

COMPANY REGISTRATION NUMBER: 10623900

GRIP UK Property Investments Limited
Financial statements
30 September 2019





GRIP UK Property Investments Limited

Financial statements

Period from 1 January 2019 to 30 September 2019

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GRIP UK Property Investments Limited

Officers and professional advisers

The board of directors

Helen C Gordon
Andrew P Saunderson
Michael P Keaveney
Adam McGhin
Vanessa K Simms

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Banker

Barclays Bank plc
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 2BH

Solicitor

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

GRIP UK Property Investments Limited

Directors' report

Period from 1 January 2019 to 30 September 2019

The directors present their report and the financial statements of the company for the period ended 30 September 2019.

Principal activities

The principal activity of the company during the period was that of property investment. The directors do not recommend the payment of a dividend (2018: £nil).

Directors

The directors who served the company during the period were as follows:

Vanessa K Simms	
Helen C Gordon	(Appointed 12 March 2019)
Andrew P Saunderson	(Appointed 12 March 2019)
Michael P Keaveney	(Appointed 13 March 2019)

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 20 to the financial statements.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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.

GRIP UK Property Investments Limited

Directors' report *(continued)*

Period from 1 January 2019 to 30 September 2019

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 28 May 2020 and signed on behalf of the board by:



Vanessa Simms
Director

Independent auditor's report to the members of GRIP UK Property Investments Limited

Opinion

We have audited the financial statements of GRIP UK Property Investments Limited ("the company") for the period ended 30 September 2019 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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, including the impact of Brexit, 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.

Independent auditor's report to the members of GRIP UK Property Investments Limited
(continued)

Directors' report

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

Our responsibility is to read the 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 directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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.

Independent auditor's report to the members of GRIP UK Property Investments Limited
(continued)

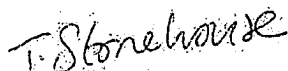
Auditor's responsibilities

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 auditors' 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.



Tara Stonehouse (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
8th June 2020

GRIP UK Property Investments Limited

Statement of comprehensive income

Period from 1 January 2019 to 30 September 2019

	Note	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Turnover	4	5,344,807	1,190,925
Cost of sales		(1,422,530)	(423,161)
Gross profit		3,922,277	767,764
Administrative expenses		(160,479)	(69,305)
Fair value gain on investment property		4,995,285	1,197,161
Operating profit	5	8,757,083	1,895,620
Loss on disposal of fixed assets		(277,592)	–
Income from shares in group undertakings	6	376,659,156	–
Other interest receivable and similar income	7	272,812	3,561
Amounts written off investments		(10,844,189)	–
Interest payable and similar expenses	8	(1,303,702)	(170,050)
Profit before taxation		373,263,568	1,729,131
Tax on profit	9	(1,353,927)	–
Profit for the financial period and total comprehensive income		<u>371,909,641</u>	<u>1,729,131</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

GRIP UK Property Investments Limited

Statement of financial position

30 September 2019

	Note	30 Sep 19 £	31 Dec 18 £
Fixed assets			
Investment properties	10	562,856,621	47,699,865
Investments	11	775,405	–
		<u>563,632,026</u>	<u>47,699,865</u>
Current assets			
Debtors	12	120,407,610	37,905
Cash at bank and in hand		6,969,572	1,462,182
		<u>127,377,182</u>	<u>1,500,087</u>
Creditors: amounts falling due within one year	13	(7,092,584)	(18,586,611)
Net current assets/(liabilities)		<u>120,284,598</u>	<u>(17,086,524)</u>
Total assets less current liabilities		<u>683,916,624</u>	<u>30,613,341</u>
Creditors: amounts falling due after more than one year	14	(272,213,330)	(1,789,104)
Provisions			
Deferred tax	15	(969,416)	–
Net assets		<u>410,733,878</u>	<u>28,824,237</u>
Capital and reserves			
Called up share capital	17	37,099,003	27,099,003
Profit and loss account	18	373,634,875	1,725,234
Shareholders' funds		<u>410,733,878</u>	<u>28,824,237</u>

These financial statements were approved by the board of directors and authorised for issue on 28 May 2020, and are signed on behalf of the board by:



Vanessa Simms
Director

Company registration number: 10623900

The notes on pages 10 to 21 form part of these financial statements.

GRIP UK Property Investments Limited

Statement of changes in equity

Period from 1 January 2019 to 30 September 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	27,099,003	(3,897)	27,095,106
Profit for the period	–	1,729,131	1,729,131
Total comprehensive income for the period	–	1,729,131	1,729,131
At 31 December 2018	27,099,003	1,725,234	28,824,237
Profit for the period	–	371,909,641	371,909,641
Total comprehensive income for the period	–	371,909,641	371,909,641
Issue of shares	10,000,000	–	10,000,000
Transactions with owners, recorded directly in equity	10,000,000	–	10,000,000
At 30 September 2019	<u>37,099,003</u>	<u>373,634,875</u>	<u>410,733,878</u>

The notes on pages 10 to 21 form part of these financial statements.

GRIP UK Property Investments Limited

Notes to the financial statements

Period from 1 January 2019 to 30 September 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

2. Statement of compliance

The financial statements of GRIP UK Property Investments Limited ("the company") for the period ended 30 September 2019 were authorised for issue by the board of directors on 28 May 2020 and the statement of financial position was signed on the board's behalf by Vanessa Simms.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The company's ultimate parent undertaking, Grainger plc, includes the company in its consolidated financial statements. The consolidated financial statements of Grainger plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain investment properties, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

GRIP UK Property Investments Limited

Notes to the financial statements *(continued)*

Period from 1 January 2019 to 30 September 2019

3. Accounting policies *(continued)*

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has net assets of £410,733,878 at 30 September 2019 and has generated a profit for the period then ended of £371,909,641. The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the Group has assessed its future funding commitments and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, reasonable severe sensitivities, including the potential impact of Covid-19 (note 20), have been applied to the key factors affecting financial performance of the Group. This includes the potential impact on performance due to possible changes in the level of cash collection, rental growth, letting activity, sales performance and development activity. The Directors of the Group have a reasonable expectation that it has adequate resources to continue operating for the foreseeable future period, and not less than 12 months from the date of approval of these financial statements.

Whilst the entity does not expect to rely on future support from its ultimate parent undertaking, or any of its fellow subsidiaries, Grainger plc has indicated that it will make available such funds as are needed by the entity for the foreseeable future. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The directors do not intend to nor have they identified any circumstances which may lead to the entity being liquidated or to cease operating.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

3. Accounting policies (continued)

Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) Cash flow statement and related notes;
- (b) Comparative period reconciliations for share capital;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Grainger plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

The company has considered the impact of the adoption of those new and revised International Financial Reporting Standards and interpretations that were effective for the first time from 1 January 2019. The most significant of these were IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. There has been no material impact on the company following the adoption of these standards.

Revenue recognition

Turnover comprises gross rentals, exclusive of VAT. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis.

Income tax

The taxation charge for the period represents the sum of the tax currently payable and deferred tax. The charge is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

3. Accounting policies (continued)

Investment property and investment property under construction

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property and investment property under construction are measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the company's investment properties are included in the statement of comprehensive income of the period in which they arise.

Investments

Fixed asset investments are stated at cost less any provisions for diminution in value. An impairment loss is recognised for the amount by which the carrying value of the investment exceeds its recoverable amount.

Group accounts

The financial statements contain information about GRIP UK Property Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent undertaking, Grainger plc, a company registered in England and Wales.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors are recognised initially at transaction value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other creditors are recognised initially at transaction value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

3. Accounting policies (continued)

REIT status

The GRIP REIT plc group (the Group) was a UK Real Estate Investment Trust ("REIT") and did not pay corporation tax on qualifying property rental business profits provided that at least 90% of the Group's property income was distributed to shareholders within specified time limits. This distribution (Property Income Dividend) was taxed as property income in the shareholders' hands. In addition the REIT had to meet the other obligations of the REIT regime which included limits on the levels of non property rental business it could undertake. The Directors' view is that all REIT compliance tests had been met to ensure that REIT status was satisfied.

Any Group or company profits which did not qualify for exemption under the UK REIT regime remained subject to UK tax in accordance with UK tax law.

Effective 1 January 2019, the Group voluntarily exited the REIT regime. Tax exemptions that applied within the REIT regime ceased to apply from the date of exit.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. The judgements, estimates and assumptions that the directors consider to be most significant to the financial statements relate to the valuation of investment properties and are detailed in note 10.

4. Turnover

Turnover arises from:

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Rental income	<u>5,344,807</u>	<u>1,190,925</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Audit fees of £3,300 are statutory audit fees only and are borne by another group company (2018: £2,400, borne by the company).

There are no persons holding service contracts with the company (2018: none). None of the directors received any remuneration from the company during the period, or in the previous year, in respect of their services to the company.

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

6. Income from shares in group undertakings

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Capital distribution receivable	370,540,539	—
Income distribution receivable	6,118,617	—
	<u>376,659,156</u>	<u>—</u>

7. Other interest receivable and similar income

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Interest on cash and cash equivalents	2,754	3,561
Interest from group undertakings	270,058	—
	<u>272,812</u>	<u>3,561</u>

8. Interest payable and similar expenses

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Interest on banks loans and overdrafts	127,365	170,050
Interest capitalised in investment property under construction	(73,060)	—
Other interest payable and similar charges	1,249,397	—
	<u>1,303,702</u>	<u>170,050</u>

9. Tax on profit

Major components of tax expense

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Current tax:		
UK current tax expense	384,511	—
Deferred tax:		
Origination and reversal of timing differences	969,416	—
Tax on profit	<u>1,353,927</u>	<u>—</u>

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

9. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Period from 1 Jan 19 to 30 Sep 19 £	Year to 31 Dec 18 £
Profit on ordinary activities before taxation	373,263,568	1,729,131
Profit on ordinary activities by rate of tax	70,920,078	328,535
Effect of capital allowances and depreciation	2,060,396	–
Effect of revenue exempt from tax	(71,565,240)	–
Tax losses received for no consideration	–	(677)
REIT exempt income and gains	–	(323,819)
Other items	–	(4,039)
Loss on investment properties sold intragroup	52,742	–
Impact of tax rate changes	(114,049)	–
Tax on profit	1,353,927	–

Factors that may affect future tax expense

The Budget on 11 March 2020 cancelled the enacted reduction in the UK corporation tax rate, which will now remain at 19%. Future current tax charges will continue to be based on the current 19% rate whilst future deferred tax will be measured at 19% rather than the 17% rate enacted at 30 September 2019.

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

10. Investment properties

	Investment property £	Investment property under construction £	Total £
Cost or valuation			
At 1 January 2019	28,549,865	19,150,000	47,699,865
Additions	620,497,256	21,905,265	642,402,521
Disposals	(132,241,050)	–	(132,241,050)
Revaluations	5,650,052	(654,767)	4,995,285
Transfers	26,523,558	(26,523,558)	–
At 30 September 2019	<u>548,979,681</u>	<u>13,876,940</u>	<u>562,856,621</u>
Carrying amount			
At 30 September 2019	<u>548,979,681</u>	<u>13,876,940</u>	<u>562,856,621</u>
At 31 December 2018	<u>28,549,865</u>	<u>19,150,000</u>	<u>47,699,865</u>

CBRE Limited valued the fair value of the completed assets and assets in the course of construction in accordance with RICS professional valuation standards, where fair value is the same as market value. At 30 September 2019, CBRE Limited valued 100% of the portfolio.

11. Investments

	Shares in group undertakings £
Cost	
Additions	253,844,255
Redemptions	(242,224,661)
At 30 September 2019	<u>11,619,594</u>
Impairment	
Impairment losses	10,844,189
At 30 September 2019	<u>10,844,189</u>
Carrying amount	
At 30 September 2019	<u>775,405</u>
At 31 December 2018	<u>–</u>

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

11. Investments (continued)

The company holds 100% of Kew Bridge Court Guernsey Limited (directly), G:Res-Co 4 Limited (directly), GRIP Nomco 3 Limited (indirectly) and GRIP Nomco 4 Limited (indirectly); 99.751% of The Grainger Residential Property Unit Trust (directly), GRIP Unit Trust 6 (directly), GRIP Nomco 1 Limited (indirectly), GRIP Nomco 2 Limited (indirectly), GRIP Nomco 7 Limited (indirectly) and GRIP Nomco 8 Limited (indirectly), and 99% of GRIP Unit Trust 2 (directly), GRIP Nomco 5 Limited (indirectly) and GRIP Nomco 6 Limited (indirectly). All subsidiary undertakings are registered at 47 Esplanade, St Helier, Jersey, JE1 0BD, with the exception of Kew Bridge Court Guernsey Limited, which is registered at 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW. Subsequent to the year end, these entities were placed into liquidation.

Group restructure

In July 2019, the GRIP REIT plc group undertook a restructure to simplify its operations and onshore its property assets. The restructure was undertaken as follows:

- Investment assets, being units and shares held by GRIP Unit Trust, GRIP Unit Trust 1 and G:Res-Co 4 Limited were acquired by GRIP UK Property Investments Limited.
- Accordingly, GRIP UK Property Investments Limited acquired holdings in the following offshore property holding entities, as detailed above (the target entities): The Grainger Residential Property Unit Trust, GRIP Unit Trust 2, GRIP Unit Trust 6, G:Res-Co 4 Limited and Kew Bridge Court Guernsey Limited.
- As part of the acquisition, GRIP UK Property Investments Limited assumed all external and intra-group debt of the target entities, totalling £251.6m, forming the consideration for the acquisition. The debt assumed by GRIP UK Property Investments Limited was subsequently refinanced.
- All properties were distributed in-specie from the target entities to GRIP UK Property Investments Limited, onshoring the property assets. The total value of properties distributed by the target entities was £618.0m.
- As a result of the above, no properties or debt have been retained offshore in the target entities. These offshore entities will subsequently be liquidated.

Following the distribution of property assets within the GRIP REIT plc group, there is no change to the underlying value of the group as a whole. Post restructure and at the balance date, impairment testing has been performed on investments in all individual subsidiaries, with no impairment charge recognised in the company as a result.

12. Debtors

	30 Sep 19	31 Dec 18
	£	£
Trade debtors	458,610	18,755
Amounts owed by group undertakings	119,474,937	—
Prepayments and accrued income	337,774	9,685
Other debtors	136,289	9,465
	<u>120,407,610</u>	<u>37,905</u>

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

12. Debtors (continued)

Included within amounts owed by group undertakings is an unsecured loan with a period end balance of £42,412,148. The loan bears interest at a weighted rate of 4.22% in the period and is repayable on demand. Interest receivable for the period amounted to £270,058. All other amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

13. Creditors: amounts falling due within one year

	30 Sep 19 £	31 Dec 18 £
Trade creditors	948,773	49,258
Amounts owed to group undertakings	—	16,745,265
Accruals and deferred income	2,071,379	1,204,895
Social security and other taxes	1,778	3,178
Other creditors	4,070,654	584,015
	<u>7,092,584</u>	<u>18,586,611</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

14. Creditors: amounts falling due after more than one year

	30 Sep 19 £	31 Dec 18 £
Bank loans and overdrafts	—	1,789,104
Non-bank financial institution loan	272,213,330	—
	<u>272,213,330</u>	<u>1,789,104</u>

During the period a new £275.0m facility was agreed, consisting of two tranches; £75.0m for seven years and £200.0m for ten years, with a blended interest rate of 2.3%. Interest payable in the period amounted to £1,249,397.

The bank loan in existence at 31 December 2018 bore interest at 1.9% above LIBOR and was repaid in full during the period. Interest payable in the period amounted to £127,365 (2018: £170,050). The loan was secured against the properties held by the company.

15. Provisions

	Deferred tax (note 16) £
At 1 January 2019	—
Additions	969,416
At 30 September 2019	<u>969,416</u>

GRIP UK Property Investments Limited

Notes to the financial statements (continued)

Period from 1 January 2019 to 30 September 2019

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	30 Sep 19	31 Dec 18
	£	£
Included in provisions (note 15)	<u>969,416</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Sep 19	31 Dec 18
	£	£
Accelerated capital allowances	120,218	-
Fair value adjustment of investment property	<u>849,198</u>	<u>-</u>
	<u>969,416</u>	<u>-</u>

17. Called up share capital

Issued, called up and fully paid

	30 Sep 19		31 Dec 18	
	No.	£	No.	£
Ordinary shares of £1 each	<u>37,099,003</u>	<u>37,099,003</u>	<u>27,099,003</u>	<u>27,099,003</u>

During the year the company issued 10,000,000 ordinary £1 shares for consideration of £1 each. The shares have full voting, dividend and capital distribution rights.

18. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Operating leases

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	30 Sep 19	31 Dec 18
	£	£
Not later than 1 year	9,112,481	722,191
Later than 1 year and not later than 5 years	<u>16,560,529</u>	<u>132,298</u>
Later than 5 years	<u>1,035,686</u>	<u>-</u>
	<u>26,708,696</u>	<u>854,489</u>

GRIP UK Property Investments Limited

Notes to the financial statements *(continued)*

Period from 1 January 2019 to 30 September 2019

20. Events after the end of the reporting period

Following the emergence of Covid-19 in the early months of 2020, the World Health Organization (WHO) declared the virus outbreak a pandemic on 11 March 2020. The directors consider the pandemic to be a non-adjusting post balance sheet event and as such no adjustments have been made to the carrying values of assets and liabilities as at 30 September 2019. At the date of approval of these financial statements, the longer term impact of the pandemic is unclear and therefore it is not practicable to give any quantitative estimates of the impacts on the financial position or performance of the company in future.

21. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

GRIP UK Holdings Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.