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Company Registration No. 06497115

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PEEL L&P HOLDINGS (UK) LIMITED
(FORMERLY PEEL HOLDINGS LAND AND
PROPERTY (UK) LIMITED)

ANNUAL REPORT AND FINANCIAL
STATEMENTS

YEAR ENDED 31 MARCH 2020

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK)
LIMITED)

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PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Directors, Principal Professional Advisers and Registered Office

Directors:	John Whittaker Steven Underwood, A.C.A. John Schofield, A.C.A. Ruth Woodhead, A.C.A.
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Registered Office and Head Office:	Peel Dome Intu Trafford Centre Traffordcity Manchester M17 8PL United Kingdom
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Registered Number:	06497115
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Auditor:	Deloitte LLP Statutory Auditor Manchester United Kingdom
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Bankers:	Lloyds Bank plc The Royal Bank of Scotland plc Barclays Bank plc HSBC plc Aviva Commercial Finance Limited Santander plc
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Property Valuers:	Jones Lang LaSalle Carter Jonas
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PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *for the year ended 31 March 2020*

The directors submit their strategic report of the group for the year ended 31 March 2020.

On 26 February 2020 the company changed its name by special resolution to Peel L&P Holdings (UK) Limited.

Principal activities

The principal activities of the group are property investment, property development and trading.

Review of business, future developments and prospects

The principal strategies of the Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group (the 'group') continue to be to increase the net asset value and rental income of the land and property asset portfolio and to generate positive cash flow for reinvestment and continual asset growth.

The group's results and financial position are set out in the profit and loss account, statement of comprehensive income, balance sheets and statements of changes in equity on pages 22 to 26.

Turnover on continuing activities for the year totalled £78.5m (2019: £83.9m).

Operating profit for the year from continuing activities was £29.2m (2019: £49.7m), the decrease mainly due to a deficit on revaluation of investment properties of £11.5m in the year (2019: surplus £13.5m).

Profit on the disposal of fixed assets was £9.5m (2019: £18.1m).

The net interest expense for the year was £67.3m (2019: £71.6m).

Net loss for the year was £28.7m (2019: profit £0.2m).

Shareholder's funds of the group were £502.8m at 31 March 2020 compared to £530.2m at 31 March 2019 due to loss suffered for the financial year.

The directors are not aware, at the date of this report, of any likely major changes in the group's activities in the coming year.

The group comprises several underlying businesses which are managed by the directors in accordance with either the geographic location of the assets owned or the nature of the asset class. The businesses which this gives rise to include Retail Parks, Glasgow Harbour, Chatham Waters, Liverpool and Wirral Waters, Traffordcity, which comprises land, future developments and property surrounding into Trafford Centre, Manchester Waters, Land and Communities and Environmental. Further information on these businesses which form the core of the group is given below:

Retail Parks

The group owns and manages a retail park portfolio comprising 2.011m sq. ft. across ten strategic UK locations. The portfolio benefits from 171 occupations and an occupancy rate of 94%. During the year ended 31 March 2020 there were twelve new lettings within the portfolio, totalling 55,434sq. ft. adding £1.31m of annual rent.

Due to the challenging retail sector during 2019 the pre-letting agreements had decreased to two with the main being to a leading high street food and clothing retailer. Both lettings comprising 25,679 sq.ft and total rent of £680,926 per annum. Lease renewals completed during the year comprise 139,386sq.ft. and increase to rent roll of £78,236 per annum.

Major projects that commenced during the year were:

- The Terrace development at The Peel Centre, Straiton, Edinburgh which comprises 25,500sq.ft. and contracted rent equates to £527,505 per annum with 54% pre-let. The development is expected to complete in the Autumn of 2020.
- Phase 2 of the development at Trafford Retail Park commenced construction for a new food store and coffee shop. Units comprise a total of 20,368sq.ft. with pre-lets totalling £430,000 per annum in rent.

Strategic Report *continued*

Retail Parks continued

Completed sales during the year and those completed since the year end amounted to over £17m.

The retail park portfolio was valued at £396.8m as at 31 March 2020 (2019: £414.80m) and had a passing rent of £25.41m (2019: £24.61m). The challenging market has softened yields which over 12 months has ranged between 50bps to 100bps. The average equivalent yield across the portfolio is 7.20%.

Glasgow Waters

Glasgow Waters is a 52 hectare (138 acre) integrated development featuring a range of uses including residential, retail, student accommodation, leisure and food.

The existing retail consent was extended for 3 years in September 2017. The proposal is to create a world class iconic waterfront development which will be focussed on designer outlets and leisure. Following detailed design Matters Reserved by Condition were approved in late 2019. The development would also involve a new pedestrian bridge over the River Kelvin bringing together the Riverside Museum and the Outlet development. Adjoining the Outlet scheme there is a proposal for a Private Rented Sector development of 492 units within 4 blocks which would overlook the Clyde. The Planning "Proposal of Application Notice" in respect of this development has been submitted. A small adjoining site has been allocated for a hotel overlooking the River Kelvin. Given the current market alternative development options are being assessed

The site of the former Scotway house was sold in December 2017 and opened in August 2019 as a 447 bed Student Development with circa 9,900 sq. ft. of food and beverage space. The group will lease the food and beverage element which are at the access point to the wider site. The former food store site at the west end of Glasgow Waters is owned by the group and is allocated for residential development.

A small site at Sawmill East has obtained planning consent for 2 drive thru restaurants with development expected to start late 2020.

On the group's adjacent land holding at Beith Street the development of student accommodation is complete with 1,500 beds across 3 developments. Phase 2 incorporated a food store which is trading exceptionally well. The final, remaining, phase 4 extends to 2.74 acres with conditional missives signed, subject to planning, for 4 blocks of private rented sector flatted accommodation.

A small site at Beith Street West, designated as open space, has obtained consent for a small residential development and missives agreed with a developer to purchase the site in Autumn 2020.

Chatham Waters

The Chatham Waters scheme is a development of the Chatham Docks in Medway, Kent and will provide an employment-led mixed-use redevelopment of 26 acres of brownfield land comprising approximately 1.9m sq. ft. of offices, leisure, retail and residential uses.

The scheme will provide economic, social and environmental regeneration in the Medway area and supports Medway Council's objectives. The scheme was granted planning permission in 2012 and in June 2015 the first phase was completed comprising a 73,000 sq. ft. supermarket and a 60,000 sq. ft. University Technical College along with significant infrastructure and environmental improvements.

Detailed planning permission has been secured for the first phase residential scheme, that includes 199 apartments for market sale. This is expected to be completed by November 2020. The second phase residential scheme received planning approval in late 2018 for 193 Build to Rent residential units. The group are building this development on behalf of an institutional fund. Further residential schemes are also being worked up along with an Affordable Housing provision.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *continued*

Liverpool Waters

The scale of Liverpool Waters and its ambitious long-term vision make it one of the most prestigious waterfront investment and redevelopment opportunities in Europe. Its key features are:

- Outline planning permission secured June 2013 with a 30 year lifespan.
- Set in over 60 hectares (150 acres) of vacant dockland and water.
- Consent for 2m sq.m. (20m sq. ft.) of mixed-use floor space including 9,000 homes.
- Total project value £5 billion.

Liverpool Waters annualised rent at 31st March 2020 was £5.9m per annum from the estate which comprises comprising 3 office buildings of 218,000 sq. ft. (100% let to multiple occupiers), a 760 space Multi-storey car park, an industrial estate, ground rents from 5 residential blocks of 878 units and two hotels. There are 2,500 people now working and living within the Liverpool Waters neighbourhoods with multiple public, music and sporting events including visits from cruise ships attracting upwards of 300,000 people to Liverpool Waters each year.

There was significant activity during the year as two new Property Redress Schemes (PRS) were underway which will deliver 430 homes with 105 homes at Plaza 1821, completed in March 2020 and The Lexington which will provide 325 homes due for completion Summer 2021. In addition, a new cruise liner terminal secured funding from the Combined Authority and Outline Planning Consent is now in place with detailed design concluded and operating licenses awaited. Planning consent was also secured for a 220 bed hotel adjacent to the proposed cruise liner terminal.

Other projects include construction of the new Northern Link Road serving Central Docks which started on site in November 2018 and following the securing of £7m funding was completed in September 2020 and the replacement Isle of Man ferry terminal which commenced construction with completion expected Summer 2022.

Notable activity during the year included exchange of contracts with a residential developer with on Plot C02 subject to planning consent for 500 homes with the application submitted and awaiting determination. In addition, development at plots C04 / C06 providing 237 homes for market sale were completed in two phases, with Quay Central 108 homes completed May 2019 and Park Central completed April 2020. Further to this a pre contract service agreement with a developer for a 31storey tower providing 278 PRS homes at Prince's Dock with the planning application to be submitted May 2020 with start on site anticipated November 2020.

With regard to planning the Central Docks masterplan was approved in November 2019 and paves the way for Reserved Matters applications for at least 3,000 homes, offices, hotels and new public park. In addition, planning consent was secured and construction is underway for a new District Heat Network providing sustainable energy for occupiers and businesses within and outside of Liverpool Waters. Finally, a Development Agreement was exchanged with Everton FC to accommodate a new 52,000 seat stadium with the planning application submitted in December 2019 and is awaiting determination.

The site was valued at £141m as at March 2020 (2019: £136m) and has a passing rent of £5.9m (2019: £5.2m).

Strategic Report *continued*

Wirral Waters

Planning permission was granted for the Wirral Waters project in May 2012. This is the largest planning permission in the UK by consented floor area. Wirral Waters forms part of the Mersey Waters Enterprise Zone which was designated by the Ministry of Housing, Communities and Local Government (MHCLG). It is also a Government designated Housing Zone. Since receiving planning permission, the Wirral Waters strategy has been to:

- prepare and remediate key sites;
- to facilitate the investment in infrastructure;
- to create 'oven ready' development parcels;
- to address market failure issues; and
- to bring forward a number of part publicly funded building projects that catalyse the delivery of Wirral Waters.

The strategy has been successful in leveraging in public investment including European Regional Development Fund (ERDF) funding for the remediation of West Float, Local Infrastructure Funding (via the Homes and Communities Agency (HCA)) for the remediation of the Mobil and Tower Road South sites, Setting the Scene for Growth (SSFG) funding for environmental improvements (via the Department for Business Innovation and Skills and the Forestry Commission), funding via the Skills Funding Agency towards the Wirral Metropolitan College construction faculty building, Housing Infrastructure Funding (HIF) from Homes England for remediation and utilities at Northbank as well as public funding for Streetscape works from National Productivity Infrastructure Fund (NPIF) and Sustainable Transport Enhancement Projects (STEP).

The Wirral Metropolitan Construction College (38,000 sq. ft.) was the first building to be delivered within Wirral Waters and within the Mersey Waters Enterprise Zone. On adjoining land The Tower Wharf office building (40,000 sq. ft.) has also been completed. There is a pipeline of mixed use, place-led 'live' projects to be clustered in 3 main areas in Wirral Waters: Northbank, which is a new residentially led neighbourhood, Four Bridges, a commercial, educational and cultural neighbourhood and MEA Park, a 1m sq. ft. waterside manufacturing and logistics campus.

At Northbank, 3 housing projects are now 'live' including the £100m transformational Legacy Foundation project – a 500 unit Property Redress Scheme (PRS) housing scheme. Planning permission has now been received and exchange of the Agreement for Lease with Wirral Council has taken place. The elderly care facility, which is a residential project for residents living with dementia, is now 'live'. The group has also entered into a joint venture agreement with Urban Splash and is designed to deliver a 350 new home modular housing project. These projects are underpinned by a £6m Housing Infrastructure Fund grant from Homes England. Remediation for these schemes, which are located on a 17acre site, was completed in July 2020 with the public realm project started on site in August 2020.

At Four Bridges planning permission and a £3m Social Investment Fund (SIF) grant from the Combined Authority has been approved for a 30,000 sq. ft. Building Research Establishment Environmental Assessment Method (BREEAM) Excellent office building at Tower Road South. The project is currently out to tender with a start on site due later in 2020. This adjoins the Maritime Knowledge Hub project, a cluster project between maritime industry and academia, and Egerton Square, an amenity and arts centre project.

At MEA Park, we have secured £1.5m of Wirral Waters Investment Fund money for a 70,000 sq. ft. B1/B2/B8 scheme which will sit alongside the Module Development Centre, both of which are due on site at the end of 2020 or early 2021.

The objective over the last 12 months has been to continue to address those hurdles to delivery through collaboration with the public sector.

Based on the 'live' projects and anticipated new rates delivery, a Tax Increment Fund (TIF)-style investment fund has been set up utilising the Enterprise Zone designation. This is known as the Wirral Waters Investment Fund and totals circa £47m. This fund will help further address any viability gaps necessary to facilitate emerging projects with the first application now successfully gone through the process.

The group continues to work collaboratively with stakeholders including Wirral Council, MHCLG, Homes England, Department for Business, Energy & Industrial Strategy (BEIS), Department for International Trade (DIT) and the Liverpool City Region Local Enterprise Partnership (LEP) and Combined Authority to enable further activity in Wirral Waters. The group's management team continues to drive down void rates within the existing built estate portfolio and drive up ERV's through the letting strategy. Properties at Wirral Waters were valued at £94.4m at 31 March 2020, up from £92.6m at 31 March 2019.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *continued*

Traffordcity/City Gateway

Traffordcity estate extends to approximately 550 acres and adjoins into Trafford Centre, home to a number of retail and leisure destinations. The investment portfolio has a value as at 31 March 2020 of £281m (2019: £272m) and a rent roll of £13.8m (2019: £12.8m).

The destination includes substantial development and redevelopment opportunities.

Outline planning permission was secured in December 2018 for the Trafford Waters Scheme, which will include 3,000 residential units and 1m sq. ft. of commercial space and a school. Solicitors are instructed to sell the first two development plots to well-known high quality residential and care developers.

During the year the planning permissions have been secured for the following developments;

- Therme, Health & Well Being scheme – 1,000,000 sq. ft.
- Alternative Leisure Uses and Conference space for an existing leisure facility – 220,000 sq. ft.
- New five a side football facility
- New fast food drive-thru

Sale of land to a supermarket was completed at City Gateway and plans for Port Salford Rail Terminal have been progressed with Network Rail.

Manchester Waters

The landholding surrounding Cornbrook Metrolink station fronting onto Chester Road was acquired by the Group over the last ten years. A mixed-use scheme including an hotel, retail and residential uses was submitted for planning. A regeneration framework of this area was approved by both Trafford and Manchester in 2015.

Planning permission was secured for 280 residential apartments that is currently being constructed as a Private Rental Scheme for an institutional fund which is due to complete in January 2021. The last remaining plot has the benefit of planning permission for an hotel to include 266 keys: Solicitors have been instructed to see to a hotel developer. Vacant possession of this plot has been secured and the site is to be cleared in readiness for a future land sale, projected Spring 2021, subject to planning approval.

On Pomona Island a residential developer has recently completed a high quality first residential tower and the second tower is due for completion in Spring 2021.

Planning permission has also been secured for another three towers, comprising 526 apartments that will be built by a residential developer over the next 3.5 years. A Masterplan for the remaining undeveloped 10 Hectares of land was approved by Trafford Council in March 2020, highlighting the potential to deliver a further circa 2,700 new residential dwellings and circa 750,000 sq. ft. of leisure /commercial space. It is proposed to submit a formal Outline planning application for the remaining undeveloped land late in early 2021.

Strategic Report *continued*

Land and Communities

The Land & Communities team is focussed on identifying and bringing forward strategic development opportunities, predominantly for new homes but also for logistics and other business space, leisure, cultural and community facilities. The aim is increase and realise value also create development opportunities for the group. It works within the group portfolio (15,000 acres) and considers opportunities to replenish the land asset base through strategic acquisitions.

2019/2020 proved a successful year and secured over £24m in new property sales with a cash receipt of in excess of £22m in the financial year. Notable disposals were a £15m residential disposal in Trafford and a £7m residential sale in Wigan. The team also secured an uplift of circa £29m on the existing value of the portfolio through the promotion, obtaining and maintaining of Local Plan allocations and planning consents.

It takes an ambitious long-term approach to development, evidenced through its work on large scale development plans such as

- the Greater Manchester (GM) Spatial Framework; current draft allocation of 5,000 homes and 3.5m sq. ft. of employment space in the GM region,
- Warrington Local Plan; draft allocation of 700 new homes and 2.7m sq. ft. of employment space and
- the Liverpool Local Plan; the promotion of 1m sq. ft. of employment space adjacent to Liverpool John Lennon Airport.

The team also promoted a number of standalone large development applications at Hulton Park; the transformation of 645 acres of registered park and gardens to create a Ryder Cup standard Championship Golf Venue with an array of supporting ancillary uses surrounding the site including up to 1,036 homes, the Haydock Point Employment Proposal for 1.8m sq. ft. of logistics and employment space with access to the M6 and A580 East Lincs Road, and pursued planning consent for 202 new homes at Woolleys Orchard in Medway.

As part of the wider group, the Land & Communities Team are committed to ensuring our projects meet the sustainability criteria adopted by the wider group. Within the last financial year the team continued work on delivering over 27 acres of Nature Parks and Recreation Space across the portfolio. The team have also been promoting the creation of a 400 acre Country Park as part of our work on the Warrington Local Plan.

Fostering and creating relationships within the house building industry remains a key emphasis of the team and our success of completing transactions with Bellway PLC, Rowland Homes, Countryside Properties and Taylor Wimpey, as well as providing sites for our inhouse home building company Northstone evidence the skills and recent successes of the Land & Communities Team.

Partnership creation with Local Authorities and other notable bodies has been another focus and we look to work more closely and jointly with those public bodies who oversee and manage development in the areas we are active. The delivery of the Royal Horticultural Society (RHS) 5th Garden in partnership with Salford City Council and the RHS being evidence of our excellent partnership working. RHS Bridgewater due to open on May 2021, delayed due to COVID-19.

The Land & Communities Team continue to operate and exert influence beyond the local level and remain a key driver in promoting the ideals of the Northern Powerhouse both regionally and nationally. We continue to review and comment upon changes in planning and economic policy at the national level with the intent of promoting the core beliefs of the wider group, influencing emerging policy.

Despite the uncertain times, Brexit and COVID-19 being two key factors, the department continue to succeed in the realisation of value through promotion, allocation and the obtaining of allocations and consents, and through the completion of sales with our internal and external house building partners. Whilst the economy faces possible difficulties ahead, we remain confident that our portfolio, expertise and pipeline of sites will continue to realise possibility for the group over the coming years.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *continued*

Environmental

In the year to 31 March 2020 the business generated a turnover of £3.7m (2019: £3.7m) and an operating profit before revaluations of £2.5m (2019: £2.5m). The gross book value for the business is £74.8m (2019: £74.8m). The major transaction in the year was the disposal of Scout Moor Quarry in Lancashire which generated significant cash proceeds for the Group.

Protos, the 134 acre / 2m sq. ft. energy park continued to make progress as part of the wider Cheshire Energy Innovation District, and shortly after the year end a land sale to Covanta completed which will enable the first phase of development of the waste to energy scheme.

Key performance indicators

The following key performance indicators, most of which can be derived directly from the financial statements, are used by the directors monthly to review the performance of the business:

	2020	2019	Movement	Movement
	£'000	£'000	£'000	%
Annualised rent roll *	69,668	68,534	1,134	1.7
Turnover	78,493	83,882	(5,389)	(6.4)
(Deficit)/surplus on revaluation of investment properties	(11,468)	13,514	(24,982)	(184.9)
Operating profit	29,165	49,719	(20,554)	(41.3)
Profit on disposal of fixed assets	9,549	18,111	(8,562)	(47.3)
Net interest expense	67,304	71,550	(4,246)	(5.9)
Net (loss)/profit for the year	(28,692)	202	(28,894)	(14,304.0)
Cash receipts from investment property sales	69,109	83,813	(14,704)	(17.6)
Financial investment **	51,385	60,635	(9,250)	(15.3)
Net debt	865,275	858,101	7,174	0.8
Overall loan to value	56.9%	57.7%		(0.8%)
Shareholder's funds	502,848	530,158	(27,310)	(5.2)

*Annualised rent is the gross property rent receivable on a cash basis as at the reporting date.

**Financial investment includes all capital investment in investment property, other fixed assets and stock.

Strategic Report *continued*

Principal risks and uncertainties

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

- economic cycles, including impact on tenant covenant quality;
- interest rates and their impact on property values;
- potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future;
- the demand for commercial and residential property and the availability of funding from prospective buyers;
- the availability of suitable replacement finance as required;
- a small proportion of variable rate debt is not fixed via interest rate swaps, leaving the group with exposure to interest rate fluctuations (see note 22); and
- as part of normal trading operations, the group invests cash on short-term deposit with certain major UK banks. The group is therefore exposed to the risk of a decline in the credit worthiness of one or more of those banks. The group mitigates its exposure to this risk by monitoring closely the economic environment and by ensuring that cash amounts are at all times invested with more than one bank.

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

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

Government policy

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

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *continued*

Principal risks and uncertainties *continued*

Human resource function

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

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

These risks are mitigated as follows:

- measures implemented to facilitate home working and maintain connectivity with internal colleagues and external stakeholders;
- maintenance of internal connectivity and communication. All divisions are hosting regular at least weekly meetings via Microsoft Teams;
- increased frequency of senior management meetings. Regular communications to all employees via email and business-wide update calls;
- workstreams prioritised and, where necessary, reallocated to accommodate staff childcare obligations. A plan has been worked up to ensure cover for members of the senior management team in the event of illness;
- mental health first-aiders are reaching out to every employee on a one-to-one basis; and
- IT department on high alert for cyber-attacks. Communications to employees to remain vigilant despite operational challenges.

Economic cycles, including impact on tenant covenant quality

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

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

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

- a number of staff being placed on the government's Coronavirus Job Retention Scheme;
- implementing a pay cut of between 10% for lower paid staff and 40% for higher paid staff;
- a review of and reduction of overheads across the group;
- a temporary pause on uncommitted capital expenditure; and
- close liaison between the finance department and all divisions on receipts and expenditure, meaning real-time updates to cash flow.

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

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

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

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

The demand for commercial and residential property and the availability of funding from prospective buyers

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

Under normal conditions this risk is mitigated by long leases.

Strategic Report *continued*

Principal risks and uncertainties *continued*

Exposure to interest rate fluctuations

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

Environmental impact and climate change

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

Future risks and uncertainties

As during the previous year the Board continues to consider the impact of Brexit which remains uncertain. On the basis the group is predominantly UK based the main risk is considered to be the potential negative impact on the macroeconomic environment as a result of the continuing uncertainty around transitional and post Brexit arrangements. Potential areas which could be impacted include property valuations and interest rates. These will be closely monitored and the directors believe the group is well positioned to mitigate these risks should they materialise.

Section 172 Companies Act 2006

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

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

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

Core value 1 - Long term vision

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

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

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

Some of their achievements so far are:

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Strategic Report *continued*

Section 172 Companies Act 2006 *continued*

Core value 2 - Long term investment

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

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

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

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

Core value 3 - Excellence in delivery

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

Core value 4 - Regeneration delivering sustainable growth

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

1. Ensure sustainable consumption and production patterns

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

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

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

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

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

Strategic Report *continued*

Section 172 Companies Act 2006 *continued*

Core value 4 - Regeneration delivering sustainable growth continued

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

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

Core value 5 - Leaving a lasting social legacy

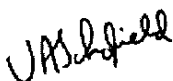
A Community Environment Fund (CEF) has been set up. As part of the Atlantic Gateway development, Peel has suggested a voluntary 1% contribution of a project's overall cost to form a fund to establish environmental projects to benefit the whole community. In line with the Port Salford development Peel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

Core value 6 - Adding value for all our stakeholders

- Suppliers: in the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment.
- Customers: the group's marketing is carried out by Perfect Fit Media. This media owner also owns and operates the entire environment rather than simply the media space, so the portfolio also includes the option to create bespoke, interactive installations and community-specific activation.
- Members: the group only has one shareholder, Peel L&P Group Limited (formerly Peel Holdings Land and Property Group Limited) whose group policy is to maximise net asset value growth. Peel is continuing to achieve this by developing the land within its portfolio. An example of this is the development of Liverpool Waters, Peel's largest ongoing project. Projects are funded by external borrowings which have covenants attached. Compliance with these covenants is essential to ensure continued availability of funds. This is therefore the priority in decision making at project level. For this project there are three different lenders across distinct sites. Examples of covenants are control of Loan to Value ratio, Income to Interest requirement and restrictions to use of cash. They are carefully monitored and preventative action taken before there is a breach. For this example in the year to 31 March 2020 some assets were transferred between companies within the group to ensure the required Loan to Value ratio was not exceeded.

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

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



John Schofield, A.C.A.

Director

21 October 2020

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Report of the Directors *for the year ended 31 March 2020*

The directors submit their annual report together with the audited financial statements of the group for the year ended 31 March 2020.

Matters included in the Strategic Report

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

Going concern

In assessing going concern the directors consider the group's business activities, together with factors that are likely to affect its future development and position. A key focus of the assessment is the management of liquidity and compliance with borrowing facilities for the period of 12 months from the signing of the accounts and a review of the group's cashflows, liquidity position and borrowing facilities has been undertaken.

In light of the current COVID-19 pandemic, which has had a significant impact on the group and the wider economy, strategic plans have been revised to reflect the effect and estimated impact on the group and managements actions implemented in response. At this stage, although we are starting to see a phased easing of restrictions on movement, it cannot be known with any certainty how long and to what extent restrictions will remain in place, or the time it will take for the macro-economic climate and our markets to recover.

Whilst the underlying base forecasts prepared by management do show that the business could continue to operate within its facilities for the period under review, support is available from their parent company should property values deteriorate over the course of the next 12 months.

The directors have received confirmation that Peel L&P Group Limited (formerly Peel Holdings Land and Property Group Limited), ("Peel L&P Group"), the group's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. The Peel L&P Group may also rely upon the support of its parent company Peel Holdings Group Limited ("Peel Group") and the directors have satisfied themselves that such support is available if called upon as explained more fully in note 1.

Accordingly, after making enquiries and taking all factors into account, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and non-statutory financial statements

Directors

The directors who held office during the financial year and thereafter are:

John Whittaker

Steven Underwood, A.C.A.

Neil Lees, A.C.I.S. (resigned 15 October 2020)

Peter Hosker, L.L.B (resigned 19 December 2019)

John Schofield, A.C.A.

Ruth Woodhead, A.C.A. (appointed 17 March 2020)

Directors' indemnities

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

Financial risk management objectives and policies

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

Report of the Directors *continued*

Financial market rate risk

The group's activities expose it to the financial risk of changes in interest rates. The group uses interest rate contract swaps to hedge this exposure.

The group's exposure to foreign currency risk is minimal.

Credit risk

The group's principal financial assets are other debtors. The most significant part of this is restricted cash held on behalf of the group under covenants. The credit risk on these funds is limited because the banks have high credit ratings by international credit rating agencies.

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

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long term and short-term debt finance with an emphasis on working with joint venture partners.

Streamlined energy and carbon reporting

The group of companies headed by the parent of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) "the Peel L&P group" have opted to use the Operational Control boundary definition to define their carbon footprint boundary. The reporting period for the compliance is 1 April 2019 to 31 March 2020. Included within that boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK. The GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of the carbon emissions calculation.

The results show that Peel L&P group's total energy use and total gross Green House Gas (GHG) emissions amounted to 20,415,238 kWh and 5,619 tonnes of CO₂e respectively in the 2019/20 financial year in the UK.

Peel L&P group have chosen 'Tonnes of CO₂e perm turnover' as intensity metric as this is an appropriate metric for the business. The group will compare their performance over time with this metric.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Report of the Directors *continued*

Streamlined energy and carbon reporting *continued*

Type of Emissions	Activity	kWh	tCO ₂ e	% of Total
Direct (Scope 1)	Natural Gas	6,496,206.9	1,194.3	21.3%
	Company Fleet	2,065,298.4	421.7	7.5%
		8,561,505.3	1,616.0	28.8%
Indirect (Scope 2)	Electricity	11,808,176.7	3,018.2	53.7%
		11,808,176.7	3,018.2	53.7%
Indirect Other (Scope 3)	Grey Fleet	45,556.3	10.8	0.2%
	Electricity (T&D)	Not applicable	257.0	4.6%
	Well-to-Tank All Scopes	Not applicable	717.3	12.8%
		45,556.3	985.1	17.5%
	Total Energy Use			20,415,238 kWh
	Total Gross Emissions			5,619 tCO ₂ e
	Renewable Electricity			nil tCO ₂ e
	Electricity Exported to Grid			nil tCO ₂ e
	Total Net Emissions			5,619 tCO ₂ e
	Turnover			78.49 £m
	Tonnes of Gross			71.59 CO ₂ e per £m

Peel L&P group continues to invest heavily in energy and carbon saving opportunities, demonstrated by the first verification of Net Zero Carbon buildings against the UK Green Building Council's definition in the UK and recertification of their ISO 50001:2018 Energy Management Systems. They have committed to reduce our absolute or activity-related energy use by 15% by 2024 cumulatively from a 2018 baseline. During 2019-20 Peel L&P group have:

- Saved 9.9m kWh energy
- Saved 3,141 tonnes of CO₂
- Surpassed their £2m annual savings milestone
- Completed over a hundred energy saving opportunities across the diverse property portfolio, including:
 - enhanced control over lighting, plant and BMS,
 - installation of new energy efficient equipment, such as boilers, air handling units and variable speed drives, and
 - retrofitting existing systems with energy efficient technology, such as installing X-pots in LTHW systems and adding Endotherm to their heating systems.

Dividends

The directors do not recommend the payment of a final dividend (2019: same).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Report of the Directors *continued*

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and charitable contributions

During the financial year, contributions by the group for charitable purposes totalled £34,404 (2019: £36,305). The group made no political contributions during the financial year (2019: same).

Auditor and the disclosure of information to the auditor

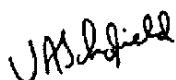
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

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



John Schofield, A.C.A.

Director

21 October 2020

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Independent Auditor's Report to the members of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) (the 'parent company') and its subsidiaries (the 'group'):

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

We have audited the financial statements which comprise:

- the group profit and loss account;
- the group statement of comprehensive income;
- the group and company balance sheets;
- the group statement of changes in equity;
- the company statement of changes in equity;
- the group cash flow statement; and
- the related notes 1 to 30.

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

Basis for opinion

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

We are independent of the group and the parent 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.

Emphasis of Matter

We draw attention to notes 11 and 12, which describe the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the group's investment property portfolio and other fixed assets respectively. As noted by the group's valuers, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property portfolio and other fixed assets at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the members of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) *continued*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Independent Auditor's Report to the members of Peel L&P Holdings (UK) Limited
(formerly Peel Holdings Land and Property (UK) Limited) *continued*

Matters on which we are required to report by exception

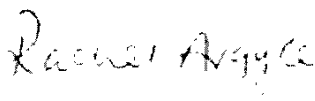
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Rachel Argyle (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

21 October 2020

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Group Profit and Loss Account *for the year ended 31 March 2020*

	Note	2020 £'000	2019 £'000
Turnover	3	78,493	83,882
Cost of sales	3	(18,239)	(21,580)
Gross profit		60,254	62,302
Goodwill amortisation	3	(340)	(297)
(Deficit)/surplus on revaluation of investment properties	3	(11,468)	13,514
Revaluation of listed investments	3	49	-
Impairment of stock properties	3	(529)	(335)
Administrative expenses	3	(24,899)	(28,623)
Other operating income	3	6,098	3,158
Total operating profit		29,165	49,719
Share of joint venture operating profit	13(a)	3,311	615
Profit on disposal of fixed assets	4	9,549	18,111
Profit before interest and taxation		45,025	68,445
Net interest payable and similar expenses	5	(67,304)	(71,550)
Loss before taxation	6	(25,279)	(3,105)
Tax on loss	7	(3,135)	3,307
(Loss)/profit after taxation		(28,414)	202
Non-controlling interests	24	(278)	-
(Loss)/profit for the financial year		(28,692)	202

All the above results derive from continuing activities.

PEEL I.&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Group Statement of Comprehensive Income *for the year ended 31 March 2020*

		2020 £'000	2019 £'000
(Loss)/profit for the financial year		(28,692)	202
Unrealised net (deficit)/surplus on revaluation of operational buildings	12	(659)	1,728
Deferred tax relating to revaluation of operational buildings	20	(201)	(153)
Foreign exchange gains		2,242	3,131
Other comprehensive income		1,382	4,706
Total comprehensive (expense)/income for the year		(27,310)	4,908
(Loss)/profit for the year attributable to:			
Non-controlling interest	24	(278)	-
Equity shareholders of the company		(28,414)	202
		(28,692)	202
Total comprehensive (expense)/income for the year attributable to:			
Non-controlling interest	24	(278)	-
Equity shareholders of the company		(27,032)	4,908
		(27,310)	4,908

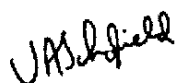
PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Group and Company Balance Sheets *as at 31 March 2020*

		Group	Group	Parent Company	Parent Company
	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed assets					
Goodwill	10	-	340	-	-
Tangible assets					
Investment properties	11	1,500,466	1,527,540	-	-
Other fixed assets	12	68,314	66,067	-	-
Investments	13	11,839	8,907	779,453	779,453
		1,580,619	1,602,854	779,453	779,453
Current assets					
Stocks	14	48,672	48,229	-	-
Debtors	15	38,538	52,857	43,609	127,029
Cash at bank and in hand	16	35,887	67,281	115	177
		123,097	168,367	43,724	127,206
Creditors: amounts falling due within one year	17	(232,834)	(241,373)	(303,372)	(323,468)
Net current liabilities		(109,737)	(73,006)	(259,648)	(196,262)
Total assets less current liabilities		1,470,882	1,529,848	519,805	583,191
Creditors: amounts falling due after more than one year	18	(887,080)	(923,432)	(3,076)	(1,095)
Provisions for liabilities	20	(80,957)	(76,539)	-	-
Net assets		502,845	529,877	516,729	582,096
Capital and reserves					
Called up share capital	23	406,260	406,260	406,260	406,260
Share premium account		525,258	525,258	525,258	525,258
Revaluation reserve	23	15,572	17,434	-	-
Merger reserve	23	25,939	25,939	-	-
Negative goodwill reserve	23	85,659	87,330	-	-
Other reserves	23	2,550	2,550	-	-
Profit and loss account		(558,390)	(534,613)	(414,789)	(349,422)
Shareholder's funds		502,848	530,158	516,729	582,096
Non-controlling interests	24	(3)	(281)	-	-
Total capital employed		502,845	529,877	516,729	582,096

The loss for the financial year dealt with in the financial statements of the parent company was £65,367,000 (2019: £6,220,000).

The financial statements of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited), company number 06497115, were approved by the directors and authorised for issue on 21 October 2020.



John Schofield, A.C.A.
Director

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Group Statement of Changes in Equity *for the year ended 31 March 2020*

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Negative goodwill reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 April 2018	406,260	525,258	16,782	25,939	88,394	2,550	(539,933)	525,250
Profit for the financial year	-	-	-	-	-	-	202	202
Unrealised net surplus on revaluation of operational buildings	-	-	1,728	-	-	-	-	1,728
Deferred tax relating to revaluation of operational buildings	-	-	(153)	-	-	-	-	(153)
Foreign exchange gains	-	-	-	-	-	-	3,131	3,131
Other comprehensive income	-	-	1,575	-	-	-	3,131	4,706
Total comprehensive income	-	-	1,575	-	-	-	3,333	4,908
Transfer of excess depreciation charge	-	-	(923)	-	-	-	923	-
Realisation of negative goodwill	-	-	-	-	(1,064)	-	1,064	-
At 31 March 2019	406,260	525,258	17,434	25,939	87,330	2,550	(534,613)	530,158
Loss for the financial year	-	-	-	-	-	-	(28,692)	(28,692)
Unrealised net deficit on revaluation of operational buildings	-	-	(659)	-	-	-	-	(659)
Deferred tax relating to revaluation of operational buildings	-	-	(201)	-	-	-	-	(201)
Foreign exchange gains	-	-	-	-	-	-	2,242	2,242
Other comprehensive (expense)/ income	-	-	(860)	-	-	-	2,242	1,382
Total comprehensive expense	-	-	(860)	-	-	-	(26,450)	(27,310)
Transfer of excess depreciation charge	-	-	(1,002)	-	-	-	1,002	-
Realisation of negative goodwill	-	-	-	-	(1,671)	-	1,671	-
At 31 March 2020	406,260	525,258	15,572	25,939	85,659	2,550	(558,390)	502,848

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Company Statement of Changes in Equity *for the year ended 31 March 2020*

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2018	406,260	525,258	(343,202)	588,316
Loss and other comprehensive expense for the financial year	-	-	(6,220)	(6,220)
Total comprehensive expense for the financial year	-	-	(6,220)	(6,220)
At 31 March 2019	406,260	525,258	(349,422)	582,096
Loss and other comprehensive expense for the financial year	-	-	(65,367)	(65,367)
Total comprehensive expense for the financial year	-	-	(65,367)	(65,367)
At 31 March 2020	406,260	525,258	(414,789)	516,729

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Group Cash Flow Statement *for the year ended 31 March 2020*

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities	26	14,495	51,909
Cash flows from investing activities			
Payments to acquire investment properties		(20,904)	(33,292)
Receipts from sales of investment properties		69,109	83,813
Payments to acquire other fixed assets		(5,166)	-
Receipts from sales of other fixed assets		45	1
Fees on sale of fellow subsidiary	4	(1,000)	-
Deferred receipts from sale of joint venture		-	424
Dividends received from joint ventures	13(a)	1,479	-
Interest received		1,106	464
Net cash flow from investing activities		44,669	51,410
Cash flows from financing activities			
Interest paid		(61,857)	(61,827)
Loans to joint venture		(2,327)	(190)
Movements in restricted cash		26,743	(22,235)
Loans drawn down		10,918	21,636
Loans repaid		(40,388)	(40,366)
Sale and leaseback drawn down		3,234	-
Payments under finance leases		(1,063)	(37)
Net cash flows from financing activities		(64,740)	(103,019)
(Decrease)/increase in cash in the year		(5,576)	300
Cash at beginning of year		27,132	26,777
Reclassification of overdraft to loan		2,997	-
Effect of foreign exchange rate changes		37	55
Cash at end of year		24,590	27,132
Reconciliation to cash at bank and in hand:			
Cash at bank		28,575	33,226
Overdrafts		(3,985)	(6,094)
		24,590	27,132
Restricted cash		7,312	34,055
Total cash		31,902	61,187

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and the preceding year. The principal activities and operations of the group and its subsidiaries are set out in the strategic report on pages 3 to 14.

Company information

Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales with company registration number 06497115. The registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester M17 8PL.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and fair value of swaps, and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council, other than in respect of group reconstruction accounting in the circumstances referred to below.

The functional currency of the company is considered to be pounds sterling, because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. The financial statements are rounded to the nearest £'000.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to disclosures surrounding financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

These financial statements are prepared on the basis that the group is a going concern. In forming its opinion as to going concern, the directors prepare cash flow forecasts based upon their assumptions with particular consideration to the key risks and uncertainties for the group, as well as taking into account available borrowing facilities and associated covenants.

In light of the current COVID-19 pandemic, which has had a significant impact on the group and the wider economy, strategic plans have been revised to reflect the effect and estimated impact on the group and managements actions implemented in response. At this stage, although we are starting to see a phased easing of restrictions on movement, it cannot be known with any certainty how long and to what extent restrictions will remain in place, or the time it will take for the macro-economic climate and our markets to recover. Since the onset a number of management actions have been taken to adapt the group including a review of capital spend and allocation, utilisation of Government initiatives and review of and reduction in overhead expenditure. Whilst the immediate focus is on the short-term liquidity, the longer-term impact of COVID-19 is also being considered.

In recent years, economic conditions have created a number of uncertainties in the sectors in which the group operates, with regard to future market valuation movements and levels of activity, and COVID-19 has created heightened risks with the potential to severely but, to a large extent, temporarily impact the group's liquidity. Details of risks and uncertainties are included on pages 10 to 12 of the Strategic Report and the group has a good track record of managing such risks and uncertainties.

As detailed in Note 19 the group had £865m (2019: £858m) of net debt as at 31 March 2020 which is provided through a variety of secured and unsecured facilities. Gross debt totals £901m (2019: £925m).

A revised forecast was prepared to reflect the impact of COVID-19 and actions taken as set out above with a persisting downturn in activity during 2020 and a medium-term recovery of the economy thereafter. Furthermore, a sensitised forecast was produced that had a number of severe but plausible downsides reflected. These downsides included:

- reduced overhead and discretionary expenditure;
- a material reduction in rents collected over the majority of the going concern assessment period; and
- A reduction in property valuations and the associated impact on loan to value covenants.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Going concern *continued*

Whilst the underlying base forecasts prepared by management do show that the business could continue to operate within its facilities for the period under review, support is available from their parent company should property values deteriorate over the course of the next 12 months.

The directors have received confirmation that Peel L&P Group Limited (formerly Peel Holdings Land and Property Group Limited), ("Peel L&P Group"), the group's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future.

The directors of Peel L&P Group have also received confirmation from the directors of its parent company Peel Holdings Group Limited ("Peel Group") that it will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future.

In considering the ability of both the Peel L & P Group and Peel Group to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of both the Peel L & P Group and the Peel Group forecasts, the continuing availability of their facilities and their strategic and contingent plans. Key details of these are as follows:

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

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Group financial statements

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings made up to 31 March each year.

The financial statements have been prepared using merger accounting principles (applicable for group reconstructions) set out in FRS 102 Section 19, in order to meet the overriding requirement under applicable law for financial statements to present a true and fair view.

Certain previous transactions did not meet one of the conditions for merger accounting under applicable law, which was applicable to the relevant UK subsidiaries namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued. However, the directors consider that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, and inclusion of post-reorganisation results only, would not give a true and fair view of the group's results and financial position. The substance of the transaction was not the acquisition of a business but a group reconstruction. Therefore the ordinary shareholders of Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) have the same proportionate interest in the group as they had previously held. The directors consider that it is not practicable to quantify the effect of this departure from the applicable law.

Under merger accounting the results of the subsidiaries are combined from the beginning of the comparative financial year before the merger occurred. Profit and loss account and balance sheet comparatives are restated on a combined basis and adjustments are made to achieve consistency of accounting policies.

The directors have adopted the basis of preparation set out above because they consider that it is necessary in order to give a true and fair view of the results of the group for the year ended 31 March 2020.

All other subsidiaries are consolidated under acquisition accounting principles. Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal (to the extent of group ownership).

All other joint ventures are accounted for using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss and other comprehensive income of the joint venture.

The separable net assets of subsidiary undertakings and joint ventures acquired are included in the group financial statements at their fair value to the group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the parent company is not presented.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of subsidiary undertakings or businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its useful economic life of five years. Provision is made for any impairment.

Negative goodwill represents the excess of the fair value of the separable net assets acquired over the consideration paid. The negative goodwill arose as a result of the acquisition of Peel Holdings group during the year ended 31 March 2005 and has been credited to a negative goodwill reserve. This is in line with previous UK GAAP and on transition to FRS 102 in 2016, previous business combinations were not revised in line with transition rules. However this treatment is not in accordance with FRS 102 Section 19 which requires that negative goodwill should be presented as a negative balance immediately below the Goodwill heading on the balance sheet. Since the negative goodwill relates to investment properties which are neither depreciated nor held for resale, the negative goodwill could remain on the balance sheet as a negative asset indefinitely. The directors consider that the treatment required by FRS 102 Section 19 would not show a true and fair view, as it would not properly reflect the particular transaction or correctly state the net assets of the group. The treatment adopted is not inconsistent with the requirements of the Companies Act 2006. In the event of the disposal of relevant assets, this negative goodwill is transferred to the profit and loss reserve in the period in which the related assets acquired are disposed of.

Investment properties

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

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

Investment property sales are recognised upon unconditional exchange.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Other fixed assets

Other fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all other fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Operational buildings included in tangible fixed assets are depreciated at rates varying between 1% and 4% per annum.
- Plant and vehicles are depreciated by equal annual instalments over their expected useful lives at rates varying between 4% and 33% per annum.

Individual freehold and leasehold properties other than investment properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

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

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Fixed asset investments

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

In the company financial statements fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair or the nominal value of shares issued.

In the group financial statements investments in and loans to joint ventures are accounted for using the equity method.

Stocks

Stocks are stated at the lower of cost, including attributable overheads and capitalised interest, to the group and net realisable value. Net realisable value represents the anticipated disposal proceeds less any associated costs. Stock is made up of discrete pieces of land and therefore a costing model would not be appropriate.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Cash and cash equivalents

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

Taxation

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

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

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

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

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

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

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Foreign currencies

The results of overseas subsidiary undertakings are translated to sterling at the average rate of exchange ruling during the period. Assets and liabilities denominated in foreign currencies are translated to sterling at exchange rates ruling at the balance sheet date. Differences arising on the translation of the opening net assets and results of overseas subsidiary undertakings are accounted for in other comprehensive income and accumulated equity. All other exchange differences are accounted for through the profit and loss account.

Turnover

The turnover of the group has been derived from its principal activities and is stated net of VAT.

Property rental income from investment property and environment and resource assets are accounted for on an accruals basis and are recognised on a straight-line basis over the lease term. Rental premiums are spread evenly over the lease term.

Utility services income and other income are recognised on the accruals basis as the services are provided.

Trading property sales are accounted for on a legal completion basis.

Leased assets – group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leased assets – group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Grants receivable in respect of investment properties are credited directly to the cost of the asset. This treatment has been adopted in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on investment properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account.

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance expenses, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance expenses

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets is included in the cost thereof. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

Issue costs associated with borrowings are charged to the profit and loss account over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowing where the maturity date of issue is less than 12 months are included in accrued charges within current liabilities. For all borrowings accrued finance expenses and issue costs are included in the carrying value of those borrowings.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance expense in profit or loss in the period in which it arises.

Financial instruments

(i) Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate risk. The group does not hold derivative financial instruments for speculative purposes. Derivatives are initially recognised at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account immediately in the year in which they arise.

(ii) Financial assets and financial liabilities

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

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

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

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

1. Accounting policies *continued*

Financial instruments *continued*

(ii) Financial assets and financial liabilities *continued*

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

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

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

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

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

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

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

Impairment of financial assets

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

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

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

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

Notes to the Financial Statements *continued*

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the group's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied other than those that include an element of uncertainty.

Key sources of estimation uncertainty

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

Investment properties and other fixed assets

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

The value of investment properties at 31 March 2020 is £1,500m (2019: £1,528m). The value of operating buildings at 31 March 2020 is £65m (2019: £63m). The key assumptions can be found in notes 11 and 12.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is calculated using a discounted cash flow approach and using inputs based on observable market data. Where material, the credit risk associated with the derivatives is reflected in its calculation methodology. Judgement is used to determine whether the credit risk associated with the derivatives has changed materially over time based on market transactions and prices and, where this is the case, the credit factor is adjusted in the valuation calculation. The carrying value of derivative financial instruments is £15m (2019: £13m). The key assumptions can be found in note 22.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

3. Analysis of turnover and operating profit

	Group 2020 £'000	Group 2019 £'000
Turnover		
Gross rental income from investment property	70,887	69,526
Trading property sales	164	5,525
Rent premium income	227	1,031
Environment and resource development income	3,130	3,131
Waterways and utility income	1,615	1,637
Other	2,470	3,032
	78,493	83,882
Cost of sales	(18,239)	(21,580)
Gross profit	60,254	62,302
Administrative expenses	(24,899)	(28,623)
Impairment of stock properties	(529)	(335)
Goodwill amortisation	(340)	(297)
(Deficit)/surplus on revaluation of investment properties	(11,468)	13,514
Revaluation of listed investments	49	-
Other operating income	6,098	3,158
Group operating profit	29,165	49,719
Share of operating profit of joint venture companies	3,311	615
Operating profit (including group's share of joint ventures' operating profit)	32,476	50,334

With the exception of rental income of £4,867,000 (2019: £4,818,000) arising overseas (Bermuda and the Bahamas), all of the group's turnover during the financial year arose in the United Kingdom.

4. Profit on disposal of fixed assets

	Group 2020 £'000	Group 2019 £'000
Investment properties	10,504	17,686
Other fixed assets	45	1
Fixed assets investments	(1,000)	-
Joint ventures	-	424
	9,549	18,111

The effect of the profit on disposal of fixed assets on the amount charged to the profit and loss account for taxation was £7,323,000 (2019: £10,454,000). However, this is offset by trading losses.

Loss on sale of fixed asset investments shown above is the selling fees incurred by this group on behalf of fellow subsidiary Frodsham Wind Farm Holdings Limited on the disposal of one of its subsidiaries.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

5. Net interest payable and similar expenses

	Group 2020 £'000	Group 2019 £'000
Interest payable and similar expenses:		
On bank loans and overdrafts	28,943	31,553
Amortisation of loan fees	1,687	1,558
On first mortgage debenture stock	30,380	30,614
Other interest	716	797
On amounts owed to group undertakings	4,036	4,392
Share of joint venture interest payable	401	291
Finance lease interest	149	-
	66,312	69,205
Interest receivable and similar income:		
On bank and other deposits	(6)	(12)
Other interest	(485)	(452)
Share of joint venture interest receivable	(38)	-
	65,783	68,741
Net exchange difference on foreign currency	(615)	(1,042)
Movement in fair value of interest rate swaps (note 22)	2,136	3,851
Net interest payable and similar expenses	67,304	71,550

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

6. Loss before taxation

	Group 2020 £'000	Group 2019 £'000
Loss before taxation is stated after charging/(crediting):		
Deficit/(surplus) on revaluation of investment properties	11,468	(13,514)
Depreciation of other fixed assets - owned assets	2,455	2,256
Impairment of stock properties	529	335
Revaluation of listed investments (note 13(b))	(49)	-
Operating leases for plant and machinery	-	31
Foreign exchange gains	(615)	(1,042)
Goodwill amortisation	340	297
Profit on disposal of fixed assets (note 4)	(9,549)	(18,111)
Cost of stock recognised as an expense	-	1,292
Share of operating profit of joint venture companies	(3,311)	(615)

Auditor's remuneration was borne by Peel L&P Group Management Limited and not recharged (2019: same) as follows:

	2020 £'000	2019 £'000
Fees payable to the company's auditor and it's associates for services to the group		
The audit of the company financial statements pursuant to legislation	5	13
The audit of the company's subsidiaries financial statements pursuant to legislation	290	376
Total audit fees	295	389
Tax compliance services	22	82
Other taxation advisory services	57	20
Other services	24	15
Total non-audit fees	103	117

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

7. Tax on loss

	Group 2020 £'000	Group 2019 £'000
Current tax:		
Group relief	(29)	(50)
Adjustment in respect of prior years	(222)	3,761
Total current tax (credit)/charge	(251)	3,711
Deferred tax:		
Origination and reversal of timing differences	(5,081)	(7,093)
Rate change	8,423	
Total deferred tax (note 20)	3,342	(7,093)
Share of joint ventures' tax	44	75
Total tax on loss	3,135	(3,307)

Reconciliation of total tax charge/(credit):

Tax on loss at standard UK corporation tax rate of 19% (2019: 19%)	(4,803)	(590)
Expenses not deductible for tax purposes	656	1,236
Non-deductible write down of investments	(9)	-
Group losses not paid for	(3,506)	-
Rate difference on overseas profits	(894)	335
Adjustments in respect of prior years	(658)	1,179
Share of joint ventures	(516)	(24)
Difference in tax rate on current year deferred tax	-	810
Deferred tax effect of changes in statutory tax rates	8,423	
Unrecognised movement on deferred tax in relation to investment property	4,384	(10,358)
Unrecognised movement on deferred tax in relation to losses	58	4,105
Total tax charge/(credit)	3,135	(3,307)

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

8. Particulars of staff

The group and the company have no employees other than the directors (2019: same).

9. Directors' remuneration

The remuneration of directors of the company was as follows:

	2020 £'000	2019 £'000
Emoluments	171	165
Company contributions to personal pension scheme	9	8
Total	180	173

The number of directors participating in the company's money purchase pension scheme is nil (2019: same).

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

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

10. Goodwill

	Group Goodwill £'000
Cost:	
At 1 April 2019 and 31 March 2020	2,741
Amortisation:	
At 1 April 2019	2,401
Amortised in the year	340
At 31 March 2020	2,741
Net Book Value:	
At 31 March 2020	-
At 31 March 2019	340

11. Investment properties

	Freehold £'000	Group Long leasehold £'000	Total £'000
Valuation:			
At 1 April 2019	1,495,000	32,540	1,527,540
Additions	18,942	28	18,970
Disposals	(52,765)	-	(52,765)
Lease incentives	1,939	(35)	1,904
Reclassification to other fixed assets	(1)	-	(1)
Intercompany transfer	(700)	14,300	13,600
Revaluations	(10,983)	(485)	(11,468)
Exchange adjustments	2,630	56	2,686
At 31 March 2020	1,454,062	46,404	1,500,466
Professional Valuation:			
March 2020 – External	792,471	28,675	821,146
March 2020 – Directors	661,591	17,729	679,320
	1,454,062	46,404	1,500,466

The historical cost to the group of all investment properties is £1,038,888,000 (2019: £1,045,763,000).

After later consideration of the method used to identify historical cost, the prior year amounts have been re-stated.

Capitalised interest

Investment properties include capitalised interest in aggregate amounting to £2,758,000 (2019: £2,988,000).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

11. Investment properties *continued*

Valuations

55% (2019: 53%) of the investment property portfolio was professionally valued by external Royal Institution of Chartered Surveyors valuers and the remainder was professionally valued by the group's own Royal Institution of Chartered Surveyors qualified staff.

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

52% of the investment property portfolio was professionally valued by Jones Lang LaSalle, RICS qualified property consultants, using the investment approach.

3% of the investment property portfolio was professionally valued by Carter Jonas, RICS qualified property consultants, also using the investment approach. The methodology involves calculating the present value of the future rent and royalty income using a discount rate which reflects current economic and market indicators and any specific factors relevant to each site. The assets are classified as specialist property with minimal evidence of comparable transactions therefore the valuers have discounted the valuation to reflect this. The valuers are qualified chartered surveyors who have considerable specialist expertise in valuing this type of asset.

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

Professional Royal Institution of Chartered Surveyors valuers carried out total valuations as follows:

	2020	2019
	£'000	£'000
Jones Lang LaSalle	783,286	761,177
SLR Consulting Limited	-	1,918
Carter Jonas	37,860	38,745
	821,146	801,840

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

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

Restrictions

Included in the portfolio are investment properties valued at £1,437,158,000 (2019: £1,443,144,000) for which proceeds of disposal are subject to restrictions under the banking facilities. The cash is only released when there is sufficient loan to value headroom.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

12. Other fixed assets

	Operational buildings £'000	Group Plant and vehicles £'000	Total £'000
Cost or valuation:			
At 1 April 2019	66,910	6,845	73,755
Additions	5,102	64	5,166
Disposals	-	(2,268)	(2,268)
Intercompany transfer	-	36	36
Reclassification from investment properties	1	-	1
Revaluations	(2,596)	-	(2,596)
Foreign exchange adjustments	-	261	261
At 31 March 2020	69,417	4,938	74,355
Depreciation:			
At 1 April 2019	4,387	3,301	7,688
Charge for the financial year	1,937	518	2,455
Disposals	-	(2,268)	(2,268)
Revaluations	(1,937)	-	(1,937)
Foreign exchange adjustments	-	103	103
At 31 March 2020	4,387	1,654	6,041
Net Book Value:			
At 31 March 2020	65,030	3,284	68,314
At 31 March 2019	62,523	3,544	66,067

The historical cost to the group of operational buildings is £49,458,000 (2019: £45,089,000).

All other fixed assets other than operational buildings at 31 March 2020 are held at depreciated historical cost to the group.

At 31 March 2020 operational buildings are all freehold.

Valuations

Some of the group's operational buildings were externally valued at 31 March 2020 comprising 44% of the portfolio (2019: 49%) and remainder were professionally valued using the group's own Royal Institution of Chartered Surveyors qualified staff.

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

39% of the operational buildings portfolio was professionally valued by Jones Lang LaSalle, RICS qualified property consultants, using the investment approach. The methodology involves calculating the present value of the future rent and royalty income using a discount rate which reflects current economic and market indicators and any specific factors relevant to each site. The assets are classified as specialist property with minimal evidence of comparable transactions therefore the valuers have discounted the valuation to reflect this. The valuers are qualified chartered surveyors who have considerable specialist expertise in valuing this type of asset.

Notes to the Financial Statements *continued*

12. Other fixed assets *continued*

Valuations *continued*

An operational wind farm forming 5% of the operational buildings portfolio has been professionally valued by Carter Jonas, RICS qualified property consultants and wind surveyors, at 31 March 2020 on the basis of the open market value. The value has been calculated using the Discounted Cash Flow method as per Section 4.6 of the RICS guidance note on the valuation of renewable energy schemes. The valuation has been based on the remaining 12 years and 9 months term of the leasehold interest and takes into account a forecast of the annual energy generation yield and the current and forecast selling price for renewable energy registered for Renewable Obligation Certificates.

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

Professional Royal Institution of Chartered Surveyors valuers carried out total valuations as follows:

	2020	2019
	£'000	£'000
Jones Lang LaSalle	25,270	27,000
Carter Jonas	3,470	3,750
	28,740	30,750

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments

Investments comprise:

	Group 2020 £'000	Group 2019 £'000	Parent Company 2020 £'000	Parent Company 2019 £'000
Joint ventures	11,790	8,907	1,087	1,087
Fixed asset investments	49	-	778,366	778,366
	11,839	8,907	779,453	779,453

(a) Joint ventures

	Group £'000
Carrying value before impairment	
At 1 April 2019	10,474
New loans	2,771
Distributions received	(1,479)
Share of operating result for the year	3,311
Elimination of group's share of profit on disposal of investment property to joint venture	(1,313)
Share of interest receivable for the year	38
Share of interest payable for the year	(401)
Share of tax for the year	(44)
At 31 March 2020	13,357
Impairment:	
At 1 April 2019 and at 31 March 2020	1,567
Net carrying value:	
At 31 March 2020	11,790
At 31 March 2019	8,907

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(a) Joint ventures *continued*

Investment in joint ventures represents:

	Group 2020 £'000	Group 2019 £'000
Group share of net assets	4,421	3,136
Amounts owed by joint ventures	7,369	5,771
	11,790	8,907

A detailed analysis of the group's share of the results of joint ventures is not provided as they are not material to the group.

(b) Fixed asset investments

Group

	Listed investments £'000
Cost:	
At 1 April 2019	-
Revaluation	49
At 31 March 2020	49
Net Book Value:	
At 31 March 2020	49
At 31 March 2019	-

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

Parent company

	Shares in subsidiary undertakings £'000	Loans to Joint ventures £'000	Total £'000
Cost:			
At 1 April 2019 and at 31 March 2020	1,135,974	1,087	1,137,061
Impairment:			
At 1 April 2019 and at 31 March 2020	357,608	-	357,608
Net Book Value:			
At 31 March 2020	778,366	1,087	779,453
At 31 March 2019	778,366	1,087	779,453

Impairment arises as investments in subsidiaries are written down to the net book value of the underlying company.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings and joint ventures

Details of investments of the group and all its subsidiary undertakings and joint ventures are given below.

Subsidiary undertakings

The subsidiary undertakings consolidated as at 31 March 2020, all of which were indirectly and wholly owned ordinary shares unless otherwise stated were as follows:

Incorporated	Company	Principal Activities
Bahamas	Beaumont (Bahamas) Limited	Property investment
Bermuda	New Windsor Hotel Company Limited *	Holding company
Spain	Peel Developments Espana S.L.	Property development and investment
England & Wales	Peel L&P Overseas Limited (formerly Peel Overseas Limited)	Holding company
England & Wales	Peel Holdings (Land and Property) Limited **	Holding company
England & Wales	Peel Land and Property Investments plc	Property investment
England & Wales	Peel L&P Land (Intermediate) Limited (formerly Peel Land (Intermediate) Limited)	Property investment
England & Wales	Peel L&P Investments (North) Limited (formerly Peel Investments (North) Limited)	Property investment
England & Wales	Peel L&P Developments Limited (formerly Ship Canal Properties Limited)	Property investment
England & Wales	Peel L&P (Ports) Limited (formerly Peel Land and Property (Ports) Limited)	Property investment
England & Wales	Princes Dock Development Company Limited	Property investment
Scotland	Clydeport Properties Limited	Property development and investment
England & Wales	Peel L&P Investments (Intermediate) Limited (formerly Peel Investments (Intermediate) Limited) **	Property investment
England & Wales	Peel South East Limited	Property investment
England & Wales	Protos Developments Limited	Property development
England & Wales	The Bridgewater Canal Company Limited	Operation and management of canals
England & Wales	Peel L&P Environmental Limited	Waste and mineral asset management
England & Wales	Peel L&P Investments No.1 Limited (formerly Peel Investments (Land and Property) No.1 Limited)	Holding company
England & Wales	Peel L&P Property (Investments) Limited (formerly Peel Property (Investments) Limited)	Property investment
England & Wales	Peel L&P Investment Properties Limited (formerly Peel Investment Properties Limited)	Operation of an outlet mall
England & Wales	Port Salford Holdings Limited **	Property development
England & Wales	Peel Land and Property Holdings Limited	Holding company
England & Wales	Peel L&P Limited (formerly Peel Land and Property Limited)	Holding company
England & Wales	Peel L&P Investments (U.K.) Limited (formerly Peel Investments (U.K.) Limited)	Holding company
England & Wales	Peel L&P Investments Holdings Limited (formerly Peel Investments Holdings Limited)	Holding company
Scotland	Peel L&P Assets Limited (formerly Peel Assets Limited)	Dormant company
England & Wales	Peel L&P Property Holdings Limited (formerly Peel Property Holdings Limited)	Holding company

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Peel L&P Property Limited (formerly Peel Property Limited)	Holding company
England & Wales	Peel L&P Mineral Resources Limited (formerly Peel Mineral Resources Limited)	Dormant
England & Wales	Bridgewater Remediation Limited	Dormant
England & Wales	Peel L&P Investments No. 2 Limited (formerly Peel Investments (Land and Property) No. 2 Limited)	Holding company
England & Wales	Peel L&P Investment Properties Holdings Limited (formerly Peel Investment Properties Holdings Limited)	Property investment and development
England & Wales	Peel L&P Land Holdings Limited (formerly Peel Land Holdings Limited)	Holding company
England & Wales	Peel L&P Property Intermediate Limited (formerly Peel Property Intermediate Limited)	Property investment and holding company
England & Wales	Astermill Limited	Dormant company
England & Wales	Barwent Developments Limited	Dormant company
England & Wales	Beaumont Properties Limited	Dormant company
England & Wales	Haxden Properties Limited	Dormant company
England & Wales	The Beaumont Property Trust Limited	Dormant company
England & Wales	Harmont Investment Company Limited	Dormant company
England & Wales	London Shop (Bishops Stortford) Limited	Dormant company
England & Wales	London Shop (Stockport) Limited	Dormant company
England & Wales	Cannorth Property Investments Limited	Dormant company
Scotland	Clydeport Terminal Limited	Dormant company
England & Wales	Corinium Properties Limited	Dormant company
England & Wales	Flaskranch Limited	Dormant company
England & Wales	Knight & (Co Services) Limited	Dormant company
England & Wales	London Shop (Crosby) Limited	Dormant company
England & Wales	Londrock Finance Company Limited	Dormant company
England & Wales	MSC (Waste) Limited	Dormant company
England & Wales	Peel L&P (Anglia) Limited (formerly Peel (Anglia) Limited)	Dormant company
England & Wales	Peel L&P Investments (Anglia) Limited (formerly Peel Investments (Anglia) Limited)	Dormant company
England & Wales	Peel L&P Housing (Anglia) Limited (formerly Peel Housing (Anglia) Limited)	Dormant company
England & Wales	Peel L&P Homes (Anglia) Limited (formerly Peel Homes (Anglia) Limited)	Dormant company
England & Wales	Peel L&P Commercial (S.E.) Limited (formerly Peel Commercial (S.E.) Limited)	Dormant company
England & Wales	Peel L&P Farms Limited (formerly Peel Farms Limited)	Dormant company
England & Wales	Peel L&P Homes Limited (formerly Peel Homes Limited)	Dormant company
England & Wales	Peel L&P Land Limited (formerly Peel Land Limited)	Dormant company
England & Wales	Peel L&P North East Limited (formerly Peel North East Limited)	Dormant company
England & Wales	Peel L&P (No.2) Limited (formerly Peel Land and Property (No.2) Limited)	Dormant company
England & Wales	Peel L&P Developments (N.E.) Limited (formerly Peel Developments (N.E.) Limited)	Dormant company

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Sheffield Heliport Limited	Dormant company
England & Wales	South Yorkshire Emergency Services Centre Limited	Dormant company
England & Wales	Peel L&P North West Limited (formerly Peel North West Limited)	Dormant company
England & Wales	Peel L&P Commercial (N.W.) Limited (formerly Peel Commercial (N.W.) Limited)	Dormant company
England & Wales	Peel L&P Developments (N.W.) Limited (formerly Peel Developments (N.W.) Limited)	Dormant company
England & Wales	Toll House Motors Limited	Dormant company
England & Wales	Peel L&P Securities (N.W.) Limited (formerly Peel Securities (N.W.) Limited)	Dormant company
England & Wales	Peel L&P Properties (S.E.) Limited (formerly Peel Properties (S.E.) Limited)	Dormant company
England & Wales	Peel L&P Securities (S.E.) Limited (formerly Peel Securities (S.E.) Limited)	Dormant company
England & Wales	Peel L&P South West Limited (formerly Peel South West Limited)	Dormant company
England & Wales	Peel L&P Commercial (S.W.) Limited (formerly Peel Commercial (S.W.) Limited)	Dormant company
England & Wales	Peel L&P Developments (S.W.) Limited (formerly Peel Developments (S.W.) Limited)	Dormant company
England & Wales	Peel L&P Investments (S.W.) Limited (formerly Peel Investments (S.W.) Limited)	Dormant company
England & Wales	Peel L&P Properties (S.W.) Limited (formerly Peel Properties (S.W.) Limited)	Dormant company
England & Wales	Hartlebury Trading Estate Limited	Dormant company
England & Wales	Earlbroom Limited	Dormant company
England & Wales	MediaCity Studios Limited	Dormant company
England & Wales	Sudbrook Trading Estate Limited	Dormant company
England & Wales	Princes Dock Development Company No.5 Limited	Dormant company
England & Wales	Rio De Janeiro Land, Mortgage and Investments Agency Company Limited	Dormant company
England & Wales	The Quay (Flexible Office Space) Limited**	Dormant company
England & Wales	Peel L&P Holdings (Overseas) Limited (formerly Peel Holdings (Overseas) Limited)**	Holding company
Bermuda	Washington Properties (Bermuda) Limited	Property investment
England & Wales	Blundell's Wood Management Company Limited	Management of service charges
England & Wales	Hilton Lane Management Company Limited	Management of service charges
England & Wales	Imagine Park Management Company Limited	Management of service charges
England & Wales	Peel Airports (Liverpool) Limited	Property investment
England & Wales	Principal Management Company Limited	Dormant
England & Wales	Rossfield Park Management Company Limited	Management of service charges
England & Wales	The Bridgewater Centre Management Company Limited	Management of service charges
England & Wales	Port Salford Land Limited	Property development
England & Wales	Wirral Waters Land No. 1 Limited	Property development
Scotland	Peel Land and Property (Greenock Harbours) Limited	Property trading and rental
England & Wales	Mediacity:UK Limited	Dormant
England & Wales	Peel L&P Investments and Property Limited (formerly Peel Investments and Property Limited)**	Property investment
England & Wales	Port Salford Developments No 1 Limited	Property development

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Wirral Waters Holdings No.1 Limited **	Holding company
England & Wales	Peel L&P Investments (South) Limited (formerly Peel Investments (South) Limited)	Dormant
England & Wales	Peel L&P Investments (N.W.) Limited (formerly Peel Investments (N.W.) Limited)	Dormant
England & Wales	Peel L&P Properties (N.W.) Limited (formerly Peel Properties (N.W.) Limited)	Dormant
England & Wales	Peel L&P Securities (S.W.) Limited (formerly Peel Securities (S.W.) Limited)	Dormant
England & Wales	Port Salford Developments (Rhenus) Limited	Dormant
England & Wales	Peel Investments (Leisure) Limited	Dormant
Scotland	Glasgow Harbour Limited	Property investment and development
Scotland	Glasgow Harbour Management Limited	Property investment and development
Scotland	Glasgow Harbour (Byron Street) Limited	Property investment and development
Scotland	Glasgow Harbour Developments Limited	Property investment and development
England & Wales	Seaforth Wind Farm Limited	Operation of wind farm
England & Wales	Middle Warehouse Residential Limited **	Dormant
England & Wales	East Float Quay Management Limited	Dormant
England & Wales	Garrett Lane Management Company Limited	Dormant
England & Wales	Vicars Hall Management Company Limited	Dormant
England & Wales	Worsley Meadow Management Company Limited	Dormant
England & Wales	Worsley Woodland Grange Management Company Limited	Dormant
England & Wales	Peel L&P Pet Products Limited (formerly Peel Pet Products Limited)	Dormant
England & Wales	Peel L&P Holdings Energy (No.2) Limited (formerly Peel Holdings Energy (No.2) Limited)	Dormant
England & Wales	Peel L&P Energy (No.2) Limited (formerly Peel Energy (No.2) Limited)	Dormant
England & Wales	Peel L&P (Ports No.3) Limited (formerly Peel Land and Property (Ports No.3) Limited)	Property investment
Scotland	Clydemore Properties Limited	Property development and investment
England & Wales	Peel L&P Properties (MSC) Limited (formerly Peel Properties (MSC) Limited)	Dormant
England & Wales	Peel L&P Red City Holdings Limited (formerly Peel Red City Holdings Limited)	Dormant
England & Wales	Peel L&P Legacy (Wirral Waters) Limited (formerly Peel Legacy (Wirral Waters) Limited) **	Property development
England & Wales	Simpson Grove Boothstown Management Company Limited	Dormant
England & Wales	Peel Partnerships Wirral Waters Limited	Construction
England & Wales	Pemberton Commercial Management Company Limited	Dormant

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Southmoor Energy Centre Limited **	Waste disposal
England & Wales	Protos Finance Limited **	Dormant
England & Wales	Peel L&P Developments (U.K.) Limited (formerly Peel Developments (U.K.) Limited)	Holding company
England & Wales	Ship Canal Enterprises Limited	Dormant
Scotland	Clydeside Investment Properties Limited	Property development and investment
England & Wales	Glasgow Harbour Properties Limited	Dormant
Scotland	Arma Developments Limited	Dormant
England & Wales	Peel L&P Property (No.2) Limited (formerly Peel Property (No.2) Limited)	Dormant
England & Wales	The Saddlery Investments Limited	Dormant
England & Wales	Protos Plastics to Hydrogen No.1 Limited **	Dormant
England & Wales	Peel L&P (I Topco) Limited (formerly Peel Land and Property (I Topco) Limited) **	Dormant
England & Wales	Peel Land and Property (Liverpool) Limited	Dormant
England & Wales	Peel Airports Property Limited	Dormant
Isle of Man	Largs Limited	Dormant
England & Wales	Peel Land and Property (Liverpool) Limited	Dormant
England & Wales	Peel Airports Property Limited	Dormant
Isle of Man	Largs Limited	Dormant
England & Wales	Mersey Docks Property Holdings Limited	Dormant
England & Wales	Mersey Docks Property Investments Limited	Dormant
Northern Ireland	Princes Dock Development Company No.4 Limited	Dormant
England & Wales	Princes Dock Office No.8 Limited	Dormant
England & Wales	Princes Dock Office No. 9 Limited	Dormant
England & Wales	Princes Dock Office No.12 Limited	Dormant
England & Wales	Princes Dock Hotel Limited	Dormant
England & Wales	Woodside Business Park Limited	Dormant
England & Wales	Mersey Docks Property Developments Limited	Dormant
England & Wales	Peel L&P Holdings (CL) Limited (formerly Peel Land and Property Holdings (CL) Limited)	Dormant
England & Wales	Peel L&P Investments (CL) Limited (formerly Peel Land and Property Investments (CL) Limited)	Dormant
England & Wales	Manchester Heliport Limited	Dormant
England & Wales	Reddington Finance Limited	Dormant
England & Wales	Reddington Holdings Limited	Dormant
England & Wales	Ayrshire Power Holdings Limited	Dormant
England & Wales	Ayrshire Power Limited	Dormant
England & Wales	Peel L&P Scout Moor Services Limited (formerly Peel Scout Moor Services Limited)	Dormant
England & Wales	Peel L&P Wind Farms (Asfordby) Limited (formerly Peel Wind Farms (Asfordby) Limited)	Dormant

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Peel L&P Wind Farms (Plenmeller) Limited (formerly Peel Wind Farms (Plenmeller) Limited)	Dormant
England & Wales	Peel L&P Wind Farms (Projects) Limited (formerly Peel Wind Farms (Projects) Limited)	Dormant
England & Wales	Peel L&P Wind Farms (Seaforth) Limited (formerly Peel Wind Farms (Seaforth) Limited)	Dormant
England & Wales	South Clyde Energy Centre Limited	Dormant
Scotland	Arma Developments Limited	Dormant
Scotland	Glasgow Harbour Investments Limited	Dormant
England & Wales	Peel L&P Living Investments Holdings Limited (formerly Peel Living Investments Holdings Limited)	Dormant
England & Wales	Peel L&P Living Investments (No.2) Limited (formerly Peel Living Investments (No.2) Limited)	Dormant
England & Wales	Peel L&P Living Investments No.1 Limited (formerly Peel Living Investments No.1 Limited)	Dormant
England & Wales	Peel L&P Environmental Management (UK) Limited	Dormant
England & Wales	Peel L&P Holdings (Glasgow Harbour) Limited (formerly Peel Holdings (Glasgow Harbour) Limited)	Dormant
England & Wales	Peel L&P Investments (Leisure) Limited (formerly Peel Investments (Leisure) Limited)	Dormant
England & Wales	Protos Grid Limited	Dormant
England & Wales	Protos 11 Limited	Dormant
England & Wales	Protos 33 Limited	Dormant

* 80% owned

** directly owned.

Joint Ventures

The joint ventures as at 31 March 2020 were as follows:

Incorporated	Company	Group Shareholding	Type of Shareholding	Principal activities
England & Wales	Peel Lamp Properties Limited	50%	Ordinary B	Dormant company
Scotland	James Watt Dock LLP	50%		Property development and investment
Scotland	Ardrossan North Shore LLP	50%		Property development and investment
England & Wales	Liverpool Airport Property Holdings Limited **	50%	Ordinary A	Holding company
England & Wales	Liverpool Airport Property (Intermediate) Limited	50%	Ordinary	Holding company
England & Wales	Liverpool Airport Property Limited	50%	Ordinary	Holding company
England & Wales	Liverpool Airport Hotel Limited	50%	Ordinary	Property management
England & Wales	USP WW Limited	50%	Ordinary P	Property development
England & Wales	TFGM Peel Wharfside 1 LLP	50%		Property development
England & Wales	TFGM Peel Wharfside 2 LLP	50%		Property development

All subsidiaries and joint ventures have a year end of 31 March.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

Audit exemption

The subsidiary undertakings also consolidated at 31 March 2020, all of which were indirectly and wholly owned, unless otherwise stated, and claimed exemption from audit under section 479A Companies Act 2006, were as follows:

Incorporated	Company	Company Number	Principal Activities
Scotland	Clydeport Longhaugh A Limited	SC276234	Dormant
Scotland	Clydeport Longhaugh B Limited	SC276236	Dormant
Scotland	Clydeport Longhaugh C Limited	SC276233	Dormant
England & Wales	Peel L&P Telecommunications Limited (formerly Peel Telecommunications Limited)	04713209	Communication services
England & Wales	Peel L&P Holdings (Telecommunications) Limited (formerly Peel Holdings (Telecommunications) Limited)	06374293	Holding company
England & Wales	Peel L&P Telecommunications (Holdings) Limited (formerly Peel Telecommunications (Holdings) Limited)	05785837	Holding company
England & Wales	North Clyde Recycling Centre Limited	08063323	Operation of recycling centre
England & Wales	Peel L&P Investments Environmental UK Limited (formerly Peel Investments Environmental UK Limited)	07089653	Holding company
England & Wales	Peel L&P Holdings (Environmental) Limited (formerly Peel Holdings (Environmental) Limited)	05892782	Holding company
England & Wales	Peel L&P Environmental Holdings Limited (formerly Peel Environmental Holdings Limited)	05683935	Holding company
England & Wales	Peel L&P Environmental Protos Limited (formerly Peel Environmental Protos Limited)	05683333	Property development and investment
England & Wales	NW Hydrogen Alliance Limited	11330273	Engineering Consulting
England & Wales	Peel Property (Partnerships) Limited**	06474584	Property investment
England & Wales	Peel L&P Holdings (Living Investments) Limited (formerly Peel Holdings (Living Investments) Limited)	07145269	Dormant
England & Wales	Manchester Ship Canal Developments Limited	02181411	Property development
England & Wales	Manchester Ship Canal Developments Advent Limited	04443848	Property development
England & Wales	Ionica Limited	02561924	Dormant
England & Wales	MSCD Advent Management Limited	06916662	Property development and management
Scotland	Peel Land and Property (Ardrossan) Limited	SC371334	Holding company
Scotland	Peel Land and Property (James Watt Dock) Limited	SC337879	Holding company
England & Wales	Peel L&P Property (No.2) Limited (formerly Peel Property (No.2) Limited)	05060256	Holding company

** directly owned.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

13. Investments *continued*

(b) Fixed asset investments *continued*

All the subsidiaries and joint ventures above incorporated in England and Wales have the registered office Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL.

All the subsidiaries and joint ventures above incorporated in Scotland have the registered office 16 Robertson Street, Glasgow, G2 8DS.

All the subsidiaries above incorporated in Northern Ireland have the registered office 40 Linenhall Street, Belfast, BT2 8BA.

All the subsidiaries above incorporated in Bermuda have the registered office Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda.

All the subsidiaries above incorporated in Bahamas have the registered office 4 George Street, Mareva House, Nassau, New Providence, Bahamas.

All the subsidiaries above incorporated in Spain have the registered office Calle Serrano 1, Planta 4, 28008, Madrid, Spain.

All the subsidiaries above incorporated in the Isle of Man have the registered office Billown Mansion, Ballasalla, Malew, IM9 3DL, Isle of Man.

14. Stocks

	Group 2020 £'000	Group 2019 £'000
Land held for development	48,672	48,229

The replacement cost of the above stock is estimated to be £55,154,000 (2019: £48,872,000).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

15. Debtors

	Group	Group	Parent Company	Parent Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	14,753	14,874	13	8
Amounts owed by group undertakings	1,823	6,638	43,420	126,627
Development deposits and prepaid costs	6,033	3,610	-	-
Other debtors	9,102	23,287	16	246
Prepayments and accrued income	6,827	4,448	160	148
	38,538	52,857	43,609	127,029

Trade debtors are presented net of provisions for impairment of £968,000 (2019: £752,000).

Included above the following amounts were due after more than one year:

	Group	Group	Parent Company	Parent Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other debtors	-	180	-	-

Included above are the following amounts which carry interest at 1.5% above the base rate:

	Group	Group	Parent Company	Parent Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts owed by group undertakings	-	2	39,496	116,008

The remainder of amounts owed by group undertakings carry no interest and the whole amount is repayable on demand.

16. Cash at bank and in hand

	Group	Group	Parent Company	Parent Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Unrestricted cash	28,575	33,226	115	177
Restricted cash	7,312	34,055	-	-
	35,887	67,281	115	177

Restricted cash

£4,223,000 (2019: £3,336,000) of restricted cash arises due to interest or capital payment guarantees under the group's banking facilities.

£3,089,000 (2019: £30,719,000) relates to proceeds of property sales and is restricted under the terms of security arrangements under the group's banking facilities.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

17. Creditors: amounts falling due within one year

		Group	Group	Parent	Parent
	Note	2020	2019	Company	Company
		£'000	£'000	2020	2019
				£'000	£'000
Unsecured bank loans and overdrafts		3,985	6,094	-	-
Secured bank loans		3,271	3,078	-	-
Secured other loans		20,000	3,500	-	-
Unsecured other loans		556	1,567	-	-
Finance leases	19(b)	1,059	364	1,059	364
Debt falling due within one year		28,871	14,603	1,059	364
Trade creditors		8,479	9,631	20	16
Development costs to site completion		9,618	5,481	-	-
Amounts owed to group undertakings		136,219	154,762	300,793	322,786
Other taxes and social security		1	11	-	-
Government grants		86	86	-	-
Other creditors		13,699	17,946	300	222
Accruals and deferred income		35,861	38,853	1,200	80
		232,834	241,373	303,372	323,468

Details of security, interest rates and repayment dates on the above borrowings are disclosed in note 19.

Included above are the following amounts which carry interest at 1.5% above the base rate:

	Group	Group	Parent	Parent
	2020	2019	Company	Company
	£'000	£'000	2020	2019
			£'000	£'000
Amounts owed to group undertakings	135,826	148,766	300,788	321,775

The remainder of amounts owed to group undertakings carry no interest and the whole amount is repayable on demand.

Government grants represent amounts received towards infrastructure in an investment property construction.

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

		Group	Group	Parent	Parent
	Note	2020	2019	Company	Company
		£'000	£'000	2020	2019
				£'000	£'000
First Mortgage Debenture Stocks		380,459	381,893	-	-
Secured bank loans		481,652	509,539	-	-
Unsecured bank loans		2,997	-	-	-
Secured other loans		4,107	6,697	-	-
Unsecured other loans		-	11,555	-	-
Finance leases	19(b)	3,076	1,095	3,076	1,095
Debt falling due after more than one year		872,291	910,779	3,076	1,095
Derivative financial instruments	22	14,789	12,653	-	-
		887,080	923,432	3,076	1,095

Details of security interest rates and repayment dates on the above borrowings are disclosed in note 19.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

19. Group debt

(a) Analysis of group net debt

	Group 2020 £'000	Group 2019 £'000
Creditors: amounts falling due within one year	28,871	14,603
Creditors: amounts falling due after more than one year	872,291	910,779
Gross debt	901,162	925,382
Cash at bank and in hand	(35,887)	(67,281)
Group net debt	865,275	858,101

(b) Analysis of gross debt

Finance leases

	Group 2020 £'000	Group 2019 £'000	Parent Company 2020 £'000	Parent Company 2019 £'000
Finance leases due:				
Within 1 year	1,059	364	1,059	364
1–2 years	1,033	384	1,033	384
2–5 years	1,927	711	1,927	711
After 5 years	116	-	116	-
	4,135	1,459	4,135	1,459

The above amounts represent the both the minimum lease payments and the fair value of minimum lease payments.

Other debt

	Group 2020 £'000	Group 2019 £'000
Overdrafts, bank and other loans due:		
Within 1 year	27,812	14,239
1–2 years	10,245	19,850
2–5 years	278,264	302,110
	316,321	336,199
After five years – by instalments	30,117	35,701
After five years – not by instalments	550,589	552,023
	897,027	923,923
Total gross debt	901,162	925,382

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

19. Group debt *continued*

(b) Analysis of gross debt *continued*

Analysis of group loans

	Interest rate	Maturing	Secured/ unsecured	Carrying value 2020 £'000	Carrying value 2019 £'000
First Mortgage Debenture Stock	10.0%	2026	Secured	122,777	124,299
First Mortgage Debenture Stock	8.375%	2040	Secured	257,682	257,594
Revolving credit facility of £300m	LIBOR plus margin	2023	Secured	267,471	292,391
Bilateral loan	6.40%	2031	Secured	180,864	183,202
Bilateral loan	4.66%	2031	Secured	36,588	37,023
Non-bank loan	EC Reference rate plus margin	2021	Unsecured	11,000	11,000
Non-bank loan	EC Reference rate plus margin	2021	Secured	2,500	2,500
Non-bank loan	Interest- free	2020	Unsecured	556	2,123
Non-bank loan	3.02%	2021	Secured	6,500	6,500
Non-bank loan	EC Reference rate plus margin	2021	Secured	4,107	1,197
Bank loan	0%	2022	Unsecured	2,997	-
Total group loans				893,042	917,829
Finance leases				4,135	1,459
Overdrafts				3,985	6,094
Gross debt, above				901,162	925,382

The above secured debt is secured by fixed legal charges on certain freehold and leasehold investment properties of certain subsidiary undertakings.

With regard to the role of financial instruments, the group's objective continues to be to maintain sufficient facilities to meet its financial requirements at the lowest achievable cost and at minimum risk. The Treasury function within the group is controlled centrally in accordance with prudent procedures approved by the directors.

The group's net borrowings at 31 March 2020 of £865m (2019: £858m) produced a gearing ratio of net debt to shareholders' funds at 172% (2019: 162%).

During the year, the group continued to comply with all of its borrowing covenants. The principal covenants relate to net worth, loan to value, income cover and interest cover, all of which were satisfied at the financial year end. At 31 March 2020 the group had unused bank facilities of £17m (2019: £4m).

The present market value of the group's debenture stocks as at 31 March 2020 shows a post-tax "mark to market" value of £88.8m of excess over book value (2019: £97.6m).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

19. Group debt *continued*

(c) Analysis of movement in group net debt

	1 April 2019 £'000	Cash flow £'000	Non-cash adjustments £'000	Reclass £'000	31 March 2020 £'000
Cash at bank	33,226	(4,688)	37	-	28,575
Restricted cash	34,055	(26,743)	-	-	7,312
	67,281	(31,431)	37	-	35,887
Overdrafts	(6,094)	(888)	-	2,997	(3,985)
Total cash	61,187	(32,319)	37	2,997	31,902
Debt due within one year (excluding overdrafts)	(8,509)	4,644	-	(21,021)	(24,886)
Debt due after more than one year	(910,779)	22,655	(2,191)	18,024	(872,291)
Net debt	(858,101)	(5,020)	(2,154)	-	(865,275)

Non-cash adjustments are amortised loan arrangement fees and new finance leases.

20. Provisions for liabilities

	Deferred Taxation £'000	Legal Claim £'000	Group Total £'000
At 1 April 2019	75,026	1,513	76,539
Profit and loss account	(5,081)	875	(4,206)
Movements in other comprehensive income	201	-	201
Rate change	8,423	-	8,423
At 31 March 2020	78,569	2,388	80,957

The provision for legal claim represents an amount which is expected to be paid in respect of utilities costs. It is not possible to predict when the court case will be settled and payment will become due.

Provision is made for deferred taxation at a rate of 19% (2019: 17%), the amount provided being:

	Group 2020 £'000	Group 2019 £'000
Capitalised land remediation relief	1,151	1,301
Capitalised interest	3,215	2,876
Interest rate swaps	(2,810)	(2,151)
Revalued investment properties	85,766	80,041
Revalued operational assets	3,200	2,999
Fixed asset timing differences	7,061	6,243
Short term timing differences	(3)	(2)
Losses	(19,011)	(16,281)
	78,569	75,026

There are unrecognised losses of £1,464,000 (2019: £1,945,000). Deferred tax has not been recognised because future profits against which it would reverse cannot be forecast with sufficient certainty.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

20. Provisions for liabilities *continued*

Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 March 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year ended 31 March 2020.

During the year commencing 1 April 2020, the net reversal of deferred tax liabilities is expected to decrease the corporation tax charge for the year by £21,431,000. This is due to the availability of group losses to offset the realisation of contingent gains provided on investment properties. There is no expiry date on timing differences, unused tax losses or tax credits.

21. Operating leases

Operating lease receivables

The total future amounts receivable by the group under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Receipts due within:		
1 year	57,754	56,805
1 – 5 years	179,693	173,413
Over 5 years	1,856,499	2,107,419
	2,093,946	2,337,637

After later consideration of the method used to identify future non-cancellable operating leases, the prior year amounts have been re-stated.

22. Derivative financial instruments

	Current		Non-current	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Derivatives that are designed and effective as hedging instruments carried at fair value				

Liabilities

Interest rate swaps measured at fair value	-	-	14,789	12,653
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Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest rate swap contracts designated as hedges of variable interest rate risk of recognised financial liabilities

Outstanding receive floating pay	Average contract fixed		Notional principal		Fair value	
Fixed contracts	Interest rate		value			
	2020	2019	2020	2019	2020	2019
	%	%	£'000	£'000	£'000	£'000
2 to 5 years	2.29	2.29	225,000	225,000	(14,789)	(12,653)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are effective hedges of variable interest rate risk of the group's floating rate borrowings. The cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

A loss of £2.1m (2019: £3.9m) was recognised in the profit and loss account on movements in the value of swaps in the year.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

23. Called up share capital and reserves

Allotted and fully paid Equity share capital	Group and Parent Company	
	Number	£'000
Ordinary shares of £1 each:		
At 1 April 2019 and at 31 March 2020	406,259,707	406,260

The group and company's reserves are as follows:

The revaluation reserve is in relation to the revaluation of operational buildings which takes place annually. It represents the accumulated annual transfers of the surplus, or deficit which reverses a previous surplus, on revaluation.

The negative goodwill reserve represents the difference between the acquisition cost and the net book value of assets acquired.

The merger reserve represents the difference between cost of investment and net assets of subsidiaries acquired and accounted for under merger accounting principles.

The other reserves are a capital redemption reserve.

24. Non-controlling interests

	Equity	Group Non- equity	Total
	£'000	£'000	£'000
At 1 April 2019	(277)	(4)	(281)
Proportion of write-off of subsidiary	278	-	278
At 31 March 2020	1	(4)	(3)

During the year the group liquidated Halton Development Partnership Limited, a subsidiary with a 30% non-controlling interest, resulting in a write down of non-controlling interests of £278,000.

25. Pension fund

The group operates a number of money purchase pension schemes providing benefits based on actual contributions paid. The schemes are managed independently from the group. No amounts were unpaid at the end of the year (2019: £nil).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

26. Note to the group cash flow statement

	2020 £'000	2019 £'000
Reconciliation of operating profit to cash generated by operations		
Group operating profit	29,165	49,719
Non-cash adjustments:		
Revaluation surplus on investment properties	11,468	(13,514)
Revaluation of investments	(49)	-
Creation less amortisation of lease incentives	(1,904)	(912)
Depreciation of other fixed assets	2,455	2,256
Amounts written off stock	529	335
Goodwill amortisation	340	297
Increase in provisions	875	-
Operating cash flow before movement in working capital	42,879	38,181
Movement in stocks	(972)	(710)
Movement in debtors	6,435	19,741
Movement in creditors	(33,847)	(5,303)
Net cash flows from operating activities	14,495	51,909

27. Capital commitments

	Group 2020 £'000	Group 2019 £'000
Capital expenditure contracted for but not provided for in these financial statements	36,119	42,718

28. Contingent liabilities

- (a) As at 31 March 2020, the group's banks had provided road bonds and guarantees amounting to £2.08m (2019: £2.96m).
- (b) As at 31 March 2020 subsidiary company Peel Holdings (Land and Property) Limited had guaranteed a £5m (2019: £5m) loan made available to 50% owned associated company James Watt Dock LLP. The loan balance at 31 March 2020 was £3.04m (2019: £2.84m).
- (c) As at 31 March 2020 subsidiary company Peel L&P (Ports) Limited (formerly Peel Land and Property (Ports) Limited) had guaranteed a £2m (2019: £2m) loan made available to 50% owned associated company Ardrossan North Shore LLP. The loan balance at 31 March 2020 was £0.91m (2019: £0.89m).
- (d) As at 31 March 2020 Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) had guaranteed a £2.4m (2019: £2.4m) contract for advertising space for fellow subsidiary Peel Advertising Limited.
- (e) As at 31 March 2020 Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) had guaranteed £nil (2019: £31,000) of lease agreements made available to fellow subsidiary EventCity Limited (formerly Event City Limited).
- (f) As at 31 March 2020 Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) had guaranteed a £5.5m (2019: £nil) loan made available to fellow subsidiary Mersey Heat Limited.
- (g) As at 31 March 2020 Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) had guaranteed rental obligations of £5m (2019: £nil) for fellow subsidiary Eventcity 2020 Limited.

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

29. Related party transactions

(a) During the year the group made loans to its joint ventures as follows:

	Balance at 1 April 2019 £'000	Movement in the year £'000	Balance at 31 March 2020 £'000
Peel Lamp Properties Limited	146	-	146
James Watt Dock LLP	2,835	206	3,041
Ardrossan North Shore LLP	89	2	91
Liverpool Airport Property Holdings Limited	1,338	-	1,338
USP WW Limited	190	238	428
TFGM Peel Wharfside 1 LLP	-	2,000	2,000
TFGM Peel Wharfside 2 LLP	-	325	325
Total joint venture loans	4,598	2,771	7,369

The loan balances are included in investments.

- (b) During the year to 31 March 2020, companies within Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group have leased land to fellow subsidiary Cammell Laird Shiprepairers and Shipbuilders Limited. The rent in the year totalled £3,005,000 (2019: £2,929,000) and the amount outstanding as at 31 March 2020 was £nil (2019: £nil).
- (c) During the year to 31 March 2020 companies within Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group provided services of £311,000 (2019: £105,000) to PS50 Unit Trust and the balance owing at 31 March 2020 was £nil (2019: £100,000). Fellow associated company Peel Logistics Limited Partnership (Jersey) 2017 owns 16% of PS50 Unit Trust, a special purpose vehicle.
- (d) During the year to 31 March 2020 companies within Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group provided services of £2.1m (2019: £1.5) to Manchester Ship Canal Company Limited. Manchester Ship Canal Company Limited is owned by a joint venture, held 50.1% by a group subsidiary. As at 31 March 2020 the group was owed £1.1m (2019: £nil).
- (e) During the year to 31 March 2020 companies within Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited) group provided services of £369,000 (2019: £23,000) to Port of Sheerness Limited. Port of Sheerness Limited is owned by a joint venture, held 50.1% by a group subsidiary. As at 31 March 2020 the group was owed £61,000 (2019: £nil).

PEEL L&P HOLDINGS (UK) LIMITED (FORMERLY PEEL HOLDINGS LAND AND PROPERTY (UK) LIMITED)

Notes to the Financial Statements *continued*

30. Ultimate parent company

The ultimate parent company in the period to 31 March 2020 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by The Billown 1997 settlement, the ultimate controlling party.

The immediate parent company is Peel L&P Group Limited (formerly Peel Holdings Land and Property Group Limited), a company incorporated in the Isle of Man.

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

The smallest group of companies of which the company is a member, that produces consolidated accounts, is Peel L&P Holdings (UK) Limited (formerly Peel Holdings Land and Property (UK) Limited), a company incorporated in England & Wales. Its registered office is Peel Dome, Intu Trafford Centre, Traffordcity, Manchester, M17 8PL, United Kingdom.