Company Registration No. 00166957 (England and Wales)

PEEL LAND AND PROPERTY INVESTMENTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

PEEL LAND AND PROPERTY INVESTMENTS PLC

COMPANY INFORMATION

Directors	John Whittaker Mark Whitaker M.R.I.C.S. Neil Lees A.C.I.S. Steven Underwood A.C.A John Schofield A.C.A. Ruth Woodhead A.C.A.
Company secretary	Neil Lees A.C.I.S.
Company number	00166957
Registered office	Peel Dome Intu Trafford Centre Traffordcity Manchester United Kingdom M17 8PL
Auditor	Deloitte LLP Statutory Auditor Manchester United Kingdom
Registrars and Transfer Office	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	Barclays Bank Plc Lloyds Bank Plc

PEEL LAND AND PROPERTY INVESTMENTS PLC

CONTENTS

PEEL LAND AND PROPERTY INVESTMENTS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report of the company for the year ended 31 March 2020.

Review of the business
Peel Land and Property Investments plc is a member of the group of companies headed by Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) "the Peel L&P group". The Peel L&P group has a set of core values provide a framework for the group to demonstrate how the Board of Directors makes decisions for the long term success of the group and also how it ensures compliance with requirements of S172 of the Companies Act 2006. The core values are:

The principal activity of the company continued to be that of property investment and property development. The company is expecting to keep performing in line with the current year. There have not been any significant changes in the principal activities of the company's subsidiaries in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The loss for the year and the financial position at the year end were considered satisfactory by the directors. The company is financed by First Mortgage Debenture Stocks and during the year the company has continued to comply with all of its borrowing covenants.

The loss before taxation is £22.0m compared to a profit before taxation of £2.5m in 2019, driven by a increase on deficit on revaluation of investment properties of £28.3m (2019: £1.2m).

The balance sheet shows that the company's financial position at the year end, in terms of net assets, is £291.4m, an decrease of £20.7m from the previous year (£312.1m) this is due mainly to the revaluation of investment properties.

The Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group which includes the company, is discussed in the group's annual report which does not form part of this report.

The risks and uncertainties below relate to the Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group and are relevant to this entity.

Environment
The company is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and on possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

Financial risk management objectives and policies
The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the directors. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk
The company has no exposure to either foreign currency risk or interest rate risk.

Credit risk
The company's principal financial assets are group loans which are minimal risk in the context of this group.

The credit risk on bank balances is limited because the banks have high credit ratings by international credit rating agencies.

Trade debtors as presented in the notes to the Balance Sheet are net of provisions for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company can rely on appropriate funding from the group it belongs to.

Streamlined energy and carbon reporting
The company is consolidated in the financial statements of its divisional holding company, Peel L&P Holdings (UK) Limited (formerly Peel Land and Property Holdings (UK) Limited), which may be obtained at Peel Dome, Intu Trafford Centre, Traffordcity, M17 8PL. The company is therefore permitted to claim exempt from presenting streamlined energy and carbon report.

Directors' indemnities
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principle risks and uncertainties

The principal aim of the group is to maximise long term returns whilst minimising risks. Responsibility for management of each key risk is clearly identified and delegated by the directors to specific senior staff within the group. The group's activities expose it to a number of financial risks including credit risk, interest rate risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes. The directors consider the following to be the major items of risk affecting the group:

- economic cycles, including impact on tenant covenant quality;
- interest rates and their impact on property values;
- potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future;
- the demand for commercial and residential property and the availability of funding from prospective buyers;
- the availability of suitable replacement finance as required;
- a small proportion of variable rate debt is not fixed via interest rate swaps, leaving the group with exposure to interest rate fluctuations; and
- as part of normal trading operations, the group invests cash on short-term deposit with certain major UK banks. The group is therefore exposed to the risk of a decline in the credit worthiness of one or more of those banks. The group mitigates its exposure to this risk by monitoring closely the economic environment and by ensuring that cash amounts are at all times invested with more than on bank.

The COVID-19 pandemic has a severe adverse impact on the risks of the business. The pandemic started to impact operationally just before the year end, in March 2020. By 31 March, the group had started the process to plan for the pandemic and markets were already affected. The directors consider the following to be the major items of risk affecting the group, each one then explained in further detail:

- government policy;
- human resource function;
- economic cycles;
- adverse changes in property value;
- the demand for commercial and residential property;
- interest rate fluctuations;
- environmental impact and climate change.

Government policy

Policy changes due to the onset of COVID-19 have created a very high risk. Government restrictions on movement are having a severe adverse effect across the business. This has caused the increased risks across the other categories of risk, and each one is dealt with below.

Government policy may change causing potential planning applications to be rejected. The group mitigates this risk by constantly assessing changes of policies in the forthcoming 12 months.

Principle Risks and uncertainties *continued*

Human resource function

All employees have adapted to remote working, but capacity and productivity has been adversely affected by working from home and closure of schools.

There has not yet been widespread illness across the group but contingency plans are in place should this occur. Maintaining internal communication and connectivity is more challenging in a working from home environment.

These risks are mitigated as follows:

- measures implemented to facilitate home working and maintain connectivity with internal colleagues and external stakeholders;
- maintenance of internal connectivity and communication. All divisions are hosting regular at least weekly meetings via Microsoft Teams;
- increased frequency of senior management meetings. Regular communications to all employees via email and business-wide update calls;
- workstreams prioritised and, where necessary, reallocated to accommodate staff childcare obligations. A plan has been

  worked up to ensure cover for members of the senior management team in the event of illness;
- mental health first-aiders are reaching out to every employee on a one-to-one basis; and
- IT department on high alert for cyber-attacks. Communications to employees to remain vigilant despite operational challenges.

Economic cycles, including impact on tenant covenant quality

The directors believe the COVID-19 pandemic has a severe, economic effect. It is not possible to predict the timescale of this affect. It is being mitigated by proactive engagement with tenants and by a large and diversified customer base and strong relationships with tenants.

Potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future

The availability of capital will be constrained over the coming months and, as a result, cash flow will come under pressure, largely due to anticipated reductions in rent receipts and deferrals of sales and scheduled payments. To mitigate this risk cash flow is being monitored and managed very carefully including:

- a number of staff being placed on the government's Coronavirus Job Retention Scheme;
- implementing a pay cut of between 10% for lower paid staff and 40% for higher paid staff;
- a restructure of group human resource in June 2020, resulting in c.50 redundancies;
- a temporary pause on uncommitted capital expenditure; and
- close liaison between the finance department and all divisions on receipts and expenditure, meaning real-time updates to cash flow.

Early engagement with the group's consortium of lenders led to the relaxation of certain bank covenants which have been agreed are in the process of being sought from certain lenders and this is expected to limit risks.

The uncertainties created have increased the estimation uncertainty over the fair value of the investment property.

A small increase in insurance risk reflects that insurer appetite may be adversely affected for the 2021 renewal.

There is an ongoing strategic plan for the acquisition, development and disposal of properties to ensure that banking covenants are met. A certificate of compliance is sent to each lender every quarter.

Principle Risks and uncertainties *continued*

The demand for commercial and residential property and the availability of funding from prospective buyers
Due to COVID-19, a downturn in commercial, retail and residential property markets is anticipated, although industrial and logistics market are expected to fare better than other sectors. Valuations are likely to be adversely affected and this is considered to be a very high risk. It is being mitigated by active management of the investment property portfolio, proactive engagement of tenants and discussions lenders in respect of loan to value covenants and potential waivers.

Under normal conditions this risk is mitigated by long leases.

Exposure to interest rate fluctuations
To mitigate this virtually all the borrowing is either fixed rate or covered by an interest rate swap.

Environmental impact and climate change
The group aims for its projects to have a positive environmental impact, and the challenge is to "future-proof" projects in terms of energy usage and the move to zero carbon. The group has appointed a sustainability officer and environmental consultants to facilitate this process.

Future developments and uncertainties
The main risk associated with the departure of the UK from the EU is the potential negative impact on the macroeconomic environment. This is as a result of the uncertainty surrounding transitional and post-Brexit arrangement and broader consumer confidence. More specifically the group is affected by changes in sentiment in the investment and occupier market in which it operates.

The outbreak of Covid-19 represents a risk to the company as the potential supply chain and macroeconomic impact is not yet understood.

The company continues to monitor the Brexit and Covid-19 situations closely.

Section 172 Companies Act

The company is a member of the group of companies headed by Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) "Peel L&P". Peel L&P has a set of core values which provide a framework for the group to demonstrate how the Board of Directors makes decisions for the long term success of the group and also how it ensures compliance with requirements of S172 of the Companies Act 2006. The core values are:

- Long term vision
- Long term investment
- Excellence in delivery
- Regeneration delivering sustainable growth
- Leaving a lasting social legacy
- Adding value for all our stakeholders

These values form the basis of the decision making progress. Details are as follows:

Core value 1 - Long term vision

This can only be achieved with the best possible relationship with employees by engaging them. Regular meetings are held involving directors, managers and supervisory staff to convey information about the business. During the year, the group has provided training for employees at all levels through a structured programme of courses, seminars and workshops.

The policy of the group is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

In 2014 the annual employee survey was launched. Employees are invited to leave strictly confidential answers to a series of questions. The feedback is crucial and provides Human Resources (HR) with valuable information about employees' working life. It is how HR can achieve our their vision "To provide outstanding Human Resource service to enable business performance and support our people".

Some of their achievements so far are:
- Communications Steering group formed with employees from across the group looking at ways to improve internal communication and introduction of 'Just Chat' sessions. 'Just Chat' is a series of talks held by key speakers from different areas of the business.
- New appraisal process launched to align business and personal objectives and completion of 'Ambition' leadership development programme.
- Expansion of Health and Wellbeing initiatives and the development of Total Reward Statements.

Core value 2 - Long term investment

The group's corporate social responsibility structure includes three pillars of sustainability: economic investment, environmental responsibility and communities.

The work of Peel L&P brings these pillars to life by delivering its promise for social and environmental responsibility and sensible, sustainable commercial actions. It acts for good: investing in the buildings, the communities and the environments in which it works and behaving with integrity to build on its legacy.

The group devotes its energy to accomplishing great things; not for their own sake, or the group's but for those who come after. That is today, tomorrow and for generations to come. The ambitions are for a more prosperous, sustainable future for all; where people and places are matched with the opportunity to be the very best they can be.

The group's new five year sustainability plan aims to meet the current needs of the business and stakeholders whilst keeping ahead of key trends to ensure future-proof activities. Peel L&P is often the facilitator, with an indirect impact on sustainability, and its ambitions can only be achieved by working together with partners to keep pace with key future trends.

Section 172 Companies Act 2006 continued

Core value 3 - Excellence in delivery
The Peel legacy matters. It takes great pride in the outcomes we achieve, the people it works with, the way it goes about its business and the transformational projects it delivers.

Core value 4 - Regeneration delivering sustainable growth
The United Nations Sustainable Development Goals (SDGs), otherwise known as the Global Goals, were launched in 2015 and underpin Peel L&P's ambition to embed sustainability into its placemaking activities. Peel supports the principles of the 17 SDGs and has started to look at how it can play its part in contributing to them. The group has prioritised the four that are most relevant to its business activities and recognise that none could be achieved without working in partnership with its stakeholders:Ensure sustainable consumption and production patterns

1. This refers to sustainable use of natural resources, reduction of waste and sustainable business practices. Peel L&P has extensive opportunities to integrate sustainable practices into its day-to-day business activities. This can be through the way it operates its buildings, such as using the ISO 50001 energy management system to help it identify and implement energy saving measures, the services it provide to customers in terms of recycling and waste management, sustainable procurement and its own office sustainability, and how it manages the public realm under its stewardship, maintaining safe, healthy, green environments for people to live and work in.

2. Make cities and human settlements inclusive, safe, resilient and sustainable

   This means high quality, safe and accessible housing, green spaces and public realm; inclusive and sustainable urbanisation; protecting and safeguarding cultural and natural heritage. The group's specialist teams have a proven track record in delivering high-quality, legacy projects across land, property, water and air. This includes hotels, waterways, media hubs, event spaces, leisure facilities, retail, workspaces, residential development, industrial and logistical space, public realm, historic gardens and renewable energy, including electric-vehicle charging.

3. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

   This is economic growth, safe working environments and sustainable tourism. Peel L&P will create new training, employment and local business opportunities through its regeneration activities. As a social investor, it works with its partners to develop the skills of local people and create job opportunities that benefit the local economy. It creates sustainable destinations and homes where people and businesses can grow, offering the ability for communities to prosper and thrive. It gets involved; pledging significant funding within communities every year and partnering with local organisations and educational establishments wherever it works.

4. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, halt and reverse land degradation and promote biodiversity net gain

   This means conservation, restoration, sustainable use of terrestrial and inland freshwater ecosystems and the enhancement of natural habitats and biodiversity. The group is committed to help communities to connect with nature. It understands the innate connection between humans and nature and know that access to parks, woodland, water and open space is fundamental in assuring the long term health, wellbeing and productivity of any community. Through the land portfolio and development activities it has the opportunity to create high quality, functional new environments. It strives to put back more into the environment for people and wildlife – a net gain – to help ecosystems and communities prosper.

Section 172 Companies Act 2006 continued

Core value 5 - Leaving a lasting social legacy
A Community Environment Fund (CEF) has been set up. As part of the Atlantic Gateway development, Peel has suggested a voluntary 1% contribution of a project's overall cost to form a fund to establish environmental projects to benefit the whole community. In line with the Port Salford development Peel has contributed to the Western Gateway Infrastructure Project. The fund will contribute to local engagement and a lasting community and environmental legacy.

Core value 6 - Adding value for all our stakeholders
1. Suppliers: in the absence of dispute, amounts due to trade and other Suppliers are settled as expeditiously as possible within their terms of payment.

2. Customers: the group's marketing is carried out by Perfect Fit Media. This media owner also owns and operates the entire environment rather than simply the media space, so the portfolio also includes the option to create bespoke, interactive installations and community-specific activation.

3. Members: the group only has one shareholder, Peel L&P Group Limited (formerly Peel Holdings Land and Property Group Limited) whose group policy is to maximise net asset value growth. Peel is continuing to achieve this by developing the land within its portfolio. An example of this is the development of Liverpool Waters, Peel's largest ongoing project. Projects are funded by external borrowings which have covenants attached. Compliance with these covenants is essential to ensure continued availability of funds. This is therefore the priority in decision making at project level. For this project there are three different lenders across distinct sites. Examples of covenants are control of Loan to Value ratio, Income to Interest requirement and restrictions to use of cash. They are carefully monitored and preventative action taken before there is a breach. For this example in the year to 31 March 2020 some assets were transferred between companies within the group to ensure the required Loan to Value ratio was not exceeded.

The Board will continue to review and challenge how the group can improve engagement with its employees and stakeholders.

Approved by the Board of Directors and signed on behalf of the Board

John Schofield A.C.A.
Director
25 September 2020

PEEL LAND AND PROPERTY INVESTMENTS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and audited financial statements for the year ended 31 March 2020.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) , which may be obtained at Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL. Exemptions have been taken in these separate company financial statements in relation to disclosures surrounding financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

Matters included in the Strategic Report

In accordance with s414(C) (11) of the Companies Act, included in the strategic report is information relating to the future development of the business and risks and uncertainties and directors indemnities which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a directors' report.

Going concern

The directors have concluded, after making enquiries, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements. Their considerations have taken into account the potential risks associated with the global Covid-19 pandemic. The group that the company is a part of moved quickly to mitigate the financial effects of the disruption caused by the pandemic, including a review of capital spend and allocation, utilisation of Government initiatives and review of and reduction in overhead expenditure.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

Directors

Except where stated, the directors who held office during the financial year and thereafter are:

John Whittaker	
David Glover	(Resigned 20 December 2019)
Peter Hosker LL.B	(Resigned 19 December 2019)
Mark Whitaker M.R.I.C.S.	
Neil Lees A.C.I.S.	
Steven Underwood A.C.A	
John Schofield A.C.A.	
Ruth Woodhead A.C.A.	(Appointed 17 March 2020)

Dividends

The directors are unable to recommend payment of a final a dividend (2019: same).

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' responsibilities statement
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Statement of disclosure to auditor
Each of the persons who is a director at the date of approval of this report confirms that:

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

J A Schofield

John Schofield A.C.A.
Director
25 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PEEL LAND AND PROPERTY INVESTMENTS PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Peel Land and Property Investments plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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.

Summary of our audit approach

Key Audit matters	The key audit matter that we identified in the current year was the valuation of investment properties and operational buildings.
Materiality	The materiality that we used in the current year was £8.7 million which was determined on the basis of 3% of net assets. Furthermore, a specific materiality of £1.1 million has been determined based on 5% of profit before tax and applied to our testing of all impacted balances, classes of transactions and disclosures.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There is no significant change to our approach during the year.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.	**We have nothing to report in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties and operational buildings

Key audit matter description

The company owns and manages a portfolio of investment properties and operational buildings that are carried at fair value in the financial statements. The portfolio is valued at £391.3 million as at 31 March 2020 (£416.3 million as at 31 March 2019) and a revaluation loss of £28.3m has been recognised in the year then ended (2019: £1.2m loss). The assets are highly material to the company as they account for 67% of total assets (2019: 69%). Investment property and operational buildings are included within notes 9 and 10 to the financial statements and are also included within the key sources of estimation uncertainty as included in note 2

At 31 March 2020, 100% of the investment property was valued by the company's own Royal Institution of Chartered Surveyors ("RICS") professionally qualified staff who have many years of relevant experience in valuing these types of assets. The valuations were performed with reference to an external valuation performed as at 30 September 2019.

The valuation of the portfolio is inherently subjective and is underpinned by a number of assumptions including capitalisation yields and Estimated Rental Value ("ERV") which are influenced by prevailing market yields, comparable market transactions and the specific characteristics of each property in the portfolio. The existence of significant estimation uncertainty coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement on the income statement and balance sheet, warrants specific audit focus in this area.

This key audit matter is subject to an increased level of risk in the current year as a result of uncertainties created by coronavirus (COVID-19). This is noted by the company's valuers, with the valuation reports at the balance sheet date including a clause which highlights "material valuation uncertainty". This clause serves as a precaution and does not invalidate the valuation or mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuations than would otherwise be the case.

How the scope of our audit responded to the key audit matter

With regard to the year-end valuation, we have assessed whether the valuation approach adopted was in accordance with RICS guidance and suitable for use in determining the carrying value in the balance sheet. We assessed the director's qualifications and experience in valuing this type of assets.

We compared the yields used within the valuations to an estimated range of expected yields, determined via reference to published benchmarks, and to recent transactions. Additionally, we evaluated year-on-year movements in capital value. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations and, where necessary, held further discussions with the valuers in order to challenge the assumptions.

We also carried out procedures, on a sample basis, to test whether property-specific data supplied to the valuers and included within management's own valuation reflected the underlying property records held by the company and which had been tested during our audit.

We have also considered any potential impact of Covid-19 and Brexit on the valuations and discussed these with the internal and external valuation experts. We have assessed the impact on the underlying tenants and associated potential risks.

We have also reviewed the level of disclosure made in these financial statements in light of the material valuation uncertainty created by the COVID-19 pandemic, assessing whether an appropriate level of disclosure in the current year to reflects the uncertainties created by this.

In relation to the external valuation performed as at 30 September 2019, we read the valuation reports and held a meeting with the external valuers. We assessed the external valuers' competence, capabilities and objectivity. The procedures to assess this included reviewing the qualifications and expertise of the valuers and understanding the terms of engagement with the company to ensure there were no matters that might have affected their objectivity or may have imposed scope limitations upon their work.

Key observations

While we note the increased estimation uncertainty in relation to the property valuation as a result of COVID-19, and as disclosed by the company in notes 9 and 10, we consider that the valuation and disclosure are appropriate and their underlying assumptions were supportable in light of available and comparable market evidence.

PEEL LAND AND PROPERTY INVESTMENTS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PEEL LAND AND PROPERTY INVESTMENTS PLC

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements	
Materiality	**Overall materiality** £8.7million	**Specific materiality** £1.1 million Applied to profit or loss balances (other than those relating to property revaluations).
Basis for determining materiality	3% of net assets	5% of profit/(loss) before tax.
Rationale for the benchmark applied	In arriving at this judgement we had regard to the carrying value of the company's assets, acknowledging that the primary performance measure of the company is the carrying value of investment property.	In addition to net assets, we consider profit and loss to be a critical financial performance measure for the company and we applied a lower threshold of £1.1 million based on 5% of that measure for testing of all impacted balances, classes of transactions and disclosures.
Performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit. In determining performance materiality, we considered the following factors: a. Our risk assessment, including; our assessment of the group's overall control environment; the business processes; and the industry the entity operates in b. There are no significant changes to the business or key management personnel over the year c. Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

Error reporting threshold

We agreed with the directors that we would report to them all audit differences in excess of £0.4m as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

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

Elizabeth Benson BSc ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
25 September 2020

PEEL LAND AND PROPERTY INVESTMENTS PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Turnover	3	24,860	23,167
Cost of sales		(1,570)	(1,840)
Gross profit		23,290	21,327
Administrative expenses		(262)	(188)
Revaluation of investments		49	-
Other operating income		166	248
Deficit on revaluation of investment properties	10	(28,289)	(1,161)
Operating (loss)/profit		(5,046)	20,226
Profit/(loss) on disposal of investment properties	4	135	(177)
(Loss)/profit before interest and taxation		(4,911)	20,049
Interest receivable and similar income	6	3,973	3,561
Interest payable and similar expenses	7	(21,056)	(21,077)
(Loss)/profit before taxation	4	(21,994)	2,533
Tax on (loss)/profit	8	1,222	(2,162)
(Loss)/profit for the financial year		(20,772)	371

All of the above results derive from continuing operations.

PEEL LAND AND PROPERTY INVESTMENTS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
(Loss)/profit for the year		(20,772)	371
Other comprehensive income/(expense) for the year			
Revaluation of operational buildings	**9**	66	711
Tax relating to revaluation of operational buildings	**14**	(41)	(121)
Other comprehensive income for the year		25	590
Total comprehensive (expense)/income for the year attributable to the equity shareholder of the company		(20,747)	961

PEEL LAND AND PROPERTY INVESTMENTS PLC

BALANCE SHEET

AS AT 31 MARCH 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	9		391,259		416,328
Investments	11		49		-
			391,308		416,328
Current assets					
Debtors	12	189,715		190,732	
Cash at bank and in hand		4		206	
		189,719		190,938	
Creditors: amounts falling due within one year	13	(15,606)		(18,297)	
Net current assets			174,113		172,641
Total assets less current liabilities			565,421		588,969
Creditors: amounts falling due after more than one year	13		(257,682)		(257,594)
Provisions for liabilities	14		(16,378)		(19,267)
Net assets			291,361		312,108
Capital and reserves					
Called up share capital	15		39,276		39,276
Share premium account			103,789		103,789
Revaluation reserve			941		942
Other reserves			2,494		2,494
Capital redemption reserve			115,676		115,676
Profit and loss account			29,185		49,931
Shareholder's funds			291,361		312,108

The accompanying notes form an integral part of these financial statements.

The financial statements of Peel Land and Property Investments PLC, company number 00166957 were approved by the board of directors and authorised for issue on 25 September 2020

Signed on its behalf by:

JASchofield

John Schofield A.C.A.
Director

PEEL LAND AND PROPERTY INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2018	39,276	103,789	2,897	115,676	-	49,509	311,147
Profit for the year	-	-	-	-	-	371	371
Other comprehensive income	-	-	590	-		-	590
Total comprehensive income	-	-	590	-	-	-	590
Unrealised revaluation surplus on disposal of other fixed assets	-	-	(2,494)	-	2,494	-	-
Transfer of excess depreciation charge	-	-	(51)	-	-	51	-
Balance at 31 March 2019	39,276	103,789	942	115,676	2,494	49,931	312,108
Loss for the year	-	-	-	-	-	(20,772)	(20,772)
Other comprehensive income	-	-	25	-	-	-	25
Total comprehensive income	-	-	25	-	-	29,159	29,184
Transfer of excess depreciation charge	-	-	(26)	-	-	26	-
Balance at 31 March 2020	39,276	103,789	941	115,676	2,494	29,185	291,361

1 Accounting policies

Company information

Peel Land and Property Investments PLC is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales with company registration number 00166957. The registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, United Kingdom, M17 8PL.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its divisional holding company, Peel L&P Investments Holdings Limited (formerly Peel Investments Holdings Limited), which may be obtained at Peel Dome, Intu Trafford Centre, Traffordcity, M17 8PL. Exemptions have been taken in these separate company financial statements in relation to disclosures surrounding climate change reporting requirements, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

1 Accounting policies **(Continued)**

1.2 Going concern

The directors have received confirmation that Peel L&P Holdings (UK) Limited ("Peel"), the divisional holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future.

In considering the ability of Peel to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Peel's consolidated forecasts, the continuing availability of its facilities and its strategic and contingent plans. These forecasts show that sufficient resources remain available to the business for the next twelve months after taking account of reasonably possible changes in performance, including those arising from the global Covid-19 pandemic.

Key details of these are as follows:
Peel cashflow forecasts have been revised to reflect current expectations of the impact of COVID-19 and management actions taken to date. Sensitivities have also been considered to reflect downside scenarios including potential further reductions in property valuations and the impact on loan to value covenants on debt facilities. These covenants currently operate with headroom and in the event of reductions in value there are mitigating actions that could be deployed to create headroom. These forecasts show that, even allowing for these downsides, for a period of 12 months from the signing of the accounts Peel has access to sufficient cash reserves, via support from its parent, and is in a strong position to withstand the potential impact. The directors are confident that Peel is well placed to manage its business risks satisfactorily despite the current uncertain economic outlook.

As at the balance sheet date, Peel has net assets of £0.5 billion (2019: £0.5 billion), which includes £1,506 million (2019: £1,528 million) of investment properties, and net debt of £865m (2019: £858m) which is provided through a variety of secured and unsecured facilities. Peel held £36 million (2019: £67 million) of cash balances and had undrawn loan facilities of £17 million available (2019: £4 million) as at 31 March 2020.

Taking all these factors into account, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Turnover

Property rental income and the appropriate allocation of rental premiums are accounted for on an accruals basis and on a straight line basis over the lease term. Trading property sales are accounted for on a legal completion basis.

Turnover excludes sales related taxes.

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided on all other fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Operational buildings	depreciated at rates varying between 1% and 4% per annum
Plant and machinery	depreciated by equal annual instalments over their expected useful lives at rates varying between 4% and 33% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Surpluses or deficits arising from revaluation of operational buildings are transferred to the unrealised revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Realised revaluation surpluses representing the difference between historical cost and the asset's carrying value are reclassified by way of a transfer to profit and loss account reserve in the year in which the property disposal occurs.

Investment properties are measured at fair value annually with any change recognised in the profit and loss account.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Investment property sales are accounted for on the basis of legal completion.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

1.5 Fixed asset investments

Investments in non-derivative instruments that are the equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit and loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

1 Accounting policies **(Continued)**

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.8 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding the costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit and loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which maybe nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1 Accounting policies **(Continued)**

Impairment of financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying amount value had no impairment been recognised.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

1.10 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and it's results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied, apart from those involving estimates which are dealt with separately below.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

Investment properties and other fixed assets

A key source of estimation and uncertainty relates to the valuation of investment properties and other fixed assets where a valuation is obtained annually, as at 31 March, by the company's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. For 31 March 2020, the rapid spread of COVID-19 has disrupted activity in real estate markets creating heightened valuation uncertainty for the company's valuers. As a result, the valuation reports include a clause which highlights a 'material valuation uncertainty'. This clause serves as a precaution and does not invalidate the valuation and does not mean the valuations cannot be relied upon. Rather, it is intended to highlight that due to current extraordinary circumstances, less certainty can be attached to the valuations than would otherwise be the case. Property valuations are one of the principal uncertainties of the company.

3 Turnover

An analysis of the company's turnover is as follows:

	2020 £'000	2019 £'000
Turnover		
Rental income	24,526	22,897
Other turnover	334	270
	24,860	23,167

The total turnover of the company for the year has been wholly undertaken in the United Kingdom.

4 (Loss)/profit before taxation

Profit before taxation is stated after charging/(crediting);	2020 £'000	2019 £'000
Depreciation of owned tangible fixed assets	66	133
Net impairment loss on doubtful debts/(reversal of impairment)	78	(88)
Deficit on revaluation of investment property	28,289	1,161
(Profit)/loss on disposal of investment properties	(135)	177

The auditor's remuneration for audit work of £26,000 was borne by another group company (2019: £25,000). Auditor's remuneration of £5,000 has been paid in respect of tax compliance services (2019: £18,375). Auditor's remuneration for compliance certificates in relation to First Mortgage Debenture Stock was £7,000 (2019: £5,000).

5 Employees

There were no employees during the year apart from the directors (2019: none).

The directors of the company were remunerated by Peel Group Management Limited and Peel L&P Group Management Limited for their services to the group as a whole; it is not practicable to allocate their remuneration between their services to group companies.

6 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from group undertakings	3,969	3,520
Other interest	4	41
	3,973	3,561

7 Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	20,791	20,817
Amortisation of loan fees	112	112
Other interest	153	148
	21,056	21,077

8 Taxation

	2020 £'000	2019 £'000
UK Current tax		
Prior period adjustments	(26)	1,906
Group relief	1,734	891
Total current tax	1,708	2,797
Deferred tax		
Changes in tax rates	2,198	-
Origination and reversal of timing differences	(5,128)	(635)
Total deferred tax	(2,930)	(635)
Total tax (credit)/charge	(1,222)	2,162

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(21,994)	2,533
UK corporation tax at 19% (2019: 19%)	(4,179)	481
Expenses not deductible for tax purposes	135	154
Prior period adjustments	(13)	2,433
Unrecognised movement on deferred tax in respect of investment property	647	(1,043)
Non-deductible write down of investments	(9)	-
Difference in tax rate on current year deferred tax	-	137
Deferred tax effect of changes in statutory tax rates	2,197	-
	2,957	1,681
Tax (credit)/charge for the year	(1,222)	2,162

The standard rate of tax applied to the reported profits is 19% (2019: 19%).

9 Tangible assets

Tangible assets comprise	2020 £'000	2019 £'000
Operational assets (see below)	3,401	3,401
Investment properties (see note 10)	387,858	412,927
	391,259	416,328

	Operational buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
At 1 April 2019	3,401	11	3,412
At 31 March 2020	3,401	11	3,412
Depreciation			
At 1 April 2019	-	11	11
Depreciation charged in the year	66	-	66
Revaluation	(66)	-	(66)
At 31 March 2020	-	11	11
Net book value			
At 31 March 2020	3,401	-	3,401
At 31 March 2019	3,401	-	3,401

Other information:	2020 £'000	2019 £'000
Historical cost of operational buildings	2,459	2,459

9 Tangible assets **(Continued)**

100% of the operational buildings portfolio was professionally valued by the company's own Royal Institution of Chartered Surveyors qualified staff.

The valuations were undertaken in accordance with "Red Book Principles" and were conducted on the basis of Market Value. The operational buildings are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and, if any, reversionary income streams. The capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. All of the valuers hold professional qualifications and have many years of relevant experience in valuing these types of assets.

For the 31 March 2020 valuation, the rapid spread of COVID-19 has disrupted activity in real estate markets creating heightened valuation uncertainty for the company's valuers. As a result, the valuation report in respect of operating buildings includes a clause which highlights a 'material valuation uncertainty'. This clause serves as a precaution and does not invalidate the valuation and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to extraordinary circumstances, less certainty can be attached to the valuations than would otherwise be the case.

At 31 March 2020 operational buildings are all freehold.

10 Investment property

	Freehold £'000	Long Leasehold £'000	Total £'000
Valuation			
At 1 April 2019	402,800	10,127	412,927
Additions	2,289	1	2,290
Disposals	(3,800)	-	(3,800)
Inter-company transfers	4,000	-	4,000
Lease incentives	730	-	730
Revaluation	(29,763)	1,474	(28,289)
At 31 March 2020	376,256	11,602	387,858

Other information:	2020 £'000	2019 £'000
Historical cost of investment properties	241,886	233,423

100% of the investment property portfolio was professionally valued by the company's own Royal Institution of Chartered Surveyors qualified staff.

The valuations were undertaken in accordance with “Red Book Principles” and were conducted on the basis of Market Value. The investment properties are valued by adopting the ‘investment method' of valuation. This approach involves applying capitalisation yields to current and, if any, reversionary income streams. The capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers’ professional judgement and market observation. All of the valuers hold professional qualifications and have many years of relevant experience in valuing these types of assets.

For the 31 March 2020 valuation, the rapid spread of COVID-19 has disrupted activity in real estate markets creating heightened valuation uncertainty for the company's valuers. As a result, the valuation report in respect of operating buildings includes a clause which highlights a 'material valuation uncertainty'. This clause serves as a precaution and does not invalidate the valuation and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to extraordinary circumstances, less certainty can be attached to the valuations than would otherwise be the case.

Property rental income earned in the year is set out in note 3 and no contingent rents have been recognised as income in the current or prior year.

There are no contractual obligations for repairs and maintenance or health and safety.

11 Fixed asset investments

	2020 £'000	2019 £'000
Listed investments	49	-

Movements in fixed asset investments

	Listed investments £'000
Cost	
At 1 April 2019	-
Revaluation	49
At 31 March 2020	49
Carrying amount	
At 31 March 2020	49
At 31 March 2019	-

Listed investments represent investments in debenture mortgage bond stock. They are measured at fair value through profit and loss.

12 Debtors

	2020 £'000	2019 £'000
Trade debtors	2,985	1,404
Amount owed by group undertakings	185,244	186,971
Amounts owed by related parties	337	-
Other debtors	652	284
Prepayments and accrued income	497	2,073
	189,715	190,732

Included in amounts owed by group undertakings are £185,244,000 (2019: £182,330,000) due from the parent company which carry interest of 1.5% above base rate (2019: 1.5%) per annum charged on the outstanding loan balance. The remainder does not carry interest and the whole amount is repayable on demand.

13 Creditors

	Due within one year		Due after one year	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans and overdrafts	-	-	257,682	257,594
Taxation and social security	-	3	-	-
Trade creditors	1,025	957	-	-
Amount due to group undertakings	2,955	6,004	-	-
Accruals	8,760	8,325	-	-
Other creditors	2,866	3,008	-	-
	15,606	18,297	257,682	257,594

Amounts payable to group undertakings do not carry interest and are repayable on demand.

		2020	2019
		£'000	£'000
First Mortgage Debenture Stock:			
Interest rate	Maturing		
8.375%	2040	259,931	259,955
Unamortised arrangement fees		(2,249)	(2,361)
		257,682	257,594

	2020	2019
Analysis of loans		
In more than five years	257,682	257,594

The First Mortgage Debenture Stocks are secured by fixed legal charges on certain freehold and leasehold investment properties owned by the company.

The present market value of the company's fixed rate debt shows a post-tax 'mark to market' value of £72.0m in excess over book value (2019: £82.0m).

14 Provisions for liabilities

	Deferred tax liability £'000
At 1 April 2019	19,267
Profit and loss account	(5,128)
Movement in other comprehensive income	41
Rate change	2,198
At 31 March 2020	16,378

The deferred tax liability is made up as follows:

	2020 £'000	2019 £'000
Capitalised land remediation relief	18	3
Capitalised interest	88	79
Fixed asset timing differences	196	176
Revalued investment property	15,426	18,401
Revalued operational assets	650	608
	16,378	19,267

Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020, however, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. As this change was substantively enacted on 17 March 2020, deferred tax balances have been recognised at the rate of 19% in these accounts.

During the year commencing 1 April 2020, the net reversal of deferred tax liabilities is expected to increase the corporation tax charge for the year by £365,000. This is due to the realisation of contingent gains provided on investment properties. There is no expiry date on timing differences, unused tax losses or tax credits.

There is no expiry date on timing differences, unused tax losses or tax credits.

15 Called up share capital

	2020 £'000	2019 £'000
Ordinary share capital		
Allotted, called up and fully paid		
120,320,284 Ordinary shares of 25p each	30,080	30,080
36,785,416 Ordinary shares with D rights of 25p each	9,196	9,196
One special share of 25p each	-	-
	39,276	39,276

The company has two classes of ordinary shares which carry no right to fixed income.

The rights of the ordinary shares with D rights are identical to the rights attaching to the ordinary shares.

The rights of the special share are the same as those attaching to the ordinary shares, except that that it has no voting rights.

The other reserves of the company are non-distributable and arise in respect of unrealised intra-group profits on disposal of an operational fixed asset as a consequence of group reorganisations.

The capital redemption reserve arose after the company redeemed its preference shares and it represents the nominal value of those shares.

16 Operating lease receivables

Lessor

Total minimum lease payments receivable under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Within one year	19,369	20,461
Between two and five years	60,792	64,058
In over five years	1,070,190	1,084,325
	1,150,351	1,168,844

17 Capital commitments

	2020 £'000	2019 £'000
Amounts contracted for but not provided in the financial statements	210	3,020

18 Related party transactions

During the year to 31 March 2020 the company provided services of £1,349,000 (2019: £1,349,000) to Manchester Ship Canal Company Limited, a fellow subsidiary company. As at 31 March 2020 the company was owed £337,000 (2019: £nil).

19 Controlling party

The ultimate holding company in the year ended 31 March 2020 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

The immediate parent company is Peel L&P Investments Holdings Limited (formerly Peel Investments Holdings Limited).

The largest group of companies, of which the company is a member, that produces consolidated financial statements is Peel Holdings Group Limited, a company incorporated in the Isle of Man. The registered office is Billown Mansion, Ballasalla, Malew, IM9 3DL, Isle of Man.

The smallest group of companies, of which the company is a member, that produces consolidated financial statements, is Peel L&P Investments Holdings Limited (formerly Peel Investments Holdings Limited), a company incorporated in England and Wales. Its group financial statements are available from the Company Secretary at its registered office, Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.