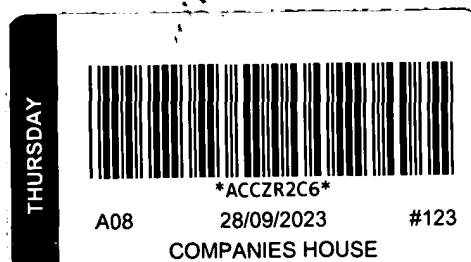


Company No. 11425516

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**

**Directors' Report and Audited Financial Statements**

**For the year ended 31 December 2022**



**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Directors' Report and Financial Statements**  
**For the year ended 31 December 2022**

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**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Directors and other information**  
**For the year ended 31 December 2022**

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<b>Directors</b>	Paul John Cooper Gregory Michael Kostka Larry Wayne Blair (Resigned on 6 June 2023) Hannah May Dove Caterina Musgrave Juer Barbara Marovelli (Resigned on 3 October 2022) William Eason (Appointed on 6 June 2023)
<b>Secretary</b>	Accomplish Secretaries Limited 7th Floor, 50 Broadway, London, United Kingdom, SW1H0DB
<b>Registered office</b>	7th Floor, 50 Broadway, London, United Kingdom, SW1H0DB
<b>Independent auditor</b>	Haines Watts Accountants (Exeter) Limited, 3 Southernhay West Exeter United Kingdom EX1 1JG
<b>Corporate Administrator</b>	Vistra (UK) Limited 7th Floor, 50 Broadway, London, United Kingdom, SW1H0DB

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Directors' report**  
**For the year ended 31 December 2022**

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**Directors' report**

The directors (the "Directors") present their report and the audited financial statements of Hillwood Investment Properties International Ltd (the "Company") for the year ended 31 December 2022.

**Incorporation and principal activity**

The principal activity of the Company for the year under review was that of consultancy services to group related entities holding properties.

**Results and dividends**

The statement of profit or loss and other comprehensive income for the year is set out on page 8.

The Directors do not recommend payment of a dividend for the year under review (2021: £ Nil).

**Going concern**

The financial statements of the Company are prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The Company reported a loss of £ 2,018,996 (2021: £ 1,404,633) and a positive equity of £ 617,369 (2021: £ 386,060) during the year ended 31 December 2022.

The Company has received assurances from the immediate parent and other members of the group that financial support will be provided for at least 12 months commencing from the signing of this report.

**Strategic report**

As the Company qualifies as a small company under the Companies Act 2006, the Company is exempt from the requirement to prepare the strategic report as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

**Post balance sheet events**

Subsequent to the year end, the Company issued an additional 1,700,000 ordinary shares of par value of £1 each.

There are no other balance sheet events up to the date of approval of these financial statements.

**Statement of disclosure of information to auditors**

The Directors confirm that:

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

**Independent auditor**

Haines Watts Accountants (Exeter) Limited have been appointed as auditor of the Company and have expressed their willingness to continue in office.

**Directors and their interests**

The following directors held office during the year, and to the date of this report:

- Paul John Cooper
- Gregory Michael Kostka
- Larry Wayne Blair (Resigned on 6 June 2023)
- Hannah May Dove
- Caterina Musgrave Juer
- Barbara Marovelli (Resigned on 3 October 2022)
- William Eason (Appointed on 6 June 2023)

The Directors did not have any interest in the shares or options of the Company at any time during the year ended 31 December 2022 (2021: Nil).

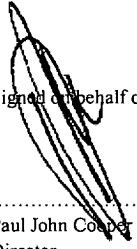
**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Directors' report (continued)**  
**For the year ended 31 December 2022**

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**Political contributions**

The Company did not make any political donations during the year (2021: £ Nil).

Signed on behalf of the board by

  
.....  
Paul John Cooper  
Director

Date: 27th September 2023

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Statement of Directors' responsibilities**  
**For the year ended 31 December 2022**

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**Statement of Directors' responsibilities**

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 they have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union ("EU") and applicable law.

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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- prepare the financial statements on the going concern basis unless it is appropriate 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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

.....  
Paul John Cooper  
Director

Date: 27th September 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HILLWOOD INVESTMENT PROPERTIES  
INTERNATIONAL LTD  
For the year ended 31 December 2022**

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**Opinion**

We have audited the financial statements of Hillwood Investment Properties International Ltd (the 'Company') for the year ended 31 December 2022 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in shareholder's equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit 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.

**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 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLWOOD INVESTMENT PROPERTIES  
INTERNATIONAL LTD (CONTINUED)  
For the year ended 31 December 2022**

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**Matters on which we are required to report by exception**

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 Report of the Directors. We have nothing to report in respect of the following matters where 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' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the auditor's opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (UK) (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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the sector in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK GAAP and UK corporate tax law.
- We obtained an understanding of how the Company are complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the audit team included:

- Identifying and assessing the controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates and judgments, in particular accruals;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLWOOD INVESTMENT PROPERTIES  
INTERNATIONAL LTD (CONTINUED)  
For the year ended 31 December 2022**

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**Auditors' responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 collusions.

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

**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 a Report of the Auditors 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.



Jade Quaintance BA FCA (Senior Statutory Auditor)  
for and on behalf of Haines Watts Accountants (Exeter) Limited  
Statutory Auditors  
3 Southernhay West  
Exeter  
Devon  
EX1 1JG

27 September 2023  
Date: .....

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2022**

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£	£
<b>Operating income</b>			
Property management Fees	5	568,214	420,971
<b>Total operating income</b>		<u>568,214</u>	<u>420,971</u>
<b>Operating expenses</b>			
Salaries and other staff costs	12	(1,923,902)	(1,179,168)
Administration fees		(191,077)	(228,298)
Other operating costs		(85,538)	(40,148)
Professional fees		(41,407)	(85,988)
Tax and other consulting costs		(41,955)	(34,423)
Accounting expenses		(18,807)	(22,192)
Audit fees		(13,400)	(1,000)
Other costs		(11,413)	(40,954)
Bank charges		(895)	(711)
<b>Total operating expenses</b>		<u>(2,328,394)</u>	<u>(1,632,882)</u>
<b>Operating loss</b>		(1,760,180)	(1,211,911)
Finance costs		(258,816)	(192,722)
<b>Loss for the year before tax</b>		<u>(2,018,996)</u>	<u>(1,404,633)</u>
Income tax expense	14	-	-
<b>Loss for the year</b>		<u>(2,018,996)</u>	<u>(1,404,633)</u>
<b>Other comprehensive loss, net of tax</b>		-	-
<b>Total comprehensive loss for the year</b>		<u>(2,018,996)</u>	<u>(1,404,633)</u>

All losses and total comprehensive loss for the year are attributable to the owner of the Company.

The notes on pages 12 to 19 form part of these audited financial statements.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Statement of financial position**  
**As at 31 December 2022**

		31 December 2022	31 December 2021
	Notes	£	£
<b>ASSETS</b>			
<b>Current assets</b>			
Right-of-use asset	6	694,018	914,645
Other receivables	7	404,032	207,076
Cash and cash equivalents	11	196,452	144,808
Prepayments		130,788	132,939
<b>Total current assets</b>		<b>1,425,290</b>	<b>1,399,468</b>
<b>TOTAL ASSETS</b>		<b>1,425,290</b>	<b>1,399,468</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Long Term Liabilities</b>			
Finance lease more than one year	8	506,867	722,088
		<u>506,867</u>	<u>722,088</u>
<b>Current liabilities</b>			
Finance lease less than one year	9	187,151	192,557
Other payables	10	113,903	98,763
<b>Total liabilities</b>		<b>301,054</b>	<b>291,320</b>
<b>Equity</b>			
Share capital	13	6,800,000	4,550,000
Accumulated losses		(6,182,631)	(4,163,940)
<b>Total equity</b>		<b>617,369</b>	<b>386,060</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,425,290</b>	<b>1,399,468</b>

The financial statements were approved by the Board of directors and authorised for issue on 27th September 2023 and were signed on its behalf by:

.....  
Paul John Cooper  
Director

Date: 27th September 2023  
Company No. 11425516

The notes on pages 12 to 19 form part of these audited financial statements.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Statement of changes in shareholder's equity**  
**For the year ended 31 December 2022**

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2022	4,550,000	(4,163,940)	386,060
Issuance of ordinary shares	2,250,000	-	2,250,000
Total comprehensive loss for the year	-	(2,018,996)	(2,018,996)
<b>At 31 December 2022</b>	<b>6,800,000</b>	<b>(6,182,936)</b>	<b>617,064</b>
At 1 January 2021	2,950,000	(2,759,307)	190,693
Issuance of ordinary shares	1,600,000	-	1,600,000
Total comprehensive loss for the year	-	(1,404,633)	(1,404,633)
<b>At 31 December 2021</b>	<b>4,550,000</b>	<b>(4,163,940)</b>	<b>386,060</b>

All equity is attributable to the holder of the ordinary shares in the Company.

The notes on pages 12 to 19 form part of these audited financial statements.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Statement of cash flows**  
**For the year ended 31 December 2022**

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
<b>Cash flows from operating activities</b>		
Total comprehensive loss for the year	(2,018,996)	(1,404,633)
<i>Adjustments for:</i>		
(Increase)/decrease in trade and other receivables	(196,956)	51,633
Decrease/(increase) in prepayments	2,151	(105,746)
Increase/(decrease) in trade and other payables	15,139	(266,838)
<b>Net cash used in operating activities</b>	<b>(2,198,662)</b>	<b>(1,725,584)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	2,250,000	1,600,000
<b>Net cash generated from financing activities</b>	<b>2,250,000</b>	<b>1,600,000</b>
<b>Net movement in cash and cash equivalents</b>	<b>51,338</b>	<b>(125,584)</b>
Cash and cash equivalents at beginning of the year	144,808	270,392
<b>Cash and cash equivalents at end of year</b>	<b>196,146</b>	<b>144,808</b>

The notes on pages 12 to 19 form part of these audited financial statements.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**1. General information**

The Company was incorporated on 20 June 2018 in the United Kingdom (UK) with registered number 11425516. The registered office of the Company was 3rd Floor 11-12, St James's Square, London, United Kingdom, SW1Y 4LB. On the 12 October 2022, the registered office address changed to 7th Floor, 50 Broadway, London, SW1H 0DB.

The principal activity of the Company in the year under review was that of consultancy services to group related entities holding properties.

**2. Basis of preparation**

The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

The Company's financial statements have been prepared under the historic cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The Directors believe that the underlying assumptions are appropriate.

Statement of profit or loss and other comprehensive income and statement of cash flows

The Company has elected to present all items of income and expense recognised in a year in a single statement of profit or loss and other comprehensive income and presents its expenses by function.

The Company reports cash flows from operating activities using the indirect method.

Changes in accounting policy and adoption of new accounting standards

*(a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2022*

All new and amended accounting standards which have become effective for the current year have been adopted but have had no material effect on the Company.

Standard / Interpretation	Content	Applicable for financial years on/after
Amendments to IFRS 3	Business Combinations	1 January 2022

None of the above standards, amendments and interpretations had a significant impact on the Company's financial statements.

*(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted*

The following new and amended standards and interpretations have been issued and are mandatory for the Company's accounting years beginning on or after 1 January 2022 or later years and are expected to be relevant to the Company.

Standard / Interpretation	Content	Applicable for financial years on/after
Amendments to IFRS 17	Insurance contracts	1 January 2023*
Amendments to IAS 1	IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	1 January 2023*
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023*
Amendments to IAS 12	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023*
Amendments to IAS 1	Amendments to IAS 1 Presentation of Financial Statements: Amendments regarding the classification of liabilities Current or Non-current and Non-current Liabilities with Covenants	1 January 2024**

\*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the requirements are applicable to the Company, it will apply them from their EU effective date.

\*\* Not endorsed.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

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**2. Basis of preparation (continued)**

*(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 and not early adopted (continued)*

The Directors do not expect that the adoption of the above standards will have a material impact on the financial statements of the Company in future years.

**Going concern**

The financial statements of the Company are prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

At reporting date, the Company is in a net current asset position of £617,369 (2020: £386,060). As described in note 13, subsequent to the year-end the Company has issued new shares totalling £ 1,700,000. Further, the Company is dependent for its working capital on funds provided to it by its parent company which confirmed that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company and in particular will not seek repayment of the amounts currently made available if the Company does not have other finance arrangements in place that allow the Company to continue to operate and service their liabilities. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

*Impact of the current conflict in Ukraine*

On 24 February 2022, the Russia-Ukraine conflict, which had been intensifying since the end of 2021, escalated. Russia advanced into Ukrainian territory with military measures and thus perpetrated an armed invasion of Ukraine. The ensuing war is a major humanitarian tragedy for the people of Ukraine and has resulted in many deaths and injuries and large movements of refugees from Ukraine. The European Union and the entire western world have reacted in an extremely united manner to Russia's aggression that violated international law, and have imposed very harsh sanctions on Russian companies, individuals and banks (including the Russian Central Bank) that also comprise the exclusion of relevant Russian banks from the SWIFT system. It became clear after the invasion that the war will have grave humanitarian and political consequences and that it has had a major impact on the global economy. World trade has been negatively affected, the already tense supply chain situation is further aggravated and energy prices soar to new record highs, further driving up inflation, which had already been very high to begin with.

As the Company has no significant direct or indirect exposure to Russia or Ukraine, the Company is currently not affected directly by the economic consequences of the war, albeit there is a general increase in the threat posed by cyber risks. However, the indirect macroeconomic consequences of the war may affect the achievement of the Company's financial objectives. In principle, they may have an impact on earnings and risk costs.

**Functional and presentation currency**

The financial statements are presented in Pound Sterling (£), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The Company's main transactions are denominated in £. The Directors of the Company believe that £ most faithfully represents the economic effects of the underlying transactions, events and conditions.

**3. Significant accounting policies**

**Income and expenses**

On 10 December 2020, the Company has entered into an Asset Management Agreement with Barn UK Lux SCSp (the "Owner"). The Company will act as the Asset Manager for industrial properties of the Owner. As per the agreement, the Company will receive quarterly fees in connection with asset management services.

Income is recognised as income in the statement of profit or loss and other comprehensive income in the year in which it is earned (on an accruals basis).

Expenses are recognised as expenses in the statement of profit or loss and other comprehensive income in the year in which they are incurred (on an accruals basis).

**Other receivables**

Other receivables are recognised initially on an accrual basis.

**Other payables**

Other payables are recognised on an accrual basis.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

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**3. Significant accounting policies (continued)**

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**Taxation**

**Corporation tax**

Corporation tax expense comprises current and deferred tax. Corporation tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

**Deferred tax**

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Right of use asset**

The lease entered into by the Company regarding the property on the fourth floor, three Rathbone place, london W1 was accounted for as a finance lease, the Directors have determined this to be appropriate due to the significant length of the lease, enabling the present value of the minimum lease payments to be calculated. The right of use asset is measured at fair value at the reporting date. The finance lease liability is measured at the present value of future minimum lease payments, discounted using the effective interest rate implicit in the lease.

**Financial instruments**

**i. Recognition and initial measurement**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss and other comprehensive income.

**ii. Classification and subsequent measurement**

*Classification*

The Company classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The Company's financial assets are other receivables which are classified at financial assets at amortised cost.

*Subsequent measurement*

Other financial liabilities, including trade and other payables, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

**iii. Derecognition (continued)**

**Financial assets (continued)**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit or loss and other comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in statement of profit or loss and other comprehensive income. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss and other comprehensive income.

**iv. Impairment**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss, including tenants' deposits and other receivables.

For other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Other receivables are written off when there is no reasonable expectation of recovery.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

**4. Auditor's and Directors' remuneration**

Auditor's remuneration of £7,200 (2021: £6,170) has been accrued during the year ended 31 December 2022. No directors remuneration was accrued for the year ended 31 December 2022 and 31 December 2021.

**5. Operating income**

	31 December 2022	31 December 2021
	£	£
Property management fees	568,214	420,971
	<u>568,214</u>	<u>420,971</u>

**6. Right-of-use asset**

	31 December 2022	31 December 2021
	£	£
Right-of-use asset	694,018	914,645
	<u>694,018</u>	<u>914,645</u>

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
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**7. Other receivables**

	31 December 2022	31 December 2021
	£	£
Other receivables	403,046	196,374
VAT receivables	986	10,702
	<u>404,032</u>	<u>207,076</u>

**8. Finance lease more than one year**

	31 December 2022	31 December 2021
	£	£
Finance lease more than one year	506,867	722,088
	<u>506,867</u>	<u>722,088</u>

**Maturity analysis of cashflow of lease liabilities**

	31 December 2022	31 December 2021
	£	£
Within 1 year	217,980	217,980
More than 1 year and less than 2 years	217,980	217,980
More than 2 years and less than 5 years	375,642	593,622
	<u>811,602</u>	<u>1,029,582</u>

**9. Finance lease less than one year**

	31 December 2022	31 December 2021
	£	£
Finance lease less than one year	187,151	192,557
	<u>187,151</u>	<u>192,557</u>

**10. Other payables**

	31 December 2022	31 December 2021
	£	£
Other payables	41,686	4,691
Amount due to related party	3,608	-
Accruals	68,609	94,072
	<u>113,903</u>	<u>98,763</u>

**11. Cash and cash equivalents**

	31 December 2022	31 December 2021
	£	£
Cash at bank	196,452	144,808

**12. Employees**

	31 December 2022	31 December 2021
	£	£
Wages and salaries	1,735,548	1,064,780
Social security and pension contribution	188,353	114,388

The Company has ten employees in the UK (2021: eight employees).

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**13. Share capital**

	31 December 2022	31 December 2021
Opening share capital	£ 4,550,000	£ 2,950,000
Share capital issued	2,250,000	1,600,000
Closing share capital	<u>6,800,000</u>	<u>4,550,000</u>

The share capital of the Company consists of 6,800,000 (2021: 4,550,000) ordinary shares of £1 each. As at 31 December 2022, 6,800,000 ordinary shares (2021: 4,550,000) were in issue amounting to £6,800,000 (2021: £4,550,000).

Subsequent to the year end, the Company has issued a further 1,700,000 ordinary shares of £1 each at par, amounting to £1,700,000.

The holders of the ordinary shares are entitled to receive notice of, and to vote at, general meetings of the Company. The ordinary shareholders are also entitled to receive dividends from the Company when declared.

**14. Corporation tax expense**

No deferred tax on losses has been recognised due to uncertainty over future taxable profits against which the losses could be utilised.

**15. Financial risk management**

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company does not have any externally imposed capital requirements.

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risks; and
- (iv) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are provided below.

**(i) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from other receivables and cash and cash equivalents.

*Financial assets subject to IFRS 9's impairment requirements*

The Company's financial assets subject to the ECL model within IFRS 9 are cash and cash equivalents. At 31 December 2022, the total of cash and cash equivalents was £ 196,452 (2021: £ 144,808).

Impairment on cash and cash equivalents has been measured on a 12-month expected losses basis and reflects the short maturities of the exposures. The Company considers that these exposures have low credit risk based on the fact that the Company's policy is to maintain cash balances with reputable banking institution. The Company monitors credit ratings on a regular basis. As at 31 December 2022 and 2021, the Company did not recognize any impairment allowance on cash and cash equivalents.

Liquidity risk is the risk that an entity may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company reviews cash flow forecasts on a quarterly basis to monitor liquidity requirements. A prudent liquidity risk management approach is adopted to ensure sufficient cash is available for covering operational expenses.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**15. Financial risk management (continued)**

At reporting date, the Company is in a net current asset position of £ 617,369 (2021: £ 386,060). The ultimate parent company has confirmed its intention to provide financial support to the Company to meet its financial obligations as and when they fall due.

The maturity analysis of financial liabilities at 31 December 2022 and 31 December 2021 are as follows:

<b>At 31 December 2022</b>					
	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Liabilities</b>					
Other payables	113,903	-	-	-	113,903
	<u>113,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,903</u>
<b>At 31 December 2021</b>					
	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Liabilities</b>					
Other payables	98,763	-	-	-	98,763
	<u>98,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,763</u>

**(iii) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed below, the Company does not have significant exposure to currency risk or cashflow and fair value interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

**Currency risk**

The Company is not exposed to foreign currency risk since all of its financial assets and liabilities are denominated in pound sterling, which is the functional and presentation currency of the Company.

**Cash flow and fair value interest rate risk**

The Company is not exposed to cash flow risk in relation to interest payable on the loan received that the loan carries a fixed interest rate. All other receivables and payables are interest-free and have settlement dates within one year.

At 31 December 2022, the carrying value of other receivables and other payables approximated fair value due to their short-term nature.

**(iv) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks are inherent in all business activity.

**HILLWOOD INVESTMENT PROPERTIES INTERNATIONAL LTD**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**15. Financial risk management (continued)**

Capital management

The Company considers that capital is composed of equity and accumulated losses. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in the short and long term in order to provide returns for the shareholders and benefits for other stakeholders. There are no external regulatory requirements imposed on the Company with regards to capital management.

During June 2021, a new lease was entered in relation to the Company's office premises. The lease is £ 217,980 per annum and will be effective up to 15 June 2026. As at 31 December 2022, the lease amounted to £ 811,602 (2021: £ 971,828) for the remaining period of 3 years and 5.5 months.

**16. Corporation tax expense**

	31 December 2022	31 December 2021
	£	£
Current tax:	-	-
Corporation tax charge for the year at a rate of 19%	-	-
Total income tax charge	-	-
Reconciliation of total tax charge:		
Loss before tax	(2,018,996)	(1,404,633)
Tax at 19%	(383,609)	(266,880)
Losses for which no deferred tax recognised	383,609	266,880
	-	-

No deferred tax on losses has been recognised due to uncertainty over future taxable profits against which the losses could be utilised.

**17. Holding and ultimate parent company**

The ordinary shares issued are held by HIP Transaction Services, LLC, with the registered office in 3000 Turtle Creek Boulevard, Dallas Texas 75219, USA. The Company's financial statements are consolidated into Hillwood Development Group LP's consolidated financial statements, with registered address of 3000 Turtle Creek Boulevard, Dallas Texas 75219, USA. The ultimate parent of the Company is Petrus Trust Company, L.T.A of 3000 Turtle Creek Boulevard, Dallas Texas 75219, USA acting as a trustee of Perot Investment Trust I. There is no ultimate controlling party.

**18. Related party transactions**

Transactions in the year between the Company and the related parties are shown below:

Paul John Cooper, Hannah May Dove, Caterina Musgrave Juer and Barbara Marovelli, as directors of the Company, are also employees of Vistra (UK) Limited (the "Administrator"), and Paul John Cooper is also a director of Accomplish Secretaries Limited, and hence deemed to have beneficial interests in the Service Agreement between the Company and the Administrator. The Company incurred administration fees amounting to £ 209,884 (2021: £ 300,490) during the year to Vistra (UK) Limited, in connection with administration and corporate services received.

During the year ended 31 December 2022 an equity investment of £ 2,250,000 (2021: £ 1,600,000) was made by the sole shareholder of the Company, HIP Transaction Services, LLC.

**19. Post balance sheet events**

Subsequent to the year end, the Company issued an additional 1,700,000 ordinary shares of par value of £1 each.

There are no other balance sheet events up to the date of approval of these financial statements.