

Amending


Liberty Property Trust UK Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 05340012

THL SATURDAY			
	A9W9YUXC		
THL	A05	16/01/2021	#123
	COMPANIES HOUSE		
	A9KLD6ZF		
	A19	24/12/2020	#156
	COMPANIES HOUSE		

Liberty Property Trust UK Limited

Annual report and financial statements for the year ended 31 December 2019

Contents

Page:

1	Strategic report
3	Director's report
4	Statement of director's responsibilities in respect of the annual report and the financial statements
5	Independent auditor's report
7	Statement of comprehensive income
8	Balance sheet
9	Statement of changes in equity
10	Notes forming part of the financial statements

Directors

A J Blevins
E S Roche (Resigned 4th February 2020)
W P Hankowsky (Resigned 4th February 2020)
M T Hagan (Resigned 4th February 2020)
J Harrison (Resigned 27th November 2020)
N D M Smith (Appointed 4th February 2020)
P D Weston (Appointed 4th February 2020)

Registered office

Prologis House Blythe Gate, Blythe Valley Park, Shirley, Solihull, West Midlands, B90 8AH

Company number

5340012

Auditor

KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH

Liberty Property Trust UK Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

Principal activity, review of the business and position of the business

The principal activity of the company is to act as asset and development manager on behalf of various principals in respect of numerous real estate projects.

The Kings Hill project is progressing under the terms of an agreement with the Kent County Council (the Development Agreement) dated 18 January 1989, and its subsequent variations. The company originally had planning permission to develop 2 million square feet of business space, housing and amenities such as schools, a nursery and supermarket and retail area have already been built. In its role as a strategic land developer, the company has promoted multiple additional alternative planning applications approved to repurpose commercial development land into residential development land. The company has land consented for the development by housebuilders for 3,590 houses. As at 31st December 2,995 houses had been completed. The role of the company is that of Master Plan Developer, selling serviced residential land parcels to recognised housebuilders to deliver finished housing.

The statement of comprehensive income is set out on page 7 and shows a turnover for the year of £15,195,921 (2018 - restated £56,485,456) and a profit for the year before taxation of £4,615,390 (2018 – Profit £18,773,284).

In October 2019, Liberty Property Trust announced that it was being acquired by Prologis, Inc., the global leader in logistics real estate. The transaction closed on February 4, 2020 and Liberty Property Trust UK Limited is now part of Prologis, Inc.

The future prospects of the company remain strong. The directors intend for the company to continue in the principal activity for the foreseeable future.

Principal risks and uncertainties

The current economic climate has caused some uncertainty in the office development area of our business which is solely in Kings Hill, Kent as the demand for office space in suburban locations has generally decreased. We have managed this risk by obtaining planning consent to convert previously consented B1 commercial development land into residential development land for the construction of up to 635 new residential homes where the local demand is very high. As at 31st December 2019 24 acres of this consented land has been sold to develop 371 private residential dwellings and 112 affordable housing.

Effects of COVID-19

The directors continue to monitor the ongoing situation regarding the COVID-19 pandemic and the potential impact on the company, and take mitigating actions as required.

Given the current uncertainty, it is not possible to quantify the potential impact on the UK's housing market. However, initial indications suggest that demand from housebuilders remains good for well located "shovel-ready" residential land in locations such as Kings Hill and central government has put in place stimulants to help with the housing market. To date no employees have had to be furloughed and there has been no material adverse effect on the company's results.

Going concern

The company has net assets of £20,522,374 (2018: £16,509,911). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through development and sale of land and management fees and through Prologis Inc. to meet its liabilities as they fall due for that period. Prologis Inc. has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts.

Liberty Property Trust UK Limited

Strategic report for the year ended 31 December 2019 (*continued*)

Future developments

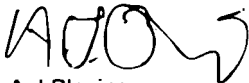
Due to the high demand for residential housing, the decision was made to convert further commercial land to residential. Planning permission at appeal was granted for a further 350 houses in February 2020 to include 40% affordable housing. Despite the uncertainties caused by Covid 19, the directors and our partners KCC remain confident that there will be strong demand from recognized housebuilders for continued residential development in Kings Hill.

In addition, the company completed the construction of two industrial buildings in Lichfield, north of Birmingham on the A38 in December 2019. It had originally been the intention of the company to hold these assets, however, since the merger with Prologis the two units and remaining land will be sold and marketing of the project commenced in July 2020.

Key Performance Indicators

The directors regard turnover as the Key Performance Indicator of the company. Detail of this is provided in the performance of the business discussion above. The directors are satisfied with the performance of company against this Key Performance Indicator.

On behalf of the Board



A J Blevins
Director

Date 22 December 2020

Liberty Property Trust UK Limited

Director's report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The results for the year are set out in the statement of comprehensive income on page 7. The directors have not paid an interim dividend in 2019 (2018 - £Nil). No final dividend is recommended.

The position of the company at the end of the year is shown in the balance sheet on page 8.

Directors and their interests

The directors of the company during the year and up to the date of signing the financial statements were

A J Blevins
E S Roche (Resigned 4th February 2020)
W P Hankowsky (Resigned 4th February 2020)
M T Hagan (Resigned 4th February 2020)
J Harrison
N D M Smith (Appointed 4th February 2020)
P D Weston (Appointed 4th February 2020)

Financial risk management

The main financial risks arising from the company's activities are credit and liquidity risks. The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. The company's policy in respect of the liquidity risk is to maintain a readily accessible bank account to ensure that the company has sufficient funds for operation.

Post balance sheet events

Subsequent to the year end, there has been an outbreak of the Coronavirus which has developed into a global pandemic. At this stage, the directors are assessing what impact this may have on the company and they will continue to monitor developments and react accordingly. Although there is a high level of uncertainty about the extent and timeframe of the effect of the virus on the global economy, the directors believe the company is strongly positioned to handle any downturn that may occur.

On 4 February 2020, Prologis Inc acquired Liberty Property Trust, resulting in a change in the ultimate controlling party.

On the 27 October 2020, the investment properties were sold to Blackstone for £26,880,539.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP replaced Ernst & Young LLP as Auditors during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



A J Blevins
Director

Prologis House
Blythe Gate
Blythe Valley Park
Solihull, West Midlands
B90 8AH

Date 22 December 2020

Liberty Property Trust UK Limited

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Liberty Property Trust UK Limited

Independent auditor's report

Opinion

We have audited the financial statements of Liberty Property Trust UK Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' report

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Liberty Property Trust UK Limited

Independent auditor's report (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Julie Searle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH
22 December 2020

Liberty Property Trust UK Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £ Restated
Turnover	3	15,195,921	56,485,456
Cost of sales		(10,974,506)	(35,510,875)
Gross profit		4,221,415	20,974,581
Operating expenses		(4,271,248)	(2,845,269)
Operating (Loss)/ Profit	4	(49,833)	18,129,312
Revaluation of Investment Property	10	4,603,771	1,365,591
Income from investment		33,393	1,000
Interest income		28,059	35,955
Interest expense		-	(758,574)
Profit on ordinary activities before taxation		4,615,390	18,773,284
Taxation on profit on ordinary activities	8	(602,927)	(3,643,979)
Profit on ordinary activities after taxation		4,012,463	15,129,305
Total comprehensive income for the year		4,012,463	15,129,305

All Amounts relate to continuing activities. There were no gains or losses other than those recognised above,

The notes on pages 10 to 22 form part of these financial statements.

Liberty Property Trust UK Limited

Balance sheet at 31 December 2019

Company number 05340012	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		105,219		175,703
Investment Properties	10		22,750,000		6,117,150
Investments	11		80,204		80,304
			<u>22,935,423</u>		<u>6,373,157</u>
Current assets					
Stocks	12	2,943,279		6,995,880	
Debtors	13	8,963,421		6,651,407	
Cash at bank and in hand	14	999,641		52,084,941	
			<u>12,906,341</u>		<u>65,732,228</u>
Creditors: amounts falling due within one year	15	(14,518,650)		(55,577,397)	
Net current (liabilities)/assets			<u>(1,612,309)</u>		<u>10,154,831</u>
Total assets less current liabilities			<u>21,323,114</u>		<u>16,527,988</u>
Provisions for liabilities	16		<u>(800,740)</u>		<u>(18,077)</u>
Net Assets			<u>20,522,374</u>		<u>16,509,911</u>
Capital and reserves					
Called up share capital	17		1,200,000		1,200,000
Profit and loss account			19,322,374		15,309,911
Shareholders' funds			<u>20,522,374</u>		<u>16,509,911</u>

The financial statements were approved by the Board of Directors and authorised for issue on **22 December 2020**



Andrew Blevins
Director

The notes on pages 10 to 22 form part of these financial statements.

Liberty Property Trust UK Limited

Statement of changes in equity for the year ended 31 December 2019 and 31 December 2018

	Share capital £	Profit and loss Account £	Total equity £
1 January 2019	1,200,000	15,309,911	16,509,911
Comprehensive income for the year	-	4,012,463	4,012,463
Profit for the year			
31 December 2019	<u>1,200,000</u>	<u>19,322,374</u>	<u>20,522,374</u>

	Share capital £	Profit and loss account £	Total Equity £
1 January 2018	1,200,000	180,606	1,380,606
Comprehensive income for the year	-	15,129,305	15,129,305
Profit for the year			
31 December 2018	<u>1,200,000</u>	<u>15,309,911</u>	<u>16,509,911</u>

The notes on pages 10 to 22 form part of these financial statements.

Liberty Property Trust UK Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Company information

Liberty Property Trust UK Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and principal activities are set out in the strategic report.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. These financial statements have been prepared under the historical cost convention. The company has applied the amendments to FRS 102 issued by the FRC in December 2017 for the first time during the year, which have not had a material impact on the company.

The functional currency of Liberty Property Trust UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 4 Statement of Financial Position – Reconciliation of the opening and closing number of shares;
- this information is included in the consolidated financial statements of Liberty Property Trust as at 31 December 2018 and these financial statements may be obtained from 500 Chesterfield Parkway, Malvern, Pennsylvania 19355, United States of America.

Going concern

The company has net assets of £20,522,374 (2018: £16,509,911). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through development and sale of land and management fees and through Prologis Inc. to meet its liabilities as they fall due for that period. Prologis Inc. has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue. However, at the date of approval of the financial statement, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue its business and therefore have prepared the financial statement on a going concern basis.

Recognition of revenue

Turnover from commercial land sales is stated net of VAT and trade discounts and is recognised when the significant risk and rewards are considered to have been transferred to the buyer.

Management fee income derived from managing properties for fellow group undertakings is recognised in line with the delivery of the related service to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Developer fees are recognised when the infrastructure costs incurred in the year have been confirmed and authorised. These fees relate to the management of land sales and are recognised when the contract to complete has been exchanged.

Liberty Property Trust UK Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (*continued*)

Depreciation

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	- Seven years
Computer equipment	- Three years
Leasehold improvements	- Over the length of the lease
Motor vehicles	- Three years

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses.

Infrastructure costs

Infrastructure costs are stated at the lower of cost or net realisable value and relate to the development of the infrastructure within Kings Hill. The costs are allocated to building plots within the commercial area and are then released to the Statement of Comprehensive Income when these plots of land are sold, by reference to the expected profit margin.

Infrastructure costs are costs relating to the development of Kings Hill and include the purchase of access land to the sites, road construction, utility costs, architectural, engineering and consultancy fees, and allowable overheads. Infrastructure costs also include an element of interest, but the amount within infrastructure costs at the balance sheet date is not easily calculable due to the non-specific release of costs to the Statement of Comprehensive Income on a land sale.

Current and deferred taxation

Current tax, including UK corporation tax and foreign 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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.

Liberty Property Trust UK Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (*continued*)

Stocks

Expenditure in respect of specific development projects, other than the development of on-site infrastructure, is treated as work in progress. In the event that it is decided to abort any such projects, the costs are written off to the Statement of Comprehensive Income.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income.

Leasing commitments

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis, over the lease term.

Interest

Interest incurred on loans drawn specifically for the development of the on-site infrastructure is capitalised within on-site infrastructure costs. All other interest is charged or credited to the Statement of Comprehensive Income as it arises.

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006 as the company and its subsidiaries are included in the consolidated accounts of Liberty Property Trust, a company incorporated in the United States of America and can be obtained from 1800 Wazee Street, Suite 500, Denver, CO 80202. These accounts therefore present information about the company as an individual undertaking and not about its group.

Pensions

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Liberty Property Trust UK Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (*continued*)

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

Investment properties are remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

Valuation of investments

Investments in subsidiaries and participating interests are measured at cost less accumulated impairment. Impairment and impairment reversals are charged or credited to the Statement of Comprehensive Income as it arises, within "operating expenses".

Prior year adjustments

In the 2018 reported financial statements, revenue and cost of sales figures were shown gross in respect of the sale of Area 12 Kings Hill, reflecting the fact that Liberty Property Trust Limited was principle in the transaction. It was identified that while the correct share of the net profit figure attributable to the company was shown (50% as per the agreement with Kent City Council), the gross amount of revenue did not reflect external proceeds received in the transaction. The effect is a gross up between cost of sales and revenue, corrected as follows:

- Revenue decreased by £1,948,816
- Cost of sales decreased by £1,948,816

2 Judgements in applying accounting policies 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.

Turnover and margin recognition - The Company's turnover recognition and margin recognition policies are central to how the Company values the revenue and costs in each financial year. These policies require forecasts to be made of the outcomes of long-term contracts, which require assessments and judgements to be made on the costs to complete the development which occur over a number of years into the future. Changes in the forecast as result of changes in work scope, contract programmes, defects and maintenance liabilities impact the margin to be recognised on the sale of land.

Stocks - The Company has to determine that the cost incurred on projects included within work in progress and infrastructure costs is appropriate for inventory capitalisation and that there is no indication that any project provisioning at the year end is required via reference to the expectation of project future economic benefits.

Other key sources of estimation uncertainty:

Investment Properties - The fair value is determined by an external valuer supported by market evidence.

Liberty Property Trust UK Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Turnover

Turnover is stated net of value added tax and is attributable to the following activities undertaken in the United Kingdom:

	2019 £	2018 £
		Restated
Income from land sales	14,014,503	55,618,693
Management fees from investment properties in the UK	1,035,844	575,562
Developers fees	122,786	234,916
Other income	22,788	56,003
	<u>15,195,921</u>	<u>56,485,456</u>

4 Operating profit/(loss)

	2019 £	2018 £
This has been arrived at after charging/(crediting):		
Operating lease rentals - other	4,305	5,933
Operating lease rentals – plant and machinery	105,190	105,190
Depreciation	100,932	112,959
Auditors' remuneration - Audit services	40,000	35,000
	<u></u>	<u></u>

5 Staff costs (including directors)

Liberty Property Trust UK Limited became a full time direct employer from 1 October 2006 and charges salary costs to subsidiary undertakings and other related parties where those employees also manage and administer those businesses (except where the company is appointed project manager and receives a fee for this service). The total amount (including overheads) recharged to these undertakings during the year was £911,611 (2018 - £790,797). Both the charges received and recharges made include directors' emoluments that it is not possible to identify separately.

	2019 £	2018 £
Staff costs consist of:		
Wages and salaries	2,632,952	2,338,551
Social security costs	338,335	288,295
Other pension costs	111,874	63,240
	<u>3,083,161</u>	<u>2,690,086</u>

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

6 Employees

The average number of employees for the company during the year, including executive directors, was as follows:

	2019 Number	2018 Number
Finance	9	9
Administration/other	5	5
Marketing/development	6	8
Property management	1	1
	<u>21</u>	<u>23</u>

7 Directors' remuneration

	2019 £	2018 £
Directors' remuneration consist of:		
Emoluments	1,346,047	695,849
Amounts receivable under long term incentive schemes	1,036,333	433,114
Company contributions to money purchase pension schemes	31,946	18,845
	<u>2,414,326</u>	<u>1,147,808</u>

3 directors (2018 - three) are currently benefiting from two long term incentive schemes as part of their employment contracts. Through one scheme cash payments are awarded in year one that vest over the following three years. Under the second scheme cash amounts are awarded in year one that vest evenly over five years, with the payment in each year linked to the shadowing of the initial award to the share price of the ultimate parent at each vesting date. Due to the merger with Prologis, all long term incentives schemes have been paid in full in February 2020.

The aggregate emoluments for the Managing Director, who is also the highest paid director, were £1,924,049 (2018 - £784,294). In addition, pension contributions of £8,824 (2018 - £7,955) were made on behalf of the highest paid Director.

There were 3 directors in the company's defined contribution pension scheme (2018 - three) during the year.

The directors of the company are deemed to represent key management personnel.

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

8 Taxation on profit/(loss) on ordinary activities

	2019 £	2018 £
<i>Current tax</i>		
UK corporation tax on profits for the year at 19% (2018 – 19%)	-	3,328,305
Adjustments in respect of previous periods	(179,736)	127,276
Total current taxation	(179,736)	3,455,581
<i>Deferred tax</i>		
Origination and reversal of timing differences	782,663	188,398
Total tax	602,927	3,643,979

The tax assessed for the year is lower than (2018 – lower than) the standard rate of corporation tax in the UK.
The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	4,615,390	18,773,284
Profit/(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 – 19%)	876,924	3,566,924
Effects of:		
Fixed asset difference	5,946	8,515
Expenses not deductible for tax purposes	16,553	14,106
Income not taxable for tax purposes	(881,061)	(259,462)
Amounts (charged)/credited directly to STRGL	(10,167)	(8,535)
Losses carried back	144,433	-
Chargeable gains/(losses)	874,716	217,320
Adjustments to tax charge in respect of previous periods	(179,736)	127,276
Adjust closing deferred tax to average rate of 17% (2018 – 19.25%)	(94,205)	(2,127)
Adjust opening deferred tax to average rate of 17% (2018 – 19.25%)	(13,937)	(20,038)
Deferred tax not recognised	(136,539)	-
Total tax charge for year	602,927	3,643,979

The year-end deferred tax amount is shown in note 16. The elements of deferred taxation are as follows:

	2019 £	2018 £
Fixed asset timing differences	(800,740)	(18,077)
Deferred tax liability	(800,740)	(18,077)

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

9 Tangible fixed assets

	Motor vehicles £	Computer equipment, fixtures and fittings £	Leasehold improvements £	Total £
<i>Cost or valuation</i>				
At 1 January 2019	18,300	214,002	397,077	629,379
Additions	-	30,448	-	30,448
At 31 December 2019	18,300	244,450	397,077	659,827
<i>Depreciation</i>				
At 1 January 2019	18,300	118,184	317,192	453,676
Charge for the year	-	36,166	64,766	100,932
Disposal	-	-	-	-
At 31 December 2019	-	154,350	381,958	554,608
<i>Net book value</i>				
At 31 December 2019	-	90,100	15,119	105,219
At 31 December 2018	-	95,818	79,885	175,703

10 Investment Properties

	£
At 1 st January 2019	6,117,150
Additions	12,029,080
Fair value revaluation	4,603,771
At 31 st December 2019	22,750,000

The fair value has been determined by an internal valuer informed by and external valuer holding relevant professional qualifications and having recent experience in the location and class of the investment property being valued. The valuation is performed on February 2020 in relation to the acquisition of the group by Prologis Inc.

The valuations are supported by market evidence. Any gain or loss arising from the change in fair value is recognised in profit or loss.

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

11 Investments

	**Other Investments	Group undertakings £	Total £
<i>Cost</i>			
At 1 January 2019	80,000	304	80,304
Disposals	-	(100)	-
	<u>80,000</u>	<u>204</u>	<u>80,304</u>
At 31 December 2019			
	<u>80,000</u>	<u>204</u>	<u>80,304</u>
<i>Provisions</i>			
At 1 January 2019	-	-	-
Impairment reversal	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019			
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>			
At 31 December 2019	80,000	204	80,204
	<u>80,000</u>	<u>204</u>	<u>80,204</u>
At 31 December 2018	80,000	304	80,304
	<u>80,000</u>	<u>304</u>	<u>80,304</u>

Subsidiary undertakings at 31 December 2019 are set out below:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Kings Hill Property Management Ltd	England and Wales	100%	Property management
Kings Hill Estate Management Company Ltd	England and Wales	100%	Estate management
Rouse Kent (Residential) Ltd	England and Wales	100%	Property development and investment
Kings Hill Residential Estate Management Company Ltd *	England and Wales	100%	Estate management

The registered offices for all of the subsidiary companies is; The Control Tower, 29 Liberty Square, Kings Hill, West Malling, Kent, ME19 4RG

*Liberty Property Trust UK Ltd holds 100% of the ordinary share capital of the above companies, except Kings Hill Residential Estate Management Company Limited where 100% of the 'B' ordinary shares are held directly by Rouse Kent (Residential) Limited.

**Other investments relate to amounts invested in Kings Hill Unit Trust.

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

12 Stocks

	2019 £	2018 £
Work in progress	-	28,785
Infrastructure costs	2,943,279	6,967,095
	<u>2,943,279</u>	<u>6,995,880</u>

Stock consumed in the year totalled £4,661,618.

13 Debtors

	2019 £	2018 £
Trade debtors	-	11,598
Amounts owed by group companies	8,730,124	5,650,529
Amounts owed by related companies	83,476	95,775
Tax and Social security	56,712	673,313
Prepayments and accrued income	93,109	220,192
	<u>8,963,421</u>	<u>6,651,407</u>

14 Cash at bank and in hand

In order to make a successful application to the court to reduce its share capital, the company had to quantify its total future liabilities at the point the application was made, and then had to satisfy the court that all liabilities so identified, would be satisfied when required, irrespective of its financial position at the time the liability became due for payment. As a result, under the instruction of the courts, an amount of £13,514,231 was paid into an interest bearing "ring-fenced" account, to be used only to satisfy those obligations identified at 19 December 2007. As at 31 December 2019 the amount ring fenced in accordance with the instruction of the courts was £59,480 (2018 - £59,335).

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to parent undertakings	-	34,550,883
Trade creditors	308,974	187,394
Amounts owed to group undertakings	10,151,901	14,194,538
Other taxation and social security	10,061	8,260
Corporation tax	78,848	3,594,782
Accruals and deferred income	3,968,866	3,041,540
	<u>14,518,650</u>	<u>55,577,397</u>

16 Deferred taxation

	2019 £	2018 £
Deferred tax liability	(800,740)	(18,077)
	<u>(800,740)</u>	<u>(18,077)</u>

17 Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	9,790,195	6,651,407
	<u>9,790,195</u>	<u>6,651,407</u>
Financial liabilities		
Financial liabilities measured at amortised cost	13,796,756	55,577,397
	<u>13,796,756</u>	<u>55,577,397</u>

Financial assets measured at amortised cost comprise cash, trade debtors amount owed by related undertakings and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and amounts owed to group & parent undertakings.

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

18 Share capital

	2019 £	2018 £
<i>Authorised</i>		
9,143,773 Ordinary shares of £1 each	9,143,773	9,143,773
<i>Allotted, called up and fully paid</i>		
1,200,000 Ordinary shares of £1 each	1,200,000	1,200,000

19 Reserves

Share capital represents the nominal value of shares in issue.

Profit and loss account represent all other net gains and losses and transactions with owners (eg: dividends) not recognised elsewhere.

20 Operating lease commitments

At 31 December 2019 the company had commitments under non-cancellable operating leases as follows:

	Land and buildings 2019 £	Other 2019 £	Total 2019 £	Land and buildings 2018 £	Other 2018 £	Total 2018 £
Expiry date:						
Within one year	105,190	4,305	109,495	105,190	5,932	111,122
Between one and five years	165,697	3,433	169,130	148,976	7,738	156,714
Greater than five years	-	-	-	-	-	-
	270,887	7,738	278,625	254,166	13,670	267,836

21 Related party transactions

In December 2005, the company purchased units in Kings Hill Unit Trust a trust in which Liberty Property Limited Partnership also holds units. The company provided investment management services to the trust and received management fees of £333,046 (2018 - £407,718) in return. Amounts due to the company as at 31 December 2019 were £ 83,476 (2018 - £17,360).

During the year management fees of £36,637 (2018 - £33,040) were charged to CBC Management Estate Limited, a company which is a partially owned by Liberty Property Limited Partnership. Amounts due to the company as at 31 December 2019 were £ 16,151 (2018 - £ 9,744).

At the end of the year, the loan outstanding with Liberty Property Limited Partnership was £nil (2018 £34,550,883). Interest charged in the year was £nil (2018 £758,574).

Liberty Property Trust UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

22 Parent undertaking and ultimate controlling party

The company's immediate parent undertaking is Liberty Property Limited Partnership.

The ultimate controlling party is Liberty Property Trust, a Maryland (USA) real estate investment trust, whose registered address changed after the merger with Prologis from 650 East Swedeford, Suite 400, Wayne, PA 19087, United States of America. To 1800 Wazee Street, Suite 500, Denver, Colorado, 80202, USA.

Liberty Property Trust is the smallest and largest group in which these financial statements are consolidated.

23 Post balance sheet events

Subsequent to the year end, there has been an outbreak of the Coronavirus which has developed into a global pandemic. At this stage, the directors are assessing what impact this may have on the company and they will continue to monitor developments and react accordingly. Although there is a high level of uncertainty about the extent and timeframe of the effect of the virus on the global economy, the directors believe the company is strongly positioned to handle any downturn that may occur.

On 4 February 2020, Prologis Inc acquired Liberty Property Trust, resulting in a change in the ultimate controlling party.

On the 27 October 2020, the investment properties were sold to Blackstone for £26,880,539.