

Registered number: 6182061

SIR FITZWILLIAM LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

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COMPANIES HOUSE

SIR FITZWILLIAM LIMITED

COMPANY INFORMATION

Directors	N M Leslau (resigned 6 July 2022) P M Brown (resigned 6 July 2022) T J Evans (resigned 6 July 2022) S L Gumm (resigned 6 July 2022) F J Brooks (appointed 6 July 2022) S Lee (appointed 6 July 2022) J K L White (appointed 6 July 2022)
Company secretary	LDC Nominee Secretary Limited Apex Listed Companies Services (UK) Limited (resigned 6 March 2023) Sandra Louise Gumm (resigned 6 July 2022)
Registered number	6182061
Registered office	8th Floor 100 Bishopsgate London EC2N 4AG

SIR FITZWILLIAM LIMITED

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SIR FITZWILLIAM LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the 15 month period ended 31 March 2023. Comparative figures reflect the year ended 31 December 2021.

Results and dividends

The profit for the year amounted to £6.6 million (2021 - £2.6 million). Interim dividends of £0.6 million (2021 - £1.2 million) were paid during the year. The directors do not recommend the payment of a final dividend (2021 - £nil).

Business review

The Company is a subsidiary undertaking in the LXI REIT PLC ("LXI") group, holding one of LXI's healthcare investment properties in England. A loan from a third party drawn by the Company's immediate parent undertaking is secured by charges on the investment property and other assets.

The property is let to a substantial UK operating subsidiary of Ramsay Health Care Limited ("Ramsay"), the guarantor of the lease. Ramsay is one of the top five private hospital operators in the world and is a constituent of the ASX 50 index of Australia's largest companies, with a market capitalisation at 27 July 2023 of £ 6.7 billion. The lease has an unexpired term of 14.1 years without break and passing rent was £2.8 million at 31 March 2023. The property was independently valued at £61.3 million at that date.

Passing rent increases on 3 May each year throughout the lease term by a minimum of a fixed 2.75% per annum uplift on the original base rent. There were additional reviews in 2018 and five yearly from 2022 to the higher of the fixed uplift or open market value. Following further analysis by CBRE (acting as rent review consultant to the Company) on the Arbitration decision of the Duchy Hospital's 2018 open market rent review (held on identical lease terms to the hospitals in this portfolio), the Company has decided not to pursue the case for open market rental uplifts on any of the Ramsay leases within this portfolio for both the 2018 reviews and the 2022 open market reviews, where given the diminished trade during the pandemic it was highly unlikely any uplifts above the fixed rent increases in the leases would be achievable. All reviews are now up to date and rent is receivable in line with the May 2023 fixed uplifts.

Directors

The directors who served during the period and to the date of this report were:

N M Leslau (resigned 6 July 2022)
P M Brown (resigned 6 July 2022)
T J Evans (resigned 6 July 2022)
S L Gumm (resigned 6 July 2022)
F J Brooks (appointed 6 July 2022)
S Lee (appointed 6 July 2022)
J K L White (appointed 6 July 2022)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 31 July 2023 and signed on its behalf.

DocuSigned by:

F J Brooks
Director

SIR FITZWILLIAM LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2023**

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- 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 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 to 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.

SIR FITZWILLIAM LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	Period ended 31 March 2023 £000	Year ended 31 December 2021 £000
Turnover	4	3,564	2,774
Property outgoings		9	(2)
Gross profit		3,573	2,772
Administrative expenses	5	(204)	(363)
Revaluation movements	8	4,824	1,415
Operating profit		8,193	3,824
Interest payable and similar expenses	6	(1,575)	(1,271)
Profit before tax		6,618	2,553
Tax on profit	7	-	-
Profit for the financial period		6,618	2,553

The notes on pages 6 to 14 form part of these financial statements.

SIR FITZWILLIAM LIMITED
REGISTERED NUMBER: 6182061

BALANCE SHEET
AS AT 31 MARCH 2023

		31 March 2023 £000	31 December 2021 £000
	Note		
Fixed assets			
Investment property	8	61,275	56,325
		<u>61,275</u>	<u>56,325</u>
Current assets			
Creditors: amounts falling due within one year	9	(30,649)	(31,738)
Net current liabilities		<u>(30,649)</u>	<u>(31,738)</u>
Total assets less current liabilities		<u>30,626</u>	<u>24,587</u>
Net assets		<u><u>30,626</u></u>	<u><u>24,587</u></u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	30,626	24,587
		<u><u>30,626</u></u>	<u><u>24,587</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 July 2023.

DocuSigned by:

F J Brooks
 Director

The notes on pages 6 to 14 form part of these financial statements.

SIR FITZWILLIAM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	-	24,587	24,587
Comprehensive income for the period			
Profit for the year	-	6,618	6,618
Contributions by and distributions to owners			
Dividends paid	-	(579)	(579)
At 31 March 2023	-	30,626	30,626

The notes on pages 6 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	-	23,224	23,224
Comprehensive income for the year			
Profit for the year	-	2,553	2,553
Contributions by and distributions to owners			
Dividends paid	-	(1,190)	(1,190)
At 31 December 2021	-	24,587	24,587

The notes on pages 6 to 14 form part of these financial statements.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

1. General information

The Company is a private company limited by shares, incorporated in England, and the registered office is Cavendish House, 8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG. The nature of the Company's principal activities is set out in the directors' report.

Balances are presented in Pounds Sterling, which is the functional currency of the Company, rounded to the nearest thousand.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet their liabilities when they fall due for the foreseeable future, being a period of at least 12 months from the date on which these financial statements are approved.

The Company has net current liabilities, which reflects the fact that its assets are classified as fixed assets and amounts owed to its immediate parent undertaking are repayable on demand. The Company has received confirmation from its immediate parent undertaking that it will not call for repayment of amounts due to it for the foreseeable future unless the Company is able to make such a repayment and meet its obligations as they fall due.

2.3 Turnover

Turnover represents rents receivable during the period from the letting of the investment property at invoiced amounts excluding any value added tax. As permitted by FRS 102, the Company accounts for the fixed rental income uplifts in the lease on its investment property as they arise in recognition of the fact that they were intended as a proxy for inflation. Contingent income relating to contractual rights that are subject to external factors, such as that arising from site earnings or open market rent reviews, is only recognised in profit or loss in the period in which it is determinable and reasonably certain. Such income is recognised on a straight line basis over the remaining term of the lease.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.4 Operating leases**

Judgement is exercised in considering the potential transfer of the risks and rewards of ownership for all properties leased to tenants and determine whether such leases are operating leases. A lease is classified as a finance lease if substantially all of the risks and rewards of ownership transfer to the lessee. If the Company substantially retains those risks, a lease is classified as an operating lease. The lease reflected in these financial statements is classified as an operating lease.

2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.6 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.

2.7 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.

2.8 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Accounting policies which have a significant bearing on the reported financial condition and results of the Company may require subjective or complex judgements.

The principal area of estimation uncertainty is the investment property valuation where the opinion of independent external valuers is obtained at each reporting date using recognised valuation techniques.

4. Turnover

All turnover arose from the letting of investment property within the United Kingdom.

	31 March 2023 £000	<i>31 December 2021 £000</i>
Rental income	3,450	2,682
Back rent adjustment	114	92
	<u>3,564</u>	<u>2,774</u>

The back rent adjustment relates to a May 2017 site earnings rent review. The rent received as a result of that review is required under FRS 102 to be recognised in turnover on a straight line basis over the remaining term of the lease.

5. Administrative expenses

	31 March 2023 £000	<i>31 December 2021 £000</i>
Advisory fees (note 14)	200	354
Other expenses	4	9
	<u>204</u>	<u>363</u>

Amounts shown above include irrecoverable VAT. The Company had no employees and no director received any remuneration during the current or prior year.

SIR FITZWILLIAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

6. Interest payable and similar expenses

	Period ended 31 March 2023 £000	Year ended 31 December 2021 £000
Interest on amounts owed to parent undertaking (note 10)	<u>1,575</u>	<u>1,271</u>

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

7. Tax

Period ended 31 March 2023 £000	Year ended 31 December 2021 £000
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Current tax on profit for the year

<u>-</u>	<u>-</u>
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Factors affecting tax charge for the period/year

The tax assessed for the period/year is the standard rate of corporation tax in the UK of 19% (2021 - 19%):

Period ended 31 March 2023 £000	Year ended 31 December 2021 £000
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Profit on ordinary activities before tax

<u>6,618</u>	<u>2,553</u>
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Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)

1,257	485
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Effects of:

Unrealised property revaluations not taxable

(917)	(269)
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Property rental business not taxable under UK REIT regime

(340)	(243)
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Transfer pricing adjustments

-	27
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Tax charge for the year

<u>-</u>	<u>-</u>
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Factors that may affect future tax charges

UK REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of CTA 2010.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

8. Investment property

	Freehold £000
Valuation	
At 1 January 2022	56,325
Additions at cost	12
Surplus on revaluation	4,938
At 31 March 2023	<u>61,275</u>

In accordance with FRS 102, the investment properties have been independently valued at fair value by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are the ultimate responsibility of the Directors.

The additions in the period reflect capitalised costs in association with the purchase of the wider Secure Income REIT Plc group by LXi REIT Plc in July 2022.

The 2021 valuations were carried out by CBRE Limited, on an open market value for existing use basis.

	Period ended 31 March 2023 £000	Year ended 31 December 2021 £000
Revaluation of investment property	4,938	1,507
Back rent adjustment	(114)	(92)
	<u>4,824</u>	<u>1,415</u>

The back rent adjustment relates to a May 2017 site earnings rent review. The rent, net of costs, received as a result of that review is required under FRS 102 to be recognised in turnover and property outgoings on a straight line basis over the remaining term of the lease, and the balance that has not yet been recognised at the balance sheet date is included within the carrying value of the investment property. The net amount that is recognised in turnover and property outgoings each year is charged to the profit and loss account through revaluation movements.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

9. Creditors: Amounts falling due within one year

	31 March 2023 £000	<i>31 December 2021 £000</i>
Amounts owed to parent undertaking	29,997	31,082
Accruals and deferred income	652	656
	<u>30,649</u>	<u><i>31,738</i></u>

Amounts owed to the parent undertaking are unsecured, bear interest at a rate of 6.5% per annum and are repayable on demand.

10. Share capital

	31 March 2023 £	<i>31 December 2021 £</i>
Allotted, called up and fully paid		
1 (2021 - 1) ordinary share of £1.00	<u>1</u>	<u><i>1</i></u>

Share capital represents the aggregate nominal value of shares issued.

11. Reserves

Profit & loss account

As at 31 March 2023, £1.5 million (2021 - £0.3 million) of the Company's retained earnings represented distributable reserves.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

12. Operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 March	<i>31</i> <i>December</i>
	2023	<i>2021</i>
	£000	<i>£000</i>
Future minimum lease payments		
Within one year	2,859	<i>2,756</i>
Between one and five years	12,217	<i>11,802</i>
More than five years	33,209	<i>37,138</i>
	<u>48,285</u>	<u><i>51,696</i></u>

All of the Company's leases:

- are on full repairing and insuring terms, meaning the tenants are responsible for repair, maintenance and outgoings;
- provide for fixed rents (rather than turnover rents), which review on an upward only basis (either annually or five yearly). The vast majority have rent reviews directly linked to inflation or on a fixed basis; and
- have long contractual terms.

13. Contingent liabilities

The Company, along with fellow subsidiary undertakings of its immediate parent undertaking, SIR Healthcare 2 Limited, has guaranteed a loan made by a third party to SIR Healthcare 2 Limited. At 31 March 2023, this loan amounted to £292.5 million (*2021 - £296.4 million*) and was secured on investment properties and cash with a fair value of £674.1 million (*2021 - £647.8 million*) at that date.

SIR FITZWILLIAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

14. Related party transactions

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings not to disclose any transactions with entities that are included in the consolidated financial statements of its ultimate parent undertaking, LXI REIT PLC ("LXI").

The previous investment advisor of the Company and Group prior to LXI's acquisition was Prestbury Investment Partners Limited ("PIP"). The Group administrative expenses (excluding irrecoverable VAT) include £0.2 million (2021 - £0.3 million) of advisory fees payable to PIP, none of which was unpaid at the period end.

15. Controlling party

The Company's immediate parent undertaking is SIR Healthcare 2 Limited and the ultimate parent undertaking is LXI REIT PLC (previously Secure Income REIT PLC). The consolidated financial statements of SIR Healthcare 2 Limited and LXI are available to the public and may be obtained by writing to the Company Secretary, 8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG.