

Registered number: 6273038

SIR HP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

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SIR HP 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) S Lee (appointed 6 July 2022, resigned 5 March 2024) J L White (appointed 6 July 2022, resigned 5 March 2024) F J Brooks (appointed 6 July 2022, resigned 3 September 2023) N A MacEachin (appointed 3 September 2023, resigned 5 March 2024) A Jones (appointed 5 March 2024) M McGann (appointed 5 March 2024) V Beresford (appointed 5 March 2024) M Stirling (appointed 5 March 2024)
Company secretary	SL Gumm (resigned 6 July 2022) Apex Listed Companies Service (UK) Limited (appointed 6 July 2022, resigned 6 March 2023) LDC Nominee Secretary Limited (appointed 6 March 2023, resigned 5 March 2024) J Duzniak (appointed 5 March 2024)
Registered number	6273038
Registered office	1 Curzon Street London W1J 5HB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU
Independent valuer	Knight Frank LLP 55 Baker Street London W1U 8AN
Solicitors	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

SIR HP LIMITED

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SIR HP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2023

The directors present their report and the financial statements for the period ended 31 March 2023.

Business review

The Company is a subsidiary undertaking in the LXi REIT plc ("LXi") group, holding LXi's leisure investment properties in Germany. The Company's two properties are leased to two tenants on long term leases with an unexpired term of 54.3 years from 31 March 2023 and total passing rent of €8.4 million at that date, guaranteed by Merlin Entertainments Limited. Passing rent increases every July throughout the lease term by a fixed uplift of 3.34%. Loans drawn down by the Company and various other companies in the group headed by SIR Theme Park Subholdco Limited, an intermediate parent undertaking, are secured by charges on the investment properties and other assets.

Results for the period

Net assets have risen in the year by €12.2 million (year ended 31 December 2021: €22.7 million), which represents an unrealised loss of €9.6 million (31 December 2021: unrealised gain of €25.6 million) in the independent valuation of the investment property to €161.7 million, a €1.3 million (31 December 2021: €5.9 million) deferred tax charge on the valuation movement and a €3.0 million (31 December 2021: €3.0 million) realised profit in the Company's property rental business.

In April 2022 various companies in the group headed by SIR Theme Parks Subholdco Limited, an intermediate parent undertaking, refinanced £371.6 million of secured loan facilities, with the repayment of the existing senior and mezzanine debt in full and the drawdown of £282.7 million of new senior debt to replace the existing senior facility. The debt was hedged by the purchase of interest rate caps for £6.9 million to cap interest at a maximum all in rate of 4.95%. The loans are secured by charges on the investment property and other assets.

Following the year end, in April 2023, LXi completed a £700 million refinancing and group restructure. This resulted in the repayment of the €60.2 million Euro ("Merlin B") facility. The assets of the Company were charged as part of a £565.0 million facility held with a syndicate of lenders headed by Lloyds Bank Corporate Markets Plc, of which £539.4 million was drawn. The cost of debt on that facility is hedged using a number of interest rate caps and the weighted average all in cost was 4.62% at 30 June 2023.

On 20 March 2024, LondonMetric Property Plc repaid the £565.0 million facility of which £539.4 million was drawn which was part of the April 2023 group refinance.

The revaluation movements reflected both the uplift in rent during the year and an increase in the independent valuer's assessment of the net initial yield of the properties from 4.75% to 4.85%.

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)
S Lee (appointed 6 July 2022, resigned 5 March 2024)
J L White (appointed 6 July 2022, resigned 5 March 2024)
F J Brooks (appointed 6 July 2022, resigned 3 September 2023)
N A MacEachin (appointed 3 September 2023, resigned 5 March 2024)
A Jones (appointed 5 March 2024)
M McGann (appointed 5 March 2024)
V Beresford (appointed 5 March 2024)
M Stirling (appointed 5 March 2024)

SIR HP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

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 12 April 2024 and signed on its behalf.



M McGann
Director

SIR HP 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 HP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR HP LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SIR HP Limited (the "Company") for the period ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

SIR HP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR HP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the directors' report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the directors' report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

SIR HP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR HP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Directors and those charged with governance; and
- Obtaining and understanding the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules and the UK Real Estate Investment Trust ("REIT") regime.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK VAT regulations.

Our procedures in respect of the above included:

- Review of Board meeting minutes for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR HP LIMITED (CONTINUED)

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with the Directors and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of Board meeting minutes for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the assessment of lease term lengths that any incentives are recognised over, revenue recognition (completeness and accuracy of lease incentives), investment property valuations and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the period, which met a defined risk criteria, by agreeing to supporting documentation;
- We agreed all bank and loan balances to direct bank confirmations and agreements;
- We also addressed the risk of management override of internal controls by evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property;
- To address the fraud risk in relation to the assessment of lease term lengths that any incentives are recognised over, we assessed the Directors' judgements of lease terms for any evidence of bias.
- To address the fraud risk in relation to the completeness of lease incentives, we obtained all new or amended lease agreements and ensured that any lease incentives were correctly recorded. For all new, amended and existing leases, we set expectations for the rental income to be received under the lease agreement, investigating any variances. For a sample of new, amended and existing leases, we verified the cash receipts and payee details as per the lease agreement to bank statements, investigating any variances.
- To address the fraud risk in relation to the accuracy of lease incentives, we recalculated and traced to source documentation the details of all lease incentives.

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

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

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

SIR HP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR HP LIMITED (CONTINUED)

Use of our report

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

DocuSigned by:

Chris Young

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Christopher Young (Senior Statutory Auditor)

for and on behalf of

BDO LLP, Statutory Auditor

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

55 Baker Street

London

W1U 7EU

Date: 12 April 2024

SIR HP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Turnover	4	10,517	7,999
Cost of sales		(9)	(14)
Gross profit		10,508	7,985
Administrative expenses	5	(775)	(965)
Revaluation movements - investment property	9	1,150	25,647
Operating profit	6	10,883	32,667
Interest payable and similar expenses	7	(4,820)	(3,620)
Fair value change of financial instruments		2,282	-
Profit before tax		8,345	29,047
Tax on profit	8	(2,514)	(6,349)
Profit for the financial period		5,831	22,698

The notes on pages 12 to 23 form part of these financial statements.

SIR HP LIMITED
REGISTERED NUMBER: 6273038

BALANCE SHEET
AS AT 31 MARCH 2023

		31 March 2023 €000	31 December 2021 €000
Fixed assets	Note		
Investment property	9	161,675	160,375
		<u>161,675</u>	<u>160,375</u>
Current assets			
Debtors	10	8,315	1
Cash at bank and in hand	11	2,516	2,427
		<u>10,831</u>	<u>2,428</u>
Creditors: amounts falling due within one year	12	(3,726)	(66,864)
Net current assets/(liabilities)		<u>7,105</u>	<u>(64,436)</u>
Total assets less current liabilities		<u>168,780</u>	<u>95,939</u>
Creditors: amounts falling due after more than one year	13	(59,366)	-
Provisions for liabilities			
Deferred tax	16	(10,821)	(9,547)
		<u>(10,821)</u>	<u>(9,547)</u>
Net assets		<u><u>98,593</u></u>	<u><u>86,392</u></u>
Capital and reserves			
Called up share capital	17	-	-
Share premium account		-	10,834
Profit and loss account		98,593	75,558
		<u>98,593</u>	<u>86,392</u>

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 12 April 2024.



M McGann
Director

The notes on pages 12 to 23 form part of these financial statements.

SIR HP LIMITED

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

	Called up share capital €000	Share premium account €000	Profit and loss account €000	Total equity €000
At 1 January 2022	-	10,834	75,558	86,392
Comprehensive income for the period				
Profit for the period	-	-	5,831	5,831
Contributions by and distributions to owners				
Debt repaid	-	-	93	93
Shares issued during the period	-	6,277	-	6,277
Cancellation of share premium	-	(17,111)	17,111	-
At 31 March 2023	-	-	98,593	98,593

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

	Called up share capital €000	Share premium account €000	Profit and loss account €000	Total equity €000
At 1 January 2021	-	10,834	52,860	63,694
Comprehensive income for the year				
Profit for the year	-	-	22,698	22,698
At 31 December 2021	-	10,834	75,558	86,392

The notes on pages 12 to 23 form part of these financial statements.

SIR HP 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 operating in Germany, and the registered office is 1 Curzon Street, London, W1J 5HB. The nature of the Company's principal activities is set out in the directors' report.

Balances in the financial statements are presented in Euros, 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 judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of section 7 Statement of Cash Flows.

This information is included in the consolidated financial statements of LXi REIT Plc as at 31 March 2023 and these financial statements may be obtained from 1 Curzon Street, London, W1J 5HB.

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its 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.

With the tenant able to continue operating the property and generating revenue from it, having assessed the financial position of the tenant and lease guarantor (which has the benefit of significant resources and global operations), and given the net asset and net current asset position of the Company. The directors have a reasonable expectation that it has access to adequate resources to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due.

Following the year end, in April 2023 the wider LXi group completed a £700 million refinancing and group restructure. This resulted in the repayment of the €60.2 million Euro facility. The assets of the Company were charged as part of a £565.0 million facility held with a syndicate of lenders headed by Lloyds Bank Corporate Markets Plc, of which £539.4 million was drawn. The cost of debt on that facility is hedged using a number of interest rate caps and the weighted average all in cost was 4.6% as at 30 June 2023.

On 20 March 2024, LondonMetric Property Plc repaid the £565.0 million facility held of which £539.4 million was drawn which was part of the April 2023 group refinance.

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

2. Accounting policies (continued)

2.3 Turnover

Turnover represents rents receivable during the period from the letting of investment property at invoiced amounts excluding any value added tax. Rental income from rent reviews with uplifts based on RPI or CPI is recognised when the results of those reviews are determinable and reasonably certain. As permitted by FRS 102, rental income from leases with minimum uplifts is recognised as those uplifts arise, in recognition of the fact that they were intended as a proxy for inflation.

Any lease incentives, including payments made to a tenant, are added to the carrying amount of the underlying asset and recognised as expenses over the lease term on the same basis as the relevant lease income.

2.4 Operating leases: the Company as lessor

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 leases reflected in these financial statements are classified as operating leases.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

SIR HP LIMITED

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

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

SIR HP LIMITED

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

2. Accounting policies (continued)

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgments 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 ongoing area of estimation uncertainty is the valuation of the investment properties where the opinion of independent external valuers has been obtained at each reporting date using recognised valuation techniques.

4. Turnover

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Rent receivable	10,367	8,000
Lease incentives	150	(1)
	10,517	7,999

All turnover arose from the letting of investment property in Germany.

SIR HP LIMITED

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

5. Administrative expenses

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Advisory fees (note 19)	494	874
Other expenses	281	91
	<u>775</u>	<u>965</u>

6. Operating profit

The operating profit is stated after charging:

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	-	9
	<u>-</u>	<u>9</u>

The Company has no employees and no director received any remuneration during the year or the prior year.

The audit costs for the Company are borne by another group company in the LXi group.

7. Interest payable and similar expenses

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Secured loan interest payable	2,998	1,939
Interest payable on amounts owed to parent undertaking (note 12)	470	1,525
Amortisation of secured loan issue costs	376	143
Loan agency fees and other secured lender costs	976	13
	<u>4,820</u>	<u>3,620</u>

SIR HP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Taxation

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Corporation tax		
German tax on profits for the year	1,239	425
German tax in respect of prior periods	-	21
Total current tax	<u>1,239</u>	<u>446</u>
Deferred tax		
Deferred tax on unrealised investment property revaluations	1,275	5,903
Total deferred tax	<u>1,275</u>	<u>5,903</u>
 Taxation on profit on ordinary activities	 <u><u>2,514</u></u>	 <u><u>6,349</u></u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than the standard rate of corporation tax in the UK of 19% (year ended 31 December 2021: 19%). The differences are explained below:

	Period ended 31 March 2023 €000	Year ended 31 December 2021 €000
Profit on ordinary activities before tax	<u>8,345</u>	<u>29,047</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,586	5,519
Effects of:		
Deferred tax on unrealised property revaluations	1,275	5,903
Unrealised investment property revaluation not taxable	(219)	(4,873)
Property rental business not taxable under UK REIT regime	(1,367)	(646)
German tax charge for the year	1,239	425
German tax charge - adjustments in respect of prior years	-	21
Total tax charge for the period/year	<u><u>2,514</u></u>	<u><u>6,349</u></u>

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8. Taxation (continued)**Factors that may affect future tax charges**

The LXI Plc group (the "LXI group") has elected into the UK REIT regime. Subject to the LXI group's continuing compliance with certain rules, the UK REIT status exempts both profits of the Company's property rental business and gains on the Company's investment property from UK corporation tax. Since entering the UK REIT regime the LXI group has continued to meet the relevant rules but must continue to do so to maintain UK REIT status. Any profits arising from business activities other than the property rental business will be subject to UK corporation tax at the prevailing rate. The Company's property rental business remains subject to German corporation tax.

The Company had been subject to a routine tax audit by the German tax authorities since January 2021. During the year this routine tax audit was now settled and a payment of €0.7 million made to the German tax authorities in full and final settlement. There are currently no other ongoing tax audits.

9. Investment property

	Freehold investment property €000
Valuation	
At 1 January 2022	160,375
Lease incentives movements	150
Gain on revaluation	1,150
At 31 March 2023	161,675

The 2023 valuations were made by Knight Frank Limited, on an open market value for existing use basis.

The valuations were prepared on a fixed fee basis, independent of the property value, and were undertaken in accordance with RICS Valuation - Global Standards 2020, supported by reference to market evidence of transaction prices for similar properties.

The Royal Institution of Chartered Surveyors mandated that valuations in certain sectors should be subject to 'material valuation uncertainty' as at 31 December 2020. The 31 March 2023 valuation and 31 December 2021 valuations were not subject to material valuation uncertainty.

The historic cost of the properties as at 31 March 2023 was €90.0 million (year ended 31 December 2021: €90.0 million).

A charge over the Company's assets, including the investment properties, has been granted to the Company's lenders as part of the security for borrowings provided to the Company and its parent undertaking. The charge under which the investment properties are pledged as security is further described in note 20.

SIR HP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. Debtors

	31 March 2023 €000	31 December 2021 €000
Amounts owed by group undertakings	5,208	-
Financial instruments	3,106	-
Prepayments	1	1
	<u>8,315</u>	<u>1</u>

11. Cash and cash equivalents

	31 March 2023 €000	31 December 2021 €000
Cash at bank and in hand	2,516	2,427
	<u>2,516</u>	<u>2,427</u>

12. Creditors: Amounts falling due within one year

	31 March 2023 €000	31 December 2021 €000
Trade creditors	-	3
Secured loan (note 14)	-	58,332
Unamortised secured loan issue costs	-	(118)
Amounts owed to parent undertaking	-	5,837
Accruals and deferred income	2,633	2,298
Other taxation and social security	352	386
Corporation tax	741	126
	<u>3,726</u>	<u>66,864</u>

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

	31 March 2023 €000	31 December 2021 €000
Secured loan (note 14)	60,200	-
Unamortised secured loan issue costs	(834)	-
	<u>59,366</u>	<u>-</u>

14. Loan maturity

	31 March 2023 €000	31 December 2021 €000
The secured loan matures as follows:		
Less than one year	-	58,332
Between 1-2 years	60,200	-
	<u>60,200</u>	<u>58,332</u>

15. Financial instruments

	31 March 2023 €000	31 December 2021 €000
Financial assets		
Financial assets measured at fair value through profit or loss	<u>3,106</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise interest rate swap.

SIR HP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Deferred taxation

	2023 €000
At beginning of period	(9,547)
Charged to profit or loss	(1,274)
At end of period	(10,821)

The provision for deferred taxation is made up as follows:

	31 March 2023 €000	31 December 2021 €000
Arising on revaluation of investment properties	(10,821)	(9,547)

17. Share capital

	31 March 2023 €	31 December 2021 €
Allotted, called up and fully paid		
103 (2021 - 102) Ordinary shares of £1 each	152	151

Share capital represents the aggregate nominal value of shares issued.

SIR HP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Commitments under operating leases

The Company's investment properties are leased to third parties under non-cancellable operating leases. As at 31 March 2023 the remaining lease term was 54.4 years (31 December 2021: 55.6 years) with no break option, the increase reflecting a lease extension agreed during the year. The leases contain fixed uplifts of 3.34% each July with no break options. The future minimum lease payments receivable are as follows:

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 2023 €000	31 December 2021 €000
Not later than 1 year	8,635	6,942
Later than 1 year and not later than 5 years	37,446	30,167
Later than 5 years	1,233,265	1,044,505
	<u>1,279,346</u>	<u>1,081,614</u>

19. 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 administrative expenses included €0.5 million (2021 - €0.9 million) of advisory fees payable to PIP, none of which was payable at the period end.

20. Post balance sheet events

Following the year end, in April 2023 the wider LXi group completed a £700 million refinancing and group restructure. This resulted in the repayment of the €60.2 million Euro facility. The assets of the Company were charged as part of a £565.0 million facility held with a syndicate of lenders headed by Lloyds Bank Corporate Markets Plc, of which £539.4 million was drawn. The cost of debt on that facility is hedged using a number of interest rate caps and the weighted average all in cost was 4.6% at 30 June 2023.

The Company's ultimate parent undertaking changed from LXi REIT plc to LondonMetric Property plc on 5 March 2024, being the effective date of the merger between the two entities.

On 20 March 2024, LondonMetric Property Plc repaid the £565.0 million facility of which £539.4 million was drawn which was part of the April 2023 group refinance.

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21. Controlling party

The Company's immediate parent undertaking is SIR Theme Parks Limited and the ultimate parent undertaking is LXi REIT Plc (previously Secure Income REIT Plc). The consolidated financial statements of LXi REIT Plc are available to the public and may be obtained by writing to the Company Secretary, 1 Curzon Street, London, United Kingdom, W1J 5HB.

The financial statements of the ultimate parent undertaking and information about the wider group are available from <https://www.lxireit.com/results-centre>.