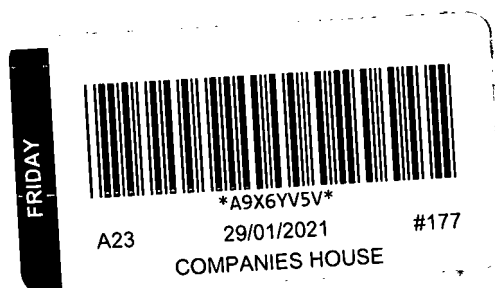


Registration number: 00643370

British Land Industrial Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



British Land Industrial Limited

Contents

Strategic Report	1 to 2
Directors' Report	3 to 4
Independent Auditor's Report	5 to 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 21

British Land Industrial Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their Strategic Report for the year ended 31 March 2020.

Business review and principal activities

British Land Industrial Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group").

The company's principal activity is investment holding in the United Kingdom (UK).

As shown in the company's Profit and Loss Account on page 8, the company's turnover of £87,202,734 has increased by £87,177,252 compared with turnover of £25,482 in the prior year. The company received a dividend of £87,176,728 from a subsidiary company, British Land Investments NV in the year, this subsidiary was subsequently dissolved.

Profit on ordinary activities before taxation is £3,109,459 compared to a loss on ordinary activities before taxation of £1,626 in the prior year. The main driver for the increase in profit before tax is from the dissolution of British Land Investment NV during the year, being the net surplus of dividends received compared to the book value of this investment prior to dissolution.

The impairment of investments in the year was £84,067,316 (2019: impairment/write back of £nil). This was based upon the underlying net asset value compared to the carrying value of investments held as detailed in the accounting policies of the company on page 14. Details of the movement can be found in note 9 to the company's balance sheet.

A loss on write-offs of investments was recorded in the year of £2 (2019: gain/loss of £nil).

Dividends of £nil (2019: £nil) were paid in the year.

The Balance Sheet on page 10 shows that the company's financial position at the year end has, in net assets terms, increased compared with the prior year.

The value of investment properties held as at 31 March 2020 has remained consistent with 2019 as shown in note 8 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 8 to the company's balance sheet.

The value of investments held as at 31 March 2020 has decreased by 22.0% from 31 March 2019, due to the net activity on additions, most notably BL Fixed Uplift Fund, and disposals, most notably British Land Investments NV, during the year as shown in note 9 to the company's Balance Sheet.

The company is a subsidiary of The British Land Company PLC. The company's strategy is the same as the group's strategy - to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them.

The Board of the group uses total return, to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year dividend.

Any expected future developments of the company are determined by the strategy of the group.

For more information also see The British Land Company PLC group annual report.

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report.

British Land Industrial Limited

Strategic Report for the Year Ended 31 March 2020 (continued)

Principal risks and uncertainties

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants;
- key staff changes; and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market risk.


The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The financial and political risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements. The general risk environment in which the group operates has heightened over the course of the year, which is largely due to the continued level of uncertainty associated with the future impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weaker investment markets.

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, creates an unprecedented degree of uncertainty over both the severity of the above risks and the effectiveness of the above mitigating actions. The decline in economic activity resulting from the pandemic is expected to heighten the risk of tenants becoming financially distressed, this will directly impact the degree of certainty around the valuation of investment properties at year-end which in turn will directly impact the degree of certainty around the carrying value of investments in subsidiaries.

The company has no third party debt and no associated third party interest rate exposure.

Approved by the Board on 15/12/2020 and signed on its behalf by:

DocuSigned by:

.....F3F65A82AD754BE.....
Charles Middleton

Director

British Land Industrial Limited

Directors' Report for the Year Ended 31 March 2020

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

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

S M Barzycki

T Robson (appointed 9 October 2019 and resigned 11 September 2020)

P S Macey

J C McNuff (resigned 9 October 2019)

C J Middleton

N M Webb

The following director was appointed after the year end:

N Taunt (appointed 5 October 2020)

Directors' responsibilities statement

The directors acknowledge their responsibilities 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Directors' indemnities

A number of associated companies within the group have indemnified one or more of their current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Environmental matters

Across the group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies. The group's full sustainability report is available online at:

www.britishland.com/sustainability/reporting/latest-reporting

British Land Industrial Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the directors feel that the company is well placed to manage its business risks successfully despite the current economic climate and the uncertainty resulting from the outbreak of Covid-19. Accordingly, they believe the going concern basis is an appropriate one.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 15.


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

Approved by the Board on 15/12/2020 and signed on its behalf by:

DocuSigned by:

.....F3F65A82AD754BE.....
Charles Middleton

Director

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 this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRITISH LAND INDUSTRIAL LIMITED

Opinion

We have audited the financial statements British Land Industrial Limited ("the Company") for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Emphasis of matter - impairment of investment in subsidiaries

We draw attention to note 9, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the property valuer of the company's subsidiaries have advised that less certainty, and a higher degree of caution, should be attached to their valuation. The carrying value of the company's investment in subsidiaries is dependent on the valuation of the investment property held by those subsidiaries, and accordingly less certainty, and a higher degree of caution, should be attached to the assessment of the carrying value of the company's investment in subsidiaries. Our opinion is not modified in respect of this matter.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

DocuSigned by:



38D144C062E242B...

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 15/12/2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

British Land Industrial Limited**Profit and Loss Account for the Year Ended 31 March 2020**

	Note	2020 £	2019 £
Turnover	4	87,202,734	25,482
Cost of sales		<u>(25,936)</u>	<u>(26,971)</u>
Gross profit/(loss)		87,176,798	(1,489)
Administrative expenses		<u>(21)</u>	<u>(137)</u>
Operating profit/(loss)		87,176,777	(1,626)
Loss from disposals of investments	9	(2)	-
Impairment of investments	9	<u>(84,067,316)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		3,109,459	(1,626)
Taxation	7	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>3,109,459</u>	<u>(1,626)</u>

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 12 to 21 form an integral part of these financial statements.

British Land Industrial Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Profit/(loss) for the year	<u>3,109,459</u>	<u>(1,626)</u>
Total comprehensive income / (expense) for the year	<u><u>3,109,459</u></u>	<u><u>(1,626)</u></u>

The notes on pages 12 to 21 form an integral part of these financial statements.

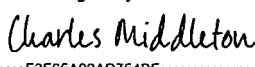
British Land Industrial Limited

(Registration number: 00643370)

Balance Sheet as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Fixed assets			
Investment properties	8	6,250	6,250
Investments	9	<u>65,830,279</u>	<u>84,417,268</u>
		<u>65,836,529</u>	<u>84,423,518</u>
Current assets			
Debtors	10	<u>800,597,834</u>	<u>713,416,534</u>
		800,597,834	713,416,534
Creditors due within one year	11	<u>(88,045,415)</u>	<u>(22,560,563)</u>
Net current assets		<u>712,552,419</u>	<u>690,855,971</u>
Net assets		<u>778,388,948</u>	<u>775,279,489</u>
Capital and reserves			
Share capital	12	175,000,000	175,000,000
Share premium reserve		1,239,144	1,239,144
Profit and loss account		<u>602,149,804</u>	<u>599,040,345</u>
Total shareholders' funds		<u>778,388,948</u>	<u>775,279,489</u>

Approved by the Board on 15/12/2020 and signed on its behalf by:

DocuSigned by:

 F3F65A82A0754BE.....
 Charles Middleton

Director

The notes on pages 12 to 21 form an integral part of these financial statements.

British Land Industrial Limited**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital £	Share premium £	Profit and loss account £	Total £
Balance at 1 April 2018	175,000,000	1,239,144	599,041,971	775,281,115
Loss for the year	-	-	(1,626)	(1,626)
Total comprehensive expense for the year	-	-	(1,626)	(1,626)
Balance at 31 March 2019	<u>175,000,000</u>	<u>1,239,144</u>	<u>599,040,345</u>	<u>775,279,489</u>
 Balance at 1 April 2019	175,000,000	1,239,144	599,040,345	775,279,489
Profit for the year	-	-	3,109,459	3,109,459
Total comprehensive income for the year	-	-	3,109,459	3,109,459
Balance at 31 March 2020	<u>175,000,000</u>	<u>1,239,144</u>	<u>602,149,804</u>	<u>778,388,948</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

British Land Industrial Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:
York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements in accordance with Companies Act 2006 Section 400, because it is included in the group financial statements of The British Land Company PLC.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;

British Land Industrial Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of The British Land Company PLC. The group financial statements of The British Land Company PLC are available to the public and can be obtained as set out in note 16.

Adoption status of relevant new financial reporting standards and interpretations

During the year the company adopted the following standards:

IFRS 16 - Leases

The new standard results in lessees bringing almost all operating leases on balance sheet as the distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. The Company does not hold any material leases as lessee therefore adoption of IFRS 16 has not had a material impact on the financial statements of the Company. The standard was applied using the modified retrospective approach.

Apart from the changes in the standards highlighted above, no other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the directors feel that the company is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one.

Turnover

Rental income from investment property

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Service charge income is recognised on an accruals basis in line with the service being provided.

British Land Industrial Limited

**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments.

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The Company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Share in group undertakings

Shares in group undertakings, including dividends received from group subsidiaries, are recognised in the profit and loss account in the year to which they relate.

3 Significant accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained, and to the valuation of investments. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments. In the year ended 31 March 2020, less certainty - and a higher degree of caution - can be attached to the underlying net asset value of the company's investments which hold investment property, than would normally be the case. The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution. The significant estimation uncertainty regarding the valuation of investment property results in estimation uncertainty in the underlying net asset value of the investments which carry investment property.

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****4 Turnover**

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020	2019
	£	£
Rental income from investment property	125	125
Dividends received	87,176,728	-
Service charge income	25,881	25,357
	<u>87,202,734</u>	<u>25,482</u>

5 Auditors' remuneration

A notional charge of £2,832 (2019: £1,090) is deemed payable to BDO LLP in the current year and PricewaterhouseCoopers LLP in the prior year, in respect of the audit of the financial statements for the year ended 31 March 2020. Actual amounts payable to BDO LLP in the current year, and PricewaterhouseCoopers LLP in the prior year, are paid at group level by The British Land Company PLC.

No non-audit fees (2019: £nil) were paid to BDO LLP in the current year or PricewaterhouseCoopers LLP in the prior year.

6 Staff costs

No director (2019: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made. The value of this service was negligible.

Average number of employees, excluding directors, of the company during the year was nil (2019: nil).

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****7 Tax on profit on ordinary activities**

	2020 £	2019 £
Current taxation		
UK corporation tax	-	-
Tax charge in the profit and loss account	-	-
	2020 £	2019 £
Tax reconciliation		
Profit/(loss) on ordinary activities before taxation	3,109,459	(1,626)
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	590,797	(309)
Effects of:		
REIT exempt income and gains	2,528	3,404
Capital allowances	(2,537)	(3,095)
Taxable transfer pricing adjustments	3,158,290	3,293,691
Decrease in fair value of property & investments	15,972,790	-
Income not taxable	(16,563,578)	-
Group relief	(3,158,290)	(3,293,691)
Total tax charge	-	-

On 17 March 2020 legislation was substantially enacted confirming that the tax rate would not be reduced from 1 April 2020 but would remain at 19%. Where relevant this has been reflected in the deferred tax calculation.

8 Investment properties

	£
Fair value	
1 April 2019	6,250
31 March 2020	6,250
Fair value	
1 April 2018	6,250
31 March 2019	6,250

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****8 Investment properties (continued)****£****Analysis of cost and valuation****31 March 2020**

Cost	6,500
Valuation	(250)
Net book value	6,250

31 March 2019

Cost	6,500
Valuation	(250)
Net book value	6,250

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Properties were valued to fair value at 31 March 2020 by Knight Frank LLP, external valuers, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****9 Investments**

	Shares in subsidiaries £	Investments in associates £	Investments in joint ventures £	Total £
Underlying net asset value of investment				
1 April 2019	84,416,568	100	600	84,417,268
Additions	65,480,329	-	-	65,480,329
Impairment of investments	(84,067,316)	-	-	(84,067,316)
Disposals	(2)	-	-	(2)
31 March 2020	<u>65,829,579</u>	<u>100</u>	<u>600</u>	<u>65,830,279</u>
			-	
Underlying net asset value of investment				
1 April 2018	84,416,568	100	600	84,417,268
31 March 2019	<u>84,416,568</u>	<u>100</u>	<u>600</u>	<u>84,417,268</u>
Provision for underlying net asset change				
1 April 2019	(500)	-	-	(500)
Impairment of investments	(84,067,316)	-	-	(84,067,316)
31 March 2020	<u>(84,067,816)</u>	<u>-</u>	<u>-</u>	<u>(84,067,816)</u>
Provision for underlying net asset change				
1 April 2018	(500)	-	-	(500)
31 March 2019	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
At cost				
31 March 2020	<u>149,897,395</u>	<u>100</u>	<u>600</u>	<u>149,898,095</u>
31 March 2019	<u>84,417,068</u>	<u>100</u>	<u>600</u>	<u>84,417,768</u>

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****9 Investments (continued)**

Details of the subsidiaries as at 31 March 2020 are as follows:

Subsidiary	Principal activity	Interest	Country
BL Fixed Uplift Fund Nominee No.1 Limited	Dormant	100%	Jersey
BL Fixed Uplift Fund Nominee No.2 Limited	Dormant	100%	Jersey
BL Goodman (LP) Limited	Investment holding	100%	United Kingdom
Chrisilu Nominees Limited	Dormant	100%	United Kingdom
BVP Developments Limited	Investment holding	100%	United Kingdom
BL Fixed Uplift Fund Limited Partnership	Property investment	99%	Jersey

Details of the joint ventures as at 31 March 2020 are as follows:

Joint Venture	Principal activity	Interest	Country
BL Goodman Limited Partnership	Property trading	50%	United Kingdom
BL Goodman (General Partner) Limited	General partner	50%	United Kingdom
BL Goodman Nominee 1 Limited	Dormant	50%	United Kingdom
BL Goodman Nominee 2 Limited	Dormant	50%	United Kingdom
The British Land Corporation Limited	Dormant	50%	United Kingdom
BL ESOP Limited	Dormant	50%	Isle of Man

Details of the associates as at 31 March 2020 are as follows:

Associates	Principal activity	Interest	Country
Kingsmere Productions Limited	Dormant	10%	United Kingdom
The Liverpool Exchange Limited	Non-trading	1%	United Kingdom

All investments based in the United Kingdom have a registered address of York House, 45 Seymour Street, London, W1H 7LX.

All investments based in Jersey have a registered address of 47 Esplanade, St Helier, Jersey, JE1 0BD.

All investments based in the Isle of Man have a registered address of 62 Bucks Road, Douglas, Isle of Man.

During the year the company disposed of its investment in British Land Investments NV. The book value of this investment at the start of the year was £84,067,316.

During the year the company acquired an increased holding in BL Fixed Uplift Fund Limited Partnership for value £65,480,320.

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****9 Investments (continued)**

The carrying value of investments is the lower of cost and the underlying net asset value. Therefore, where the company's investments hold investment property, the underlying net asset value of those investments is dependent on the valuation of the investment property held. The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that external valuers are faced with an unprecedented set of circumstances on which to base a judgment. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to the valuations provided than would normally be the case. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that - in the current extraordinary circumstances - less certainty can be attached to valuations than would otherwise be the case.

As a result, less certainty can be attached to the carrying value of investments which hold investment property than would otherwise be the case.

10 Debtors

	31 March 2020 £	31 March 2019 £
Trade debtors	375	250
Provision for impairment of trade debtors	<u>(205)</u>	<u>(137)</u>
Net trade debtors	170	113
Amounts due from related parties	800,593,001	713,412,188
VAT	<u>4,663</u>	<u>4,233</u>
	<u>800,597,834</u>	<u>713,416,534</u>

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances.

11 Creditors due within one year

	31 March 2020 £	31 March 2019 £
Trade creditors	12,056	7,877
Amounts due to related parties	88,032,781	22,552,108
Social security and other taxes	<u>578</u>	<u>578</u>
	<u>88,045,415</u>	<u>22,560,563</u>

British Land Industrial Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****11 Creditors due within one year (continued)**

Amounts due to related parties relate to amounts owed to group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

12 Share capital**Allotted, called up and fully paid shares**

	No.	31 March 2020 £	No.	31 March 2019 £
Ordinary shares of £1 each	175,000,000	175,000,000	175,000,000	175,000,000

13 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2019: £nil)

14 Contingent liabilities

The company is jointly and severally liable with the ultimate holding company and fellow subsidiaries for all monies falling due under the group VAT registration.

15 Subsequent events

There have been no significant events since the year end.

16 Parent and ultimate parent undertaking

The immediate parent company is BL Leisure and Industrial Holding Company Limited.

The British Land Company PLC is the smallest and largest group for which group financial statements are available and which include the company. The ultimate holding company and controlling party is The British Land Company PLC. Group financial statements for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.