Company Registration No. 08604765

ANNINGTON RENTALS (NO. 8) LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2021

ANNINGTON RENTALS (NO. 8) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

CONTENTS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2021. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under the Companies Act 2006. A strategic report has not been prepared in accordance with the exemption entitled to small companies under s414 of the Companies Act 2006.

DIRECTORS

The directors who served throughout the year and to the date of this report were:

Stephen Leung (Appointed 1 April 2021)
Adrian Needham
Ian Rylatt (Appointed 7 May 2021)
Nick Vaughan
Andrew Chadd (Resigned effective 1 April 2021)
James Hopkins (Resigned effective 7 May 2021)

Qualifying third party indemnity provisions were in place for all directors of the Company for the current and preceding year.

DIVIDENDS

No dividends have been paid or proposed during the year (2020: £nil).

PRINCIPAL ACTIVITIES

The Company is a subsidiary of Annington Rentals (Holdings) Limited, which is part of the Annington Limited Group. Annington Rentals (Holdings) Limited and its subsidiaries were established with the purpose of creating a series of residential investment portfolios. These portfolios are held with a view to achieving long term capital growth whilst generating sufficient short term rental income to cover operating costs. The Company continues to look for opportunities to maximise returns through planned acquisitions and strategic sales.

FUTURE DEVELOPMENTS AND GOING CONCERN

Future developments and other factors not under the control of the Company, including the effects of Britain exiting the European Union and those of the COVID-19 pandemic, may impact on the ongoing operations of the business, however, the directors expect the business to continue, for the foreseeable future, in a manner consistent with its historical operations.

The Company operates in the real estate sector in the United Kingdom. In certain circumstances, the Company may have reason to look to the parent entity or wider Annington Limited group ('The Group') for support to continue as a going concern for the foreseeable future. The Directors have assessed the parent entity and the Group's ability to provide this support.

The Group, through Annington Funding plc, has issued £3.8 billion of unsecured corporate bonds in seven tranches. Under the facilities agreement, as extended in March 2020, a further £400 million term loan has been drawn by the Group and an undrawn revolving credit facility of £100 million is available to the Group, both expiring in 2025.

Critical to the Group's future as a going concern is the ability to service and repay its debt. For the foreseeable future, at least until the maturity of the Euro denominated tranche of Notes in 2024, the Group only needs to pay the interest on the debt. The debt has a number of covenants to comply with under both the bonds and loan facility. The covenants attaching to the debt are:

Covenant	Test	Limit for Bonds	Limit for Loans
Limitation on Debt	Total debt / Total assets	<65%	<65%
Limitation on Secured Debt	Secured debt / Total assets	<40%	<40%
Interest Cover Ratio	EBITDA / Interest	1.0x (dividend lockup at 1.3x)	1.15x (dividend lockup at 1.3x)
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%

DIRECTORS' REPORT

The Group's forecasts do not indicate any of these covenants will be breached in the foreseeable future. Further, the Group's forecasts do indicate that sufficient cash flow will be generated to cover payments of interest on its debt and generate significant additional free cash flows to allow for reinvestment or potential dividends to shareholders. Further, were this not possible, cash reserves and the undrawn revolving credit facility provides additional liquidity to the Group to allow the continued operation for the foreseeable future. The Directors are satisfied that sufficient actions are available to mitigate any potential adverse impact on covenant compliance in the event of any reasonably foreseeable unfavourable outcome to the ongoing Site Review process.

The Group meets its day-to-day working capital requirements from both rental income and property sales. In uncertain economic environments, such that there is uncertainty over the level of demand for properties, comfort is gained that the rental income is sufficient to meet debt service requirements without the need for sales. A significant number of units could become void and the Group would still be able to service its debt obligations from the remaining rental income.

The Company is in a net current liability position due to the classification of its borrowings as current, given it has no fixed date of repayment. Annington Rentals (Holdings) Limited, the lender and parent of the Company, has confirmed its intent to support the Company to enable it to meet its obligations and liabilities as they fall due.

After making enquiries, including seeking assurances from the company's parent entity and receiving confirmation that it will provide financial assistance if required, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

FINANCIAL RISK MANAGEMENT

The Company has no external debt and is able to draw funds on another group company if necessary. Please refer to Note 2 to the financial statements regarding this arrangement.

AUDITOR

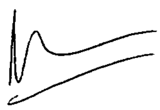
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

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



S Leung
Director

5 November 2021

REGISTERED OFFICE
1 James Street
London, United Kingdom
W1U 1DR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON RENTALS (NO. 8) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Annington Rentals (No.8) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

The valuation of investment property is an area of sensitivity due to the judgemental nature of valuation assumptions and estimates. Our significant risk is focused on the judgements and estimates involved in the valuation process. Management appointed CBRE as the third-party valuer for the first time in the current financial year, with a resultant change in the valuation model being applied. We performed the following specific procedures:

- Assessing management's design and implementation of controls over the inputs provided to CBRE;
- Performing detailed testing procedures to assess the accuracy and completeness of the investment property data provided to CBRE;
- Testing the observable inputs into the valuation assumption such as inflation, rental inflation and other market data;
- Challenging CBRE on their methods and assumptions, particularly the cash flow discount rates resulting in overall IRR and the application of the site review & arbitration agreement outcome to the remaining sites yet to be reviewed;
- Engaging our real estate valuation and analytics specialists who assessed whether the method used in the valuation was appropriate, the rationale was supported by appropriate evidence and where appropriate, the assumptions were within our acceptable range;
- Engaging analytics specialists to perform procedures on the logical integrity of the valuation model; and
- Assessing whether CBRE possessed the appropriate objectivity, competency and experience to perform the valuation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON RENTALS (NO. 8) LIMITED (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.

Richard Howe FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
5 November 2021

INCOME STATEMENT
For the year ended 31 March 2021

	Note	2021 £	2020 £
Property rental income	4	3,443,091	3,141,917
Property operating expenses		(233,473)	(285,665)
Net rental income	4	3,209,618	2,856,252
Unrealised property revaluation losses	8	(1,138,484)	(484,200)
Operating profit	5	2,071,134	2,372,052
Finance costs	6	(2,764,246)	(4,915,329)
Loss before taxation		(693,112)	(2,543,277)
Taxation credit	7	-	7,085,399
(Loss)/profit for the year after taxation		(693,112)	4,542,122
(Loss)/profit attributable to shareholder		(693,112)	4,542,122

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

There were no items of other comprehensive income or expense and therefore the profit for the year reflects the Company's total comprehensive income.

BALANCE SHEET
At 31 March 2021

	Note	2021 £	2020 £
Non-current assets			
Investment properties	8	69,449,637	70,509,000
Current assets			
Trade receivables	9	3,052	1,900
Total assets		69,452,689	70,510,900
Current liabilities			
Trade and other payables	10	(20,232)	(29,631)
Loans and borrowings	11	(69,389,958)	(69,745,658)
Total liabilities		(69,410,190)	(69,775,289)
Net current liabilities		(69,407,138)	(69,773,389)
Net assets		42,499	735,611
Capital and reserves			
Share capital	12	1	1
Retained earnings	13	42,498	735,610
Total shareholder funds		42,499	735,611

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

The financial statements of Annington Rentals (No. 8) Limited, registered number 08604765, were approved by the Board of Directors and authorised for issue on 5 November 2021.

Signed on behalf of the Board of Directors

S Leung
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Share capital £	Retained earnings £	Total equity £
At 1 April 2019	1	(3,806,512)	(3,806,511)
Profit attributable to shareholder, being total comprehensive income for the year	-	4,542,122	4,542,122
Balance at 31 March 2020	1	735,610	735,611
Loss attributable to shareholder, being total comprehensive loss for the year	-	(693,112)	(693,112)
Balance at 31 March 2021	1	42,498	42,499

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. CORPORATE INFORMATION

Annington Rentals (No. 8) Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The Company's principal activities are set out in the strategic report on page 1.The address of its registered office is 1 James Street, London, United Kingdom, W1U 1DR. Information on the Company's ultimate parent is presented in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), and with the Companies Act 2006.

The financial statements are presented in pound sterling (£). They have been prepared under the historical cost basis except for the modification to a fair value basis for investment properties.

Exemptions for qualifying entities under FRS 101

FRS 101 permits a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied by the Company. Therefore these financial statements do not include:

- certain comparative information as otherwise required by UK-adopted International Financial Reporting Standards, including an opening balance sheet;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Annington Limited, which are publicly available.

Going concern

After making enquiries, the directors have reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and the Financial Statements.

Further details regarding the adoption of the going concern basis are to be found in the Directors' Report.

Fair value measurement

Certain of the Company's accounting policies and disclosures require the measurement of fair values. Fair values are categorised into three different levels in a fair value hierarchy, in accordance with IFRS 13 Fair Value Measurement, and is based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information regarding the assumptions made in measuring fair values is included in Note 8.

New Standards, interpretations and amendments effective from 1 April 2020

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2020, have had a material impact on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

Key sources of estimation uncertainty
The property portfolio, which is carried in the balance sheet at fair value, is valued annually by professionally qualified external valuers. The valuation of the investment properties portfolio is inherently subjective as it utilises, among other factors, comparable sales data and the expected future rental revenues. The valuer exercises professional judgement when determining what market observations are used in the assessment of fair value. If any assumptions made in the valuation prove to be inaccurate, this may mean that the value of the investment properties portfolio differs from the valuation, which could have a material effect on the financial position of the Company. Investment property valuations are a key source of estimation uncertainty for the Company.

Information about the valuation techniques and inputs used in determining the fair value of investment properties is disclosed in Note 8.

Management has determined that no critical accounting judgements exist within the above source of estimation uncertainty.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to the Company in the current or preceding year.

The Company had no employees of its own during the year (2020: none). The cost of performing work for the Company is borne by another group company, Annington Management Limited.

4. PROPERTY AND NET RENTAL INCOME

ACCOUNTING POLICY

Property rental income - Revenue recognition

Rental income from investment properties is accounted for on an accruals basis and recognised on a straight line basis over the operating lease term. Rent increases arising from rent reviews not able to be determined at the outset of the lease are taken into account when such reviews have been settled with the tenants. Lease incentives and costs associated with entering into tenant leases are amortised over the lease term.

	2021	**2020**
	£	**£**
Property rental income	3,443,091	3,141,917

Net rental income

Net rental income comprises property rental income less property operating expenses. Property operating expenses are expensed as incurred and property operating expenditure not recovered from tenants is charged to the income statement.

The Company generates substantially all net rental income, profits before taxation and net assets from residential property investment in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

5. OPERATING PROFIT

ACCOUNTING POLICY

Operating profit is stated before finance income and finance costs.

The auditor's remuneration was £10,800 (2020: £10,000) for the audit of the Company's annual financial statements and was borne by another group company in the current and preceding year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Annington Limited.

6. FINANCE COSTS

ACCOUNTING POLICY

Finance costs, including any transaction costs, are charged to the income statement using the effective interest rate method.

	2021 £	2020 £
Interest payable on intercompany balances	2,764,291	4,915,329
Other interest income	(45)	-
	2,764,246	4,915,329

7. TAXATION

ACCOUNTING POLICY

The taxation expense for the year comprises current and deferred tax. Tax is recognised in the income statement.

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible..

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

7. TAXATION (continued)

	2021 £	2020 £
Current tax		
United Kingdom corporation tax at 19% (2020: 19%)	-	-
Deferred tax		
Deferred taxation: origination and reversal of temporary differences	-	7,085,399
Total taxation for the year	-	7,085,399

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2020: 19%). The tax for the current and previous years differ from the standard tax rate for the reasons set out in the following reconciliation:

	2021 £	2020 £
Loss before taxation	(693,112)	(2,543,277)
Tax credit at the standard rate	131,691	483,223
Factors affecting the current tax for the year:		
Expenses not deductible for tax	(183,864)	(568,562)
Group relief claimed	261,386	177,337
Revaluation of investment properties	(216,312)	(91,998)
Deferred tax release due to NRCGT exemption	-	7,085,399
Tax effect of capital expenses that are deductible in determining taxable profit	7,099	-
Total taxation credit for the year	-	7,085,399

The rate of Corporation Tax for the UK remains at 19% for the year ended 31 March 2021. The new 25% UK Corporation Tax Rate from April 2023 onwards was published on 11 March 2021 and completed its scrutiny in the House of Commons on 24 May 2021, and then the Finance Act 2021 received Royal Assent on 10 June 2021. The March 2021 calculation of current tax continues to use the 19% rate.

Deferred tax

The movement in deferred tax is as set out below:

	2021 £	2020 £
Deferred tax liability at 1 April	-	(7,085,399)
Credit to income statement	-	7,085,399
Deferred tax liability at 31 March	-	-

The deferred tax movement in prior year relates to release of temporary differences between the tax base and the carrying value of investment properties for the year ended 31 March 2020 as result of the NRCGT exemption.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

8. INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties comprise property that is held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes and other professional fees. Subsequent to initial recognition, investment properties are recognised at fair value at balance sheet date. This is determined annually by professionally qualified external valuers on a portfolio basis such that individual property calculations are not performed. Changes in fair value are included in the income statement for the period in which they arise. No depreciation is provided in respect of investment properties.

Where specific investment properties are expected to sell within the next 12 months, their fair value is classified as held for sale within current assets.

Investment properties are transferred to investment properties held for sale if their carrying amount is intended to be recovered through a sales transaction rather than continuing use. This condition is regarded as met if the sale is highly probable, the property is available for immediate sale in its present condition, the property is being actively marketed, and management is committed to the sale, which is expected to qualify as a completed sale within 12 months from the date of classification.

Investment properties held for sale continue to be measured in accordance with the accounting policy for investment properties.

	Investment properties
2021	**£**
Valuation	
Fair value at 1 April	70,509,000
Additions	79,121
Unrealised property revaluation losses	(1,138,484)
Total fair value at 31 March	69,449,637

Properties would have been included on an historical cost basis at £62,136,100 (2020: £62,056,979).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

8. INVESTMENT PROPERTIES (continued)

	2021 £	2020 £
The net book value of investment properties and investment properties held for sale comprises:		
Freehold	69,449,637	70,509,000

Direct property operating expenses relating to properties that generated income during the year amounted to £231,981 (2020: £285,329), while those relating to properties that did not generate income during the year amounted to £1,492 (2020: £336).

Each of the Company's freehold interests in its investment properties was valued at 31 March 2021 by an external valuer, Rupert Driver BSc MRICS of CBRE Limited ("CBRE"). The valuation, which was prepared on a portfolio basis, was subject to the existing leases and tenancies as advised but otherwise with vacant possession.

The valuer's opinion was derived with reference to recent market transactions on arm's length terms. It was undertaken in accordance with the requirements of IFRS 13, Fair Value Measurement and the RICS Valuation - Global Standards 2017, as amended, except where it was not, in practical terms, feasible to comply due to the large number of properties involved.

This is a 'Regulated Purpose Valuation'. CBRE has a policy of rotating the lead valuer every five years. This is both CBRE and Rupert Driver's first year of providing an annual valuation.

Assumptions and valuation models used by the valuers are derived from market based evidence for comparable transactions, taking into account factors such as a property's location, size, potential yield and prevailing discount rates. These are based on their professional judgement and market observation.

The fair value measurement hierarchy level for all investment properties as at 31 March 2021 was Level 3 significant unobservable inputs (2020: Level 3). There were no transfers between the levels of the fair value hierarchy during the current or prior year.

Investment property valuations are inherently subjective, depending on many factors, including property location, expected future net rental value, market yields and comparable. In valuing the properties, the following assumption have been adopted and incorporated into the valuation model.

2021	**Fair value £**	**Unobservable inputs**	**Range**
Assured shorthold & other bulk tenancies			
Fair value	69,449,637		
Valuation technique		Discounted cash flow	
		Net yield (%)	4.2% - 5.0%
Fair value at 31 March 2021	69,449,637		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

8. INVESTMENT PROPERTIES (continued)

The 2020 valuation was derived from applying the valuation movements of a sample of properties across the remainder of the portfolio. Key assumptions used in that valuation were:

2020	Fair value £	Unobservable inputs	Range
Assured shorthold & other bulk tenancies			
Fair value	70,509,000		
Valuation technique		Vacant possession market comparison	
		Rental (premium)/discount rates (%)	0.0% - 6.6%
Fair value at 31 March 2020	70,509,000		

All other factors remaining constant, the valuation would increase with an increase in blended House Price Index ("HPI"), while increases in discount rates would result in a fall in the valuation and vice versa. There are interrelationships between unobservable inputs as they are determined by market conditions, and so the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions, (e.g. blended HPI increases and discount rates decrease), valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

Operating lease arrangements

The Company, as the lessor, has entered into property lease agreements on its investment properties portfolio and has performed an evaluation of the terms and conditions of the arrangements of these leases. This includes factors such as the lease term not constituting a substantial portion of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property. The Company also retains all the significant risks and rewards of ownership of these properties. As such, all of these leases are accounted for as operating leases.

At 31 March 2021, the Company had contracted with tenants for the following future minimum lease payments:

	2021 £	2020 £
Within one year	1,294,237	1,252,621
	1,294,237	1,252,621

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

9. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade and other receivables are initially recognised at fair value when the Company becomes entitled to receive the contractual cash flows and are subsequently measured at amortised cost using the effective interest method less any impairment.

Impairment provisions for receivables are recognised based on a forward looking expected credit loss model.

Trade receivables

The Company applies the simplified approach in measuring expected credit losses for its trade receivables. A provision matrix is used to measure expected credit losses whereby trade receivables are grouped on similar credit risk and aging, with credit loss percentages applied based on historical performance.

	2021	2020
	£	£
Amounts falling due within one year		
Trade receivables	2,924	447
Prepayments	128	1,453
	3,052	1,900

The carrying value of receivables approximates the fair value. As at the reporting date, the expected credit loss allowance was £206 (2020: £3).

10. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

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

	2021	2020
	£	£
Trade payables	19,001	29,102
Accruals	1,231	529
	20,232	29,631

The carrying value of trade and other payables approximates the fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

11. LOANS AND BORROWINGS

ACCOUNTING POLICY

Loans and borrowings are initially recognised at fair value less the transaction costs directly attributable to their issue. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method, such that discounts and costs are charged to the income statement over the term of the borrowing at a constant return on the carrying amount of the liability. The debt and associated accrued interest are classified as current and non-current based on the contractual payments required within 12 months of the balance sheet date.

	2021 £	2020 £
Amounts due within one year		
Amounts due to group undertakings	69,389,958	69,745,658

Previous terms covering amounts due to group undertakings expired on 31 March 2020. During the year, these borrowings were replaced by loans of the same value that are unsecured, with an interest rate to be agreed from time-to-time between the parties and have no fixed repayment date. On 31 March 2021, the parties agreed to an interest rate of 4.055% (2020: 8.02%) effective from 1 April 2020 until such time that a new rate is agreed.

12. SHARE CAPITAL

	2021 £	2020 £
Authorised, issued and fully paid		
1 ordinary shares of £1	1	1

1 ordinary share of £1 was issued at par on incorporation.

13. RETAINED EARNINGS

Retained earnings include all current and prior year retained profits and losses. The components of this are:

	2021 £	2020 £
Realised losses	(7,271,040)	(7,716,412)
Unrealised gains	7,313,538	8,452,022
	42,498	735,610

14. SUBSIDIARY AND RELATED UNDERTAKING

ACCOUNTING POLICY

Investment in subsidiary companies are carried at historical cost less provision for impairment based upon an assessment of the net recoverable amount of each investment. To the extent that the assessment of recoverable amount improves due to change in economic conditions, impairment provisions are reversed.

Name of subsidiary undertaking	Holding
Waterbeach (Abbey Place) Residents Company	99%
Uxbridge (Buchan) Residents Company Limited	78%

This investment was written off at acquisition as the Company has assessed the recoverable amount to be £nil.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021 (continued)

15. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary within the Annington Limited Group and is included in the consolidated financial statements of Annington Limited. The Company has taken advantage of the exemption provided by paragraph 8(k) of FRS 101 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

16. CONTROLLING PARTY

Annington Rentals (Holdings) Limited, a company incorporated in the United Kingdom, is the immediate parent company.

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

Annington Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The annual report and financial statements for Annington Limited are available on request from the registered office at 1 James Street, London, United Kingdom, W1U 1DR.