

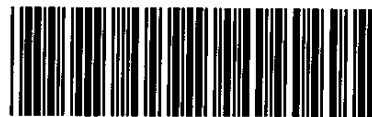
Company Registration No. 08565264

LondonMetric Saturn II Limited

**Unaudited Annual Report and Financial
Statements**

For the year ended 31 March 2023

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LondonMetric Saturn II Limited

Unaudited annual report and financial statements for the year ended 31 March 2023

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LondonMetric Saturn II Limited

Unaudited annual report and financial statements for the year ended 31 March 2023

Company information

Directors

Martin McGann
Andrew Jones
Valentine Beresford
Mark Stirling

Company Secretary

Jadzia Duzniak

Registered Office

1 Curzon Street
London
W1J 5HB

LondonMetric Saturn II Limited

Directors' report

The directors present their report with the unaudited financial statements for the year ended 31 March 2023.

Small companies note

The Company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic report. In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Business review and principal activities

The principal activity of the Company is property investment. The directors do not anticipate any significant change in the principal activity in the foreseeable future.

During the year the Company sold Seager Retail Park, Cardiff for £8.9 million.

The Company resigned as a guarantor under £675 million of revolving credit facilities and £660 million of private placements entered into by its parent company on 17 February 2023.

The Company is a wholly owned subsidiary of LondonMetric Property Plc and part of the LondonMetric Property Plc group ("the Group").

Going concern

The accounts have been prepared on a going concern basis. The Company is in a net current and net assets position. On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue as a going concern and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The results for the Company show a pre-tax profit of £282,796 (2021/22: profit £3,479,857). Dividends of £6,530,000 (2021/22: £nil) were paid during the year. The Company has net assets of £120,548 (2021/22: £6,367,752) and amounts owing from group companies of £120,634 (2021/22: owing to £2,246,560).

Directors

The present directors of the Company all of whom served throughout the year and subsequently, unless otherwise stated, are as shown on page 1.

None of the directors have a service agreement with the Company and they are not entitled to any compensation on termination of appointment or sale of the Company by the Group.

The Group has arranged insurance cover in respect of legal action against its directors, which include the directors of the Company.

Audit exemption taken for the year ended 31 March 2023

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act, as disclosed on page 211 of the LondonMetric Property Plc Annual Report and Accounts 2023. The ultimate holding company and controlling party is LondonMetric Property Plc.

On behalf of the Board



Martin McGann

Director

9 June 2023

LondonMetric Saturn II Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

LondonMetric Saturn II Limited

Profit and loss account Year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Gross rental income		118,407	502,236
Property operating expenses		(5,315)	(42,032)
Net rental income		113,092	460,204
Profit on revaluation of investment property	6	-	3,083,474
Loss on sale of investment property		(29,070)	-
Operating profit		84,022	3,543,678
Finance income	3	209,062	-
Finance costs	4	(10,288)	(63,821)
Profit before tax		282,796	3,479,857
Tax	5	-	-
Profit after tax		282,796	3,479,857

All activities during the current and prior year are derived from continuing operations.

There are no other items of comprehensive income or expense in the current or prior year and therefore no statement of comprehensive income is shown.

The notes on pages 7 to 13 form part of these financial statements.

LondonMetric Saturn II Limited

Balance sheet As at 31 March 2023

	Notes	31 March 2023 £	31 March 2022 £
Non-current assets			
Investment property	6	-	8,650,000
Total non-current assets		-	8,650,000
Current assets			
Trade and other receivables	7	120,821	-
Total current assets		120,821	-
Total assets		120,821	8,650,000
Current liabilities			
Trade and other payables	8	(273)	(2,282,248)
Total current liabilities		(273)	(2,282,248)
Total assets less current liabilities		120,548	6,367,752
Total liabilities		(273)	(2,282,248)
Net assets		120,548	6,367,752
Equity			
Share capital	10	1	4,640,000
Retained loss		120,547	1,727,752
Total equity		120,548	6,367,752

For the financial year ending 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of LondonMetric Saturn II Limited (registered number 08565264) were approved by the Board of Directors and authorised for issue on 9 June 2023 and signed on its behalf by:



Martin McGann

Director

The notes on pages 7 to 13 form part of these financial statements.

LondonMetric Saturn II Limited

Statement of changes in equity Year ended 31 March 2023

	Share capital £	Retained profit £	Total equity £
At 1 April 2022	4,640,000	1,727,752	6,367,752
Shares redeemed at par	(4,639,999)	4,639,999	-
Profit for the year	-	282,796	282,796
Dividends paid	-	(6,530,000)	(6,530,000)
At 31 March 2023	1	120,547	120,548

Year ended 31 March 2022

	Share capital £	Retained profit £	Total equity £
At 1 April 2021	4,640,000	(1,752,105)	2,887,895
Profit for the year	-	3,479,857	3,479,857
At 31 March 2022	4,640,000	1,727,752	6,367,752

The notes on pages 7 to 13 form part of these financial statements.

LondonMetric Saturn II Limited

Notes to the financial statements

Year ended 31 March 2023

1. Significant accounting policies

a) General information

LondonMetric Saturn II Limited is a private limited company incorporated in England under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

b) Statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, financial instruments, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of LondonMetric Property Plc. The group accounts of LondonMetric Property Plc are available to the public and can be obtained as set out in note 12.

c) Going concern

The financial statements have been prepared on a going concern basis. This is discussed further in the Directors' report on page 2.

d) Basis of preparation

The functional and presentational currency of the Company is sterling. The financial statements are prepared on the historical cost basis except that investment properties are stated at fair value.

The accounting policies have been applied consistently in all material respects.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRS101 requires directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change is recognised over those periods.

The accounting policies subject to significant judgements and estimates are as follows:

Significant areas of estimation uncertainty

Property valuations

The valuation of investment properties is a critical part of the Company's performance. The Company carries investment properties at fair value in the balance sheet and engages professionally qualified external valuers to undertake six monthly valuations.

LondonMetric Saturn II Limited

Notes to the financial statements (continued) Year ended 31 March 2023

1. Significant accounting policies (continued)

d) Basis of preparation (continued)

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as estimated rental value and current market yields. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties.

The fair value of a development property is determined by using the 'residual method', which deducts all estimated costs necessary to complete the development, together with an allowance for development risk, profit and purchasers' costs, from the fair valuation of the completed property.

Significant transactions

Some property transactions are large or complex and require judgements to be made on the appropriate accounting treatment. Complexities include conditionality inherent in transactions and other unusual terms and conditions. There is a risk that an inappropriate approach could lead to a misstatement in the financial statements.

e) Property portfolio

i) Investment properties

Investment properties are properties owned or leased by the Company which are held for long term rental income and for capital appreciation. Investment property may include property that is being constructed, developed or redeveloped for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by professionally qualified independent external valuers. Changes in fair value are included in the profit and loss account.

Where a property held for investment is appropriated to development property, it is transferred at fair value. A property ceases to be treated as a development property on practical completion. In accordance with IAS 40 Investment Properties, no depreciation is provided in respect of investment properties.

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company; and
- the cost of the investment property can be measured reliably.

All costs directly associated with the purchase and construction of a development property are capitalised. Capital expenditure that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is included in the carrying value of the property.

ii) Assets held for sale

An asset is classified as held for sale if its carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for sale in its present condition and management are committed to the sale and expect it to complete within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and the fair value.

LondonMetric Saturn II Limited

Notes to the financial statements (continued)

Year ended 31 March 2023

1. Significant accounting policies (continued)

e) Property portfolio (continued)

iii) Tenant leases

Rent receivable is recognised in the profit and loss account on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease or to the first break option if earlier.

iv) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the profit or loss on a straight line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. The uplift from rent reviews is recognised when such reviews have been agreed with tenants.

Surrender premiums receivable are recognised on completion of the surrender.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

Lease incentives and costs associated with entering into tenant leases are amortised over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

v) Profit and loss on sale of investment properties

Profits and losses on sales of investment properties are recognised at the date of legal completion rather than exchange of contracts and calculated by reference to the carrying value at the previous year end valuation date, adjusted for subsequent capital expenditure.

f) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual terms of the instrument.

Financial instruments under IFRS 9

i) Trade receivables

Trade receivables are initially recognised at their transaction price and subsequently carried at amortised cost as the Company's business model is to collect the contractual cash flows due from tenants. An impairment provision is created based on lifetime expected credit losses, which reflect the Company's historical credit loss experience and an assessment of current and forecast economic conditions at the reporting date.

ii) Trade and other payables

Trade payables and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

LondonMetric Saturn II Limited

Notes to the financial statements (continued)

Year ended 31 March 2023

1. Significant accounting policies (continued)

g) Finance costs and income

Net finance costs include interest payable on borrowings, net of interest capitalised and finance costs amortised.

Interest is capitalised if it is directly attributable to the acquisition, construction or redevelopment of development properties from the start of the development work until practical completion of the property. Capitalised interest is calculated with reference to the actual interest rate payable on specific borrowings for the purposes of development or, for that part of the borrowings financed out of general funds, with reference to the parent Group's cost of borrowings.

Finance income includes interest receivable on funds invested at the effective rate and notional interest receivable on forward funded developments at the contractual rate.

h) Tax

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

i) Dividends

Dividends on equity shares are recognised when they become legally payable.

2. Administration expenses

Employees

There were no employees directly employed by the Company during the current or prior year.

Directors' remuneration

The directors received no remuneration in respect of their services to the Company during the current or prior year. Messrs Jones and McGann are also directors of LondonMetric Property Plc, the Company's ultimate holding company, and their remuneration is disclosed in the financial statements of that company.

3. Finance income

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Interest payable on intercompany loan balance	208,913	-
Other interest receivable	149	-
	<u>209,062</u>	<u>-</u>

LondonMetric Saturn II Limited

Notes to the financial statements (continued)

Year ended 31 March 2023

4. Finance costs

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
<i>Interest payable on intercompany loan balance</i>	<u>10,288</u>	<u>63,821</u>

5. Tax

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Current tax		
Current tax on profit for the year	-	-
Total tax on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax for the year

The tax charge differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Profit on ordinary activities before tax	<u>282,796</u>	<u>3,479,857</u>
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021/22: 19%)	53,731	661,173
Effects of: REIT tax exemption	<u>(53,731)</u>	<u>(661,173)</u>
Total tax on ordinary activities	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Company is a member of a REIT group, as part of the LondonMetric Property Plc group. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group.

LondonMetric Saturn II Limited

Notes to the financial statements (continued) Year ended 31 March 2023

6. Investment property

Investment property consists of land and buildings held for rental income and capital growth, and land and properties held for or in the course of redevelopment. All investment property is freehold.

	31 March 2023 £	31 March 2022 £
At 1 April	8,650,000	5,600,000
Disposals	(8,342,134)	-
Revaluation movement	-	3,083,474
	<hr/>	<hr/>
Tenant lease incentives, letting fees and accrued rental income	307,866 (307,866)	8,683,474 (33,474)
	<hr/>	<hr/>
At 31 March	-	8,650,000
	<hr/>	<hr/>
Property held at valuation		
- cost	-	8,044,719
- cumulative valuation gain	-	605,281
	<hr/>	<hr/>
At 31 March	-	8,650,000
	<hr/>	<hr/>

7. Trade and other receivables

	31 March 2023 £	31 March 2022 £
Amounts owing from Group undertakings	120,634	-
VAT receivable	187	-
	<hr/>	<hr/>
	120,821	-
	<hr/>	<hr/>

All amounts fall due for payment in less than one year.

8. Trade and other payables

	31 March 2023 £	31 March 2022 £
Trade payables	273	914
Rent received in advance	-	1,292
VAT payable	-	33,482
Amounts owing to Group undertakings	-	2,246,560
	<hr/>	<hr/>
	273	2,282,248
	<hr/>	<hr/>

Trade payables are interest free and have settlement dates within one year. The directors consider that the carrying amount of trade and other payables approximates their fair value.

LondonMetric Saturn II Limited

Notes to the financial statements (continued) Year ended 31 March 2023

9. Amounts owing from or to Group undertakings

Intercompany loans have no fixed repayment terms and are interest bearing at the LondonMetric Property Plc group's cost of debt. The loan due from LondonMetric Property Plc may be repaid as dividends are declared during the next twelve months.

10. Share capital

	31 March 2023	31 March 2022
Number		
Ordinary shares of £1 each	1	4,640,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	4,640,000

The Company has one class of ordinary shares, which carry no right to fixed income.

On 31 March 2023, 4,639,999 £1 ordinary shares were redeemed at par.

A dividend of £6,530,000 (£6,530,000 per share) was paid on 31 March 2023.

11. Operating leases

The Company as lessor

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2023 £	31 March 2022 £
Less than one year	-	550,680
Between one and five years	-	2,081,990
Greater than five years	-	67,397
	-	2,700,067

12. Controlling party information

The Company's immediate and ultimate parent company is LondonMetric Property Plc. LondonMetric Property Plc is the parent of the smallest and largest group to prepare consolidated accounts that incorporate the Company. Copies of the consolidated accounts of LondonMetric Property Plc can be obtained from its registered office at 1 Curzon Street, London, W1J 5HB and its website www.londonmetric.com.