the remittance of income or proceeds of disposal.

#### 16 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is AZI, a company registered in England and Wales.

The ultimate parent undertaking and controlling party, Allianz SE, is incorporated in Germany and is the parent of the largest and smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member. Copies of the Allianz SE Group financial statements are available on request from the ultimate parent's registered address, Allianz SE, Königinstrasse 28, 80802 München, Germany.

#### 17 DIVIDENDS

No interim dividend was paid for the year ended 31 December 2023 (2022: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

**Notes to the Financial Statements for the Year Ended 31 December 2023  
(continued)**

**18 OPERATING LEASE COMMITMENTS**

**Leases as lessor**

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

|                                            | <b>2023</b>   | <b>2022</b>   |
|--------------------------------------------|---------------|---------------|
|                                            | <b>£'000</b>  | <b>£'000</b>  |
| No later than one year                     | 10,992        | 9,891         |
| After one year but no more than five years | 29,736        | 28,543        |
| After five years                           | 8,980         | 6,068         |
| <b>Total</b>                               | <b>49,708</b> | <b>44,502</b> |

**19 SUBSEQUENT EVENTS**

There have been no subsequent events after the Statement of Financial Position date.