

**Hobart Property Limited**

**Annual Report and Financial Statements**

For the period to 2 March 2024

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**Hobart Property Limited**  
**Strategic report**  
**for the period to 2 March 2024**

**Principal activities and review of business**

On 8 January 2024, the company reregistered from a public limited company to a private limited company and was renamed to Hobart Property Limited (the 'Company'). The principal activity of the Company is property investment and rental of supermarkets to Sainsbury's Supermarkets Ltd. The previous principal activity of the Company was a special purpose vehicle established to enter into a securitisation transaction for the sole purpose of contributing funds to a Property Pool of commercial real estate rented to J Sainsbury plc and its subsidiary companies (the 'Group').

The Company was funded through the issuance of a fixed rate Secured Bond and a Zero Coupon Bond Issuance Facility both of which matured on 13 July 2023. On 13 March 2023 an agreement was entered into between the Company and J Sainsbury plc Group (the 'Group') which committed the Group to purchase the Company on 10 July 2023 and loan the funds required to pay off the bonds. Stamford Properties Three Limited, a member the Group, acquired the company and simultaneously loaned the funds required to pay off the bonds on this date.

On 12 July 2022 Cornerford Limited, Horndrift Limited and Stamford Properties Three Limited agreed to advance a loan to the Company up to an aggregate principal amount of £7,780k which was used pay a tax liability that had fallen due on options served on the properties within the structure. These options were cancelled as part of the agreement entered into between the Group and the Company in March 2023, and the Company is now due to receive the full tax amount as a refund. The loan balances were waived on 10 July 2023 as all entities are now part of the Group.

The Company's profit for the financial period was £5,806k (2023: loss of £23,416k). The financial position as at 2 March 2024 is shown in the balance sheet on page 7.

All material operations are carried out in the United Kingdom.

A full review of the business and the market can be found in the 2024 Annual Report and Financial Statements of J Sainsbury plc, the ultimate parent undertaking, on the following website: [www.about.sainsburys.co.uk](http://www.about.sainsburys.co.uk).

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of J Sainsbury plc and its subsidiaries (the 'Group') and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 53 to 61 of the Group's Annual Report and Financial Statements 2024 (the 'Group Annual Report'), which do not form part of this report.

**Financial risk management**

The financial risk management policies of the Company are disclosed in note 12 of the financial statements.

**Key performance indicators ('KPIs')**

The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 44 to 45 of the Group Annual Report, which does not form part of this report.

**Section 172 Statement**

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the period ended 2 March 2024. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company is a wholly-owned subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of the Group. During the period, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group. The Directors primarily used scheduled Group property committee meetings and Group Operating Board meetings to consider and engage with the Group. These interactions informed key decisions that the Directors made during the period, such as approving the Company's financial statements.

**Hobart Property Limited**  
**Strategic report (continued)**  
**for the period to 2 March 2024**

Further details on how the Group engaged with its stakeholders, can be found in the Group Annual Report on pages 23-39.

By order of the Board

*David Pilbeam*

David Pilbeam (Jan 31, 2025 11:55 GMT)

David Pilbeam

**Director**

31 January 2025

**Hobart Property Limited**  
**Directors' report**  
**for the period to 2 March 2024**

**Directors' Report**

The Directors present their report and the financial statements of Hobart Property Limited (the 'Company') for the 8 month period to 2 March 2024. The prior financial period's financial statements were for the 18 month period to 30 June 2023.

**Dividends**

No dividends were paid in the current period or have been paid or proposed by the Directors since the balance sheet date (2023: £nil).

**Directors**

The Directors of Hobart Property Limited who held office during the financial period and up to the date of signing are shown below:

David Pilbeam  
Sainsburys Corporate Directors Limited

**Company Secretary**

The Company Secretary of the Company who held office during the financial period and up to the date of signing the financial statements are shown below:

Sainsbury's Corporate Secretary Limited

**Directors' indemnities**

The Directors are indemnified to the extent permitted by the Articles of Association of the Company in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The parent company purchased and maintained Directors' and Officers' liability insurance throughout 2022/23, which was renewed for 2023/24. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

**Going concern**

As at 2 March 2024, the company had retained losses of £24,554k (2023: £30,360k) and made a profit after tax in the period of £5,806k (2023: loss of £23,416k). The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of at least twelve months from the date on which these financial statements are signed. The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

By order of the Board



David Pilbeam (Jan 31, 2025 11:55 GMT)

David Pilbeam

**Director**

31 January 2025

**Hobart Property Limited**  
**Statement of Directors' responsibilities**  
**for the period to 2 March 2024**

The Directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102).

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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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 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.

By order of the Board

*L. Smith*

L.Smith (Jan 31, 2025 15:47 GMT)

Leon Smith

On behalf of Sainsburys Corporate Director Limited

Director

31 January 2025

**Hobart Property Limited**  
**Statement of comprehensive income**

	Note	2024 £'000	2023 £'000
Rental income		3,435	-
Movement in fair value of financial assets at fair value through profit and loss	7	-	(14,986)
<b>Gross profit/(loss)</b>		<b>3,435</b>	<b>(14,986)</b>
Administrative expenses		-	(202)
Other operating income	9	7,780	20
<b>Operating profit/(loss)</b>		<b>11,215</b>	<b>(15,168)</b>
Finance income	4	-	10
Finance costs	4	(5,409)	(15,850)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>5,806</b>	<b>(31,008)</b>
Income tax credit	5	-	7,592
<b>Profit/(loss) for the financial period</b>		<b>5,806</b>	<b>(23,416)</b>
<b>Total comprehensive profit/(loss) for the period</b>		<b>5,806</b>	<b>(23,416)</b>

The notes on pages 9 to 17 form an integral part of these financial statements.

**Hobart Property Limited**  
**Balance Sheet**  
**Registered number: 03978071**

	Note	2024 £'000	2023 £'000
<b>Non-current assets</b>			
Investment property	6	93,045	-
Financial assets at fair value through profit and loss	7	-	99,260
		<b>93,045</b>	<b>99,260</b>
<b>Current assets</b>			
Trade and other receivables	8	11,703	7,780
Cash and cash equivalents		-	229
		<b>11,703</b>	<b>8,009</b>
<b>Total assets</b>		<b>104,748</b>	<b>107,269</b>
<b>Current liabilities</b>			
Trade and other payables	9	(129,252)	(137,579)
		<b>(129,252)</b>	<b>(137,579)</b>
<b>Net current liabilities</b>		<b>(117,549)</b>	<b>(129,570)</b>
<b>Net liabilities</b>		<b>(24,504)</b>	<b>(30,310)</b>
<b>Equity</b>			
Called up share capital	10	50	50
Retained losses		(24,554)	(30,360)
<b>Total equity</b>		<b>(24,504)</b>	<b>(30,310)</b>

For the period ending 2 March 2024 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

The notes on pages 9 to 17 form an integral part of these financial statements.

The financial statements on pages 6 to 17 were approved by the Board of Directors on 31 January 2025, and are signed on its behalf by:

*L. Smith*

L.Smith (Jan 31, 2025 15:47 GMT)

Leon Smith  
On behalf of Sainsburys Corporate Director Limited  
**Director**

**Hobart Property Limited**  
**Statement of Changes in Equity**

	Share Capital £'000	Retained losses £'000	Total £'000
At 1 July 2023	50	(30,360)	(30,310)
Profit for the period	-	5,806	5,806
At 2 March 2024	50	(24,554)	(24,504)
At 1 January 2022	50	(6,944)	(6,894)
Loss for the period	-	(23,416)	(23,416)
At 30 June 2023	50	(30,360)	(30,310)

The notes on pages 9 to 17 form an integral part of these financial statements.



**Hobart Property Limited**  
**Notes to the financial statements**  
**for the period to 2 March 2024**

**1 General information**

Hobart Property Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in England and Wales. The Company's registered address is 33 Holborn, London, EC1N 2HT and is part of the J Sainsbury plc Group ("Group").

The Company's financial period represents the 8 month period ended 2 March 2024 (the prior financial period represents the 18 month period ended 30 June 2023). The company changed its accounting period from 30 June to 2 March to align with the Group. Therefore, as the prior period was 18 months, the two periods are not directly comparable. Within these financial statements, '2024' refers to the period to 2 March 2024, or as at 2 March 2024; and '2023' refers to the period to 30 June 2023, or as at 30 June 2023.

**2 Accounting policies**

**(a) Statement of compliance**

The financial statements are prepared in accordance with United Kingdom Accounting standards, in particular Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

**(b) Basis of preparation**

The financial statements are presented in sterling, rounded to the nearest thousand (£'000) unless otherwise stated. They have been prepared on a going concern basis under the historical cost convention, except for financial assets at fair value through profit and loss that have been measured at fair value.

**Going concern**

As at 2 March 2024, the company had retained losses of £24,554k (2023: £30,360k) and made a profit after tax in the period of £5,806k (2023: loss of £23,416k). The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of at least twelve months from the date on which these financial statements are signed. The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

**Revenue**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms net of any lease incentives given to the lessee and is included in revenue in the statement of profit or loss due to its operating nature.

**Finance income and costs**

Finance income and costs are recognised in the income statement for financial assets and liabilities measured at amortised cost using the effective interest method.

**Receivables**

Trade and other receivables are non-interest bearing and are on commercial terms. They are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9, with adjustments for factors specific to each receivable.

**Payables**

The Company's policy on the payment of creditors is to agree the terms of payment prior to commencing trade with a supplier and to abide by those terms on the timely submission of satisfactory invoices.

Trade payables are initially recognised at fair value, which is typically the invoiced amount and then held at amortised cost. They are shown net of supplier arrangements due where there is a contractual right of offset.

**Current tax**

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income, in which case the current tax is also dealt with in equity or other comprehensive income respectively.

**Deferred tax**

Deferred tax is accounted for on the basis of temporary differences arising from differences between the tax base and accounting base of assets and liabilities.

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**2 Accounting policies (continued)**  
**(b) Basis of preparation (continued)**

Deferred tax is recognised for all temporary differences, except to the extent where it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit. It is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, or other comprehensive income, in which case the deferred tax is also dealt with in equity, or other comprehensive income, respectively.

**Financial instruments**

*Financial assets*

The Company classifies all of its financial assets at amortised cost or at fair value through profit and loss in accordance with section 11.2 (c) of FRS 102, the recognition and measurement provisions of IFRS 9.

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash characteristics.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

*Financial liabilities*

The Company recognises all of its financial liabilities at amortised cost and all derivative financial liabilities at fair value through profit and loss.

Financial liabilities costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Interest-bearing bank loans, overdrafts and other deposits are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

*Fair value estimation*

The fair values of financial assets and liabilities are based on prices available from the market on which the instruments are traded. Where market values are not available, the fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values of short-term deposits, trade receivables, other receivables, overdrafts and payables and lease liabilities are assumed to approximate to their book values.

*Offsetting financial instruments*

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**2 Accounting policies (continued)**  
**(b) Basis of preparation (continued)**

**Investment property**

Upon the acquisition of the Company by the Group, all of the beneficial owners of the commercial property investment pool are under common control, being the Sainsbury's Group. The investment properties within the pool are held in trust by another Group entity (Stamford Properties One Limited) which is a wholly owned subsidiary by the Group, therefore effectively the Sainsbury's Group has full control of the properties.

Therefore, the Company's investment in the property pool is a fraction of the overall amount of the investment properties, and the Company is entitled to returns from the investment properties based on its beneficial interest in the investment property pool. As such, following the acquisition of the Company by the Group, the Company reclassified its financial assets at fair value to investment properties.

Investment properties are those properties held for capital appreciation and/or to earn rental income. They are initially measured at cost, which includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use, including related transaction costs. After initial recognition at cost, they are measured using the "fair value model" which is the fair value at each reporting period. Gains and losses arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(c) Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those which are significant to the Company are discussed separately below:

*Operating leases for lessors*

The Company earns rental income through commercial property leases on its portfolio of stores. At inception of each lease, the terms and conditions of the arrangements are evaluated to assess whether the lease terms constitute a major part of the economic life of the assets and whether the present value of the minimum lease payments amount to substantially all of the fair value of the commercial property. Where there is no evidence of this, management conclude that the significant risks and rewards of ownership do not transfer and these leases are accounted for as operating leases, with the underlying asset presented in the balance sheet and lease income recognised over the lease term on a straight-line basis.

**Sources of estimation uncertainty**

The areas where estimates and assumptions are significant to the financial statements are as listed below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

*Fair value of financial assets*

The valuations of the Company's financial assets are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation J Professional Standards January 2022 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the estimated rental value ('ERV') and equivalent yields of each investment property.

See notes 6 and 11 for further details.

**3 Operating profit**

Operating profit is stated after charging auditors remunerations of £nil (2023: £45k).

The Company had no employees in period ended 2 March 2024 (2023: nil). The directors received no remuneration in the period ended 2 March 2024 (2023: £nil).

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**4 Finance income and finance costs**

	2024 £'000	2023 £'000
Interest received	-	10
<b>Finance income</b>	-	10
Interest on intercompany loan	(5,067)	-
Secured Bonds interest	-	(2,284)
Zero Coupon Bonds amortisation	(342)	(13,355)
Amortisation of issue costs	-	(190)
Other interest	-	(21)
<b>Finance costs</b>	<b>(5,409)</b>	<b>(15,850)</b>

The Secured Bond and Zero Coupon Bonds were repaid in full in July 2023. This redemption was funded by a loan from the parent company. Interest charge on the Secured Bond was paid at a rate of 7.0907913% per annum. Interest on the Zero Coupon Bonds was accrued at a fixed rate of 8.855% per annum and was paid on maturity.

**5 Income tax expense**

	2024 £'000	2023 £'000
Current tax (credit)/expense:		
UK current tax expense	-	-
Over provision in prior years	-	(6,792)
<b>Total current tax credit</b>	-	(6,792)
Deferred tax credit:		
Origination and reversal of temporary differences	-	(7,752)
Adjustment from changes in tax rates	-	760
Unutilised tax losses	-	6,192
<b>Total deferred tax credit</b>	-	(800)
<b>Total income tax credit in income statement</b>	-	(7,592)

The effective tax rate of nil per cent (2023: 24 per cent) is lower than (2023: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2024 £'000	2023 £'000
Profit/(loss) before tax	5,806	(31,008)
Income tax at corporation rate of 25% (2023: 25%)	1,452	(7,752)
Effects of:		
Over provision in prior years	-	(6,792)
Revaluation of deferred tax balances	-	760
Unutilised tax losses	(1,452)	6,192
<b>Income tax credit per income statement</b>	-	(7,592)

The Spring Budget on 21 March 2023 confirmed the introduction of Pillar 2 reporting requirements for the UK, and were enacted on 18 July 2023, confirming that the rules will apply to the Sainsburys Group for the period ending 1 March 2025. Pillar 2 reporting introduced a global minimum 15 per cent tax rate and the Company will be required to file certain returns evidencing the payment of tax at this rate. The potential impact of this is currently has been assessed and the Sainsbury's Group does not consider that there is a material top-up tax liability at this stage, under the transitional safe harbour rules. Following this assessment, the Sainsbury's Group does not consider there to be a significant impact on its subsidiary undertakings.

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**6 Investment property**

	2024 £'000	2023 £'000
<b>Non-current</b>		
Investment property	93,045	-

The movements during the financial period are shown below.

	2024 £'000	2023 £'000
At the beginning of the period	-	-
Reclassification from financial assets	99,260	-
Disposal of part of the pool	(6,215)	-
At the end of the period	93,045	-

On 25 July 2023, two of the properties were sold out of the property pool and subsequently leased back by another Group company.

**7 Financial assets at fair value through profit and loss**

	2024 £'000	2023 £'000
<b>Non-current</b>		
Financial assets at fair value through profit and loss	-	99,260

The financial asset represented the Company's beneficial interest in a commercial property investment pool. The trust assets comprise ownership of freehold commercial properties within the property pool. The Company, through its interest as beneficiary to the trust, owned a share of this pool. Upon acquisition of the Company by the Group, the financial assets were reclassified to investment property.

The movements during the financial period are shown below.

	2024 £'000	2023 £'000
At the beginning of the period	99,260	114,246
Fair value movement	-	(14,986)
Reclassification to investment property	(99,260)	-
At the end of the period	-	99,260

**8 Trade and other receivables**

	2024 £'000	2023 £'000
<b>Current</b>		
Amounts due from Group companies	3,923	-
Current tax recoverable	7,743	7,743
Called up share capital unpaid	37	37
	11,703	7,780

Current amounts owed by the Group entities in the current period of are denominated in sterling and are non-interest bearing. All amounts are repayable on demand. Receivables balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet its obligations. This is assessed by considering the net asset position and whether the amounts owed to the Company are covered. No impairment losses were recognised in the period.

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**9 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current</b>		
Zero coupon bond	-	128,119
Subordinate loan	-	7,780
Amounts due to parent company	<b>128,762</b>	-
Other creditors	-	1,537
Accruals and deferred income	<b>490</b>	134
VAT payable	-	9
	<b>129,252</b>	<b>137,579</b>

The amounts due to the parent company are denominated in sterling and interest bearing at an interest rate of 12 month SONIA plus a margin of 0.85%. All amounts are repayable on demand.

On 12 July 2022 Cornerford Limited, Horndrift Limited and Stamford Properties Three Limited agreed to advance a loan to the Company up to an aggregate principal amount of £7,780k which was used pay a tax liability that had fallen due on options served on the properties within the structure. These options were cancelled as part of the agreement entered into between the Group and the Company in March 2023, and the Company is now due to receive the full tax amount as a refund. The loan balances were waived on 10 July 2023 as all entities are now part of the Group. The waiver of the loan was recognised in other operating income in the current financial period.

The Secured Bond was issued at a premium of 0.798% and was secured by a fixed and floating charge over the Company's property, assets and undertakings. It matured in July 2023. The Secured Bonds were listed on Euronext Dublin. The Zero Coupon Bonds were issued to Hobart Leasing Limited. Interest on the Zero Coupon Bonds was accrued at a fixed rate of 9.196% per annum and was paid on maturity in July 2023.

**10 Called up share capital**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Called up share capital</b>		
2 ordinary shares of £1 each - fully paid up	<b>2</b>	<b>2</b>
49,998 ordinary shares of £1 each - paid up to £0.25	<b>49,998</b>	<b>49,998</b>
	<b>50,000</b>	<b>50,000</b>

Ordinary shares have no right to fixed income.

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**11 Financial instruments**

**Fair value**

The financial assets at fair value through profit and loss represent the Company's beneficial interest in a commercial property investment pool. The asset is recognised at fair value based on the valuation of the properties within it. Fair value movements on financial assets at fair value through profit and loss are disclosed in note 7.

The fair values of receivables and payables with a maturity of less than one year are assumed to approximate their book values.

**Financial assets and liabilities by category**

Set out below is the accounting classification of each class of financial assets and liabilities as at 2 March 2024 and 30 June 2023.

	At amortised cost £'000	At fair value through profit and loss £'000	Total £'000
<b>At 2 March 2024</b>			
Trade and other receivables	3,960	-	3,960
Investment property	-	93,045	93,045
Trade and other creditors	(129,252)	-	(129,252)
	<b>(125,292)</b>	<b>93,045</b>	<b>(32,247)</b>
<b>At 30 June 2023</b>			
Trade and other receivables	37	-	37
Financial assets at amortised cost	-	99,260	99,260
Trade and other creditors	(137,570)	-	(137,570)
	<b>(137,533)</b>	<b>99,260</b>	<b>(38,273)</b>

**Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are recognised subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>At 2 March 2024</b>				
Investment property	-	-	93,045	93,045
<b>At 30 June 2023</b>				
Financial assets at fair value through profit and loss	-	-	99,260	99,260

The financial assets at fair value through profit and loss relate to the Company's beneficial interest in a property investment pool.

**Hobart Property Limited**  
**Notes to the financial statements (continued)**  
**for the period to 2 March 2024**

**11 Financial instruments (continued)**

*Sensitivity analysis*

Sensitivity analysis to reasonably possible changes in unobservable inputs within the valuation of investment property is presented in the following table. This table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- quantitative information about significant unobservable inputs used in the fair value measurement.

At 2 March 2024	Fair value £'000	Valuation technique	Key unobservable input	Range
Financial assets at fair value through profit and loss	93,045	Income capitalisation under vacant possession basis	ERV  Yield	£1,446k - £2,736k  4.85% - 5.75%
		Increase in sensitivity £'000	Decrease in sensitivity £'000	
Financial assets at fair value through profit and loss				
Change in ERV of 5%		6,634	(2,907)	
Change in yield of 25 basis points		(4,548)	5,061	

**12 Financial risk management**

**Treasury management**

Treasury policies are reviewed and approved by the ultimate parent company's board. The J Sainsbury plc Chief Executive and Chief Financial Officer have joint delegated authority from the ultimate parent company's board to approve finance transactions.

The Group operates a central treasury function which is responsible for managing the Company's liquid resources, funding requirements and interest rate and currency exposures. The risk management policies are designed to minimise potential adverse effects on the Group's financial performance by identifying financial exposures and setting appropriate risk limits and controls.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has borrowed at a fixed rate of interest in accordance with its policy, as such, no sensitivity analysis has been prepared.

**Liquidity risk**

The Company's exposure to liquidity risk is managed by funding cash flow requirements from the parent company.

**Credit risk**

The Company's exposure to credit risk is limited to accrued income arising from its beneficial interest in a commercial property investment pool. None of the amounts are past due or impaired.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide services to the Group and to maintain an optimal capital structure.



### 13 Related party transactions

#### **a. Key management**

The key management personnel of the Company comprise the Board of Directors. The Directors do not receive any remuneration from the Company as detailed in note 3 (2023: £nil). The Company did not have any transactions with the Directors during the financial period (2023: £nil).

#### **b. Related Party: Stamford Properties Three Limited, immediate parent company**

Payments to Stamford Properties Three Limited for interest expense during the current period amounted to £128,762k (2023: £nil).

#### **c. Transactions with other related parties**

At the end of the financial period the amount due from Sainsbury's Supermarkets Ltd is £3,923k (2023: £nil).

Under the terms of a corporate service agreement that ended in July 2023, Law Debenture Corporate Services Limited was contracted to provide certain corporate services including a registered office, administration and directors among other things for which it charges a corporate service fee. Law Debenture Trustee Limited was contracted to provide trustee services to the Company and its holding company under the terms of the Trust Deed. The amount charged during the period for corporate and trustee services was £nil (2023: £62k) and £nil (2023: £55k) respectively. The amount accrued for these services at period end was £nil (2023: £84k) and the amount prepaid was £nil (2023: £nil).

### 14 Ultimate parent undertaking

The Company's immediate parent company is Stamford Properties Three Limited, a company registered in England and Wales, by its 100% shareholding in the Company.

The Company's ultimate parent and controlling party is J Sainsbury plc, a company registered in England and Wales. The largest and smallest group of undertakings for which group financial statements have been prepared was that of J Sainsbury plc. Copies of these financial statements are available from its registered office at 33 Holborn, London, EC1N 2HT.