

Company Registration No 06497115

PEEL L&P HOLDINGS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

YEAR ENDED 31 MARCH 2022

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PEEL L&P HOLDINGS (UK) LIMITED

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## PEEL L&P HOLDINGS (UK) LIMITED

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### Directors, Principal Professional Advisers and Registered Office

<b>Directors:</b>	John Whittaker Steven Underwood, A.C.A. John Schofield, A.C.A.
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<b>Registered Office and Head Office:</b>	Venus Building 1 Old Park Lane Traffordcity Manchester M41 7HA United Kingdom
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<b>Registered Number:</b>	06497115
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<b>Auditor:</b>	Deloitte LLP Statutory Auditor Manchester United Kingdom
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<b>Bankers:</b>	Lloyds Bank plc National Westminster Bank plc Barclays Bank plc HSBC plc Aviva Commercial Finance Limited Santander plc
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<b>Property Valuers:</b>	Jones Lang LaSalle Savills Carter Jonas Bermuda Realty
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## Strategic Report *for the year ended 31 March 2022*

The directors submit their strategic report of the group for the year ended 31 March 2022.

### Principal activities

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

### Review of business, future developments and prospects

#### Overview by Chief Executive Steven Underwood

##### A year of great progress

The year ended 31 March 2022 was the first year of our new five-year plan for Peel L & P Holdings (UK) Limited (the “Group”). We could not have asked for a better start, significantly outperforming all our targets and making great progress against our strategic goals, right across the business. 2021 was not without its challenges, with continued Covid disruption being just one, however, our teams rose to those challenges and delivered a stellar performance.

##### Business highlights

We have seen some amazing progress across the business this year, but a few highlights include, Land & Communities growing their team to refresh and revitalise our plans to acquire more land – refilling our hopper with new future projects. We also saw the creation of the new Major Projects team, who will work across Peel L&P to help to deliver some of our larger and complex, community building, regeneration projects.

The core Property and Investment portfolio provided us with tremendous stability and growth throughout the year and way surpassed its budget with high occupation levels and a resurgence of investment activity. The team also acquired back part of The Trafford Centre, formerly the iconic Barton Square extension and rebranded as Trafford Palazzo, presenting significant exciting leasing activity and value growth prospects.

The Peel Waters team delivered the sale of Bramley-Moore Dock to Everton Football Club to come to be the home to their new stadium. It's amazing to see the progress on construction of the new stadium as the north of the Liverpool Waters scheme starts to take shape.

At Wirral Waters, after five years in the making, the Legacy residential project, now called Miller's Quay, reached financial close. A visionary partnership between Peel L&P, Wirral Borough Council and PIC delivering 500, new sustainable homes for rent on the Northbank of Wirral Waters.

##### Our people

It has been great to see everybody back in person in our workspaces, embracing new ways of working. The opening of our new 'Evolve' workspace at MediaCity in April 2022 exemplifies the importance of our workspaces for collaboration, sharing of ideas and teamwork. We've got a culture to be proud of at Peel L&P and I thoroughly enjoyed catching up with everyone properly in July 2022 at our first business conference since 2019 to celebrate our successes and look forward together to the upcoming year. Lots of new colleagues have joined us since we last met so it was a great opportunity to get together with teams from across the Peel L&P business.

The easing of restrictions meant we could resume giving something back to the communities in which we work in. Our people are encouraged to make the most of their Volunteering Day, with 139 hours volunteered in the last 12 months. It's been fantastic to see our teams helping to plant trees, manage green spaces and take on various challenges – including James Whittaker who cycled blighty for Water Aid to raise a staggering £65,000.

##### Environmental, Social & Governance

Balancing economic needs with benefits for the environment and local communities is at the heart of what we do as a business.

We build thriving communities and regenerate land and property to create dynamic locations where people want to live, work and play. We can only do this successfully in partnership with our local stakeholders. For them, as for us, sustainability is a fundamental part of the regeneration process, and we want our projects to be fit for the future and resilient to the expected changes in climate ahead.

## Strategic Report *continued*

### Review of business, future developments and prospects *continued*

#### Environmental, Social & Governance *continued*

But climate resilience is only one part of our approach as a responsible business. Creating socially resilient neighbourhoods is a critical part of how we plan and deliver our developments. We are focussing on how we track and demonstrate the social value that our activities and developments bring to local communities, with a baseline social value assessment taking place on all new developments to ensure that we deliver on our commitments.

An example of which is our most recent BREEAM Excellent building, the Hythe at Wirral Waters. The workspace benefits from low carbon procurement initiatives and innovative construction techniques, which place it in the top 10% of all buildings for its green credentials.

#### Financial results

The Group has delivered an excellent set of results for the year ended 31st March 2022. Profit before tax was £106.1m compared to a loss of £37.7m for the previous year.

Most significantly there was a surplus on revaluation of investment property of £91.4m compared to a loss of £5.3m in the year ended 31st March 2021. The revaluation surplus was partly due to a positive shift in market sentiment back towards retail parks which provided a £23.8m uplift across the Group's retail property portfolio. In addition to this, planning progress made on certain land assets held by the Group resulted in an uplift of £23.3m across the land bank. Finally, the Group's built industrial asset portfolio and certain development land earmarked for logistics and industrial use provided a further £29.2m positive contribution to the profit.

The other significant contributor to the results was profit on the disposal of trading property amounting to £20.7m. Two significant contributors were the disposal of land at Liverpool Waters and land at Calder Park, Wakefield.

Profit on disposal of investment property was £14.2m compared to £17.6m the previous year and included profit of £7.3m on the disposal of industrial properties and £2.8m in respect of compensation received in exchange for land required for certain transport links.

Interest payable in the year to 31st March 2022 amounted to £46.4m compared to £63.8m in the previous year. The decrease of £17.4m mainly related to a positive movement in the fair value of certain interest rate hedges the Group has in place amounting to £11.9m, in addition to lower interest payable on reduced net debt compared to the previous year.

Tax for the Group for the year was a charge £44.0m, compared to a credit of £31.9m the previous year. Of this charge £12.5m related to a deferred tax charge due to the change in corporation tax rates and a further £31.7m deferred tax charge due to origination and timing differences largely as a result of the surplus in revaluation of investment property.

Receipts from the sale of investment property amounted to £83.9m in the year ended 31st March 2022 and £41.2m of these proceeds were reinvested in the property portfolio. As noted above, the Group also acquired the entire share capital of Trafford Palazzo Limited (formerly known as Barton Square Limited) in April 2021, which operates a retail centre adjoining The Trafford Centre in Manchester.

Net debt at 31st March 2022 was £784.4m compared to £818.1m for the previous year the decrease being due to the repayment of the £300m syndicated term and revolving credit facility by £28.0m, pay down of a bilateral facility by £3.5m and repayment other loans amounting to £13.2m. This was offset by drawdowns on the £300m syndicated term and revolving credit facility amounting to £22m and drawdowns of other debt amounting to £6.9m. The Group continues to focus on debt and loan to value wherever possible.

The net assets of the Group were £557.2m at 31st March 2022 an increase of £65.2m which is due to the movements noted above.

#### Outlook

Although we are seeing the direct impacts of the pandemic receding, the knock-on effects such as energy price rises and other cost inflation, with the associated impact on the viability of projects, continue alongside a global political and economic environment which remains incredibly uncertain.

Despite this backdrop, as we have proven time and time again, the strength of the Group lies in the resilience and commitment of our people. We are well positioned in growth sectors, and we are seeing new, exciting opportunities emerge across the business. Working closely with our partners and other local stakeholders, I am confident that this will be another year of great progress.

## Strategic Report *continued*

### Review of business, future developments and prospects *continued*

#### Reports from the Executive Leadership Team

##### Property, Investment & Management

Investment activity across the retail sector returned with much positivity resulting in sharpening of yields by as much as 200 bps over the 12-month period. This provided a valuation increase of over £23m taking the core valuation up to over £390m.

The retail park sector provided exceptional financial stability throughout the pandemic lockdown with tenants continuing to trade convenience goods, this along with wider macro market factors resulted in a resurgence of funds into the sector.

Occupier and leasing activity was also extremely buoyant with nine new store openings and a further 14 transactions in legals, occupier levels remained stable at over 90% from the 1.7m square foot (sq ft) portfolio.

The year presented itself with several opportunistic property investment sales which we took full advantage of whilst continuing to focus our strategy to deploy and recycle funds into new opportunities via strategic acquisitions and new developments maximising total property return.

Following the acquisition of Barton Square in April 2021, the team rebranded the centre as Trafford Palazzo and took back management control from the previous owners, creating a much-improved customer service management with cost savings. In addition, the team concluded on five new lettings during the year of over 50,000 sq ft.

The Bridgewater Canal continued to perform exceptionally well, exceeding its budget whilst also offering a vast array of exciting new environmental, social and governance (ESG) initiatives.

The key highlights of the division were as follows;

- Trafford Palazzo (formerly Barton Square) acquisition in April 2021 providing 330,000 sq ft of premium retail and leisure space adjacent to The Trafford Centre.
- sales totalling over £39m with a profit over book value of £1m
- 14 new lettings completed, 3 rent reviews and 6 lease renewals providing rent of £3.2m pa.

##### Peel Waters

Throughout 2021, development activity continued on all Peel Waters regeneration sites and significant value growth was gained, especially within our Industrial and Logistics portfolio.

We delivered and facilitated the construction of over 750 new homes alongside quality public realm, open space and created thousands of local jobs.

The team delivered the 'Hythe' at Wirral Waters, a 30,000 sq ft Grade A sustainable office building which is already partly occupied. Also at Wirral Waters, we continued to progress building 30 modular homes as the first phase of new home delivery with completion due in Autumn 2022.

At Liverpool Waters, we completed the land sale to Everton FC for their new stadium at Bramley-Moore Dock, helping to regenerate the northern part of Liverpool City Centre, which is making good progress on-site. Construction work also continues on the new Isle of Man ferry terminal which will complete in 2023 providing further infrastructure improvements.

At TraffordCity, planning approval was secured for a Wavegarden surfing facility whilst the construction of a Therme Health and Wellbeing Spa resort was deferred to 2023. Tim Hortons and Fives' new five a side soccer facility commenced works that are due for completion in Summer 2022.

Construction of X1's third tower at Manchester Waters has commenced after selling out the first two phases. On the gateway into Pomona Island at Cornbrook a reserved matters planning approval was secured for a hotel and serviced apartments development.

## Strategic Report *continued*

### Review of business, future developments and prospects *continued*

#### Peel Waters *continued*

At Chatham Waters in Kent, we completed the 193 Build-to-Rent residential scheme for Long Harbour that is well occupied. Detailed planning applications were secured for a 237 unit Affordable Housing scheme to be delivered by Peel L&P, in partnership with Legal & General Affordable Housing and Montpellier Estates for an elderly living care facility providing a range of tenures on site.

At Glasgow Waters, we are awaiting approval to the masterplan that will see 1,100 homes, plus a hotel and leisure facilities realised for this prominent riverside location. Heads of Terms were also agreed with Therme Health & Wellbeing Spa on the Glasgow Harbour site that has the benefit of planning for over 500,000 sq ft of retail and leisure uses. The proposed residential scheme at Beith Street was appealed following a planning refusal for 420 homes. In Greenock, James Watt Dock Marina continues to flourish and major infrastructure works to open the remainder of the site are planned for 2022/2023

#### Land and Communities, and Estates

Our Land and Communities and Estates team have focused on realising the long-term value of Peel's land portfolio through development strategies, securing development allocations, obtaining planning permissions, land acquisition and disposal, and estate management. They are actively working in collaboration across 67 projects and a total of 4,600 acres, with development potential of 20,000 homes and 1.4million sq m of employment space.

Over the last 12 months, the Land and Communities team have brought forward several sites within the Greater Manchester Places for Everyone plan such as Mosley Common in Wigan, Hazelhurst Farm in Salford with exciting plans for a major community and parkland around Elton Reservoir in Bury. It wasn't all success, with the uncertainties of the planning system laid bare by the refusal of the Haydock Point proposals after five years working towards a positive outcome with St Helens Council and transport authorities. The site has however now been safeguarded for future development in the local plan

Following community feedback, plans were revised for a potentially game-changing project for Bolton that would restore and redevelop Hulton Park into a sport and healthy living destination. We strengthened our commitment to communities with the introduction of a Community Charter which benchmarked our focus on the social value of the proposals, in terms of public accessibility, inclusivity, affordability, culture, history, employment, and community facilities, along with commitments to environmental gain.

Land and Communities are replenishing the company's strategic landholdings and implementing several sustainability initiatives including Biodiversity Net Gain, Natural Capital and Social Value Assessments. The team now work very closely with our homebuilder, Northstone, with sites in Ellesmere Port, Wigan and Bolton transferred from Land and Communities ready for delivery, and plans progressing to build over 200 family and affordable homes in Horwich in Bolton to help meet local housing demand which were given the go ahead at appeal.

Most recently, the Estates team have been welcomed under the Land, Communities and Homebuilding umbrella and they are continuing to keep rental incomes strong across the portfolio. Notably, the team completed the purchase of Cutacre Country Park from Harworth Group which brought with it approximately 150 acres of additional land and properties, to enhance the opportunities for relocation of existing tenants at neighbouring Hulton Park.

To support local groups recovering from the Pandemic, the Estates team provided over £100,000 of services in kind to Hollinwood Scout Camp in Worsley, to aid their relocation which in turn facilitated the delivery of RHS Garden Bridgewater. Putting sustainability at the fore, £125,000 of funding was secured towards research and trials into bio-banking, environmental schemes, and bio-diversity net gain projects to assist future developments.

## PEEL L&P HOLDINGS (UK) LIMITED

### Strategic Report *continued*

#### Review of business, future developments and prospects *continued*

##### Peel NRE

The year saw significant progress across all Peel NRE business divisions - advancing business development, securing valuation growth and delivering construction activity. A number of those business divisions of Peel NRE are owned by the wider Peel L & P Group Limited and but the core assets of Peel NRE form part of this Group. The following relates to those core assets.

Funding was secured and construction started on the 240,000tpa Port Salford Wash Plant which is to commence operations in October 2022.

At Protos, in Cheshire construction continued on both Covanta's 50MWe energy from waste facility and the Protos infrastructure works, which include a 124MWe grid connection. Progress was also made in the schemes promoted by Enviroo, Greenergy / ABSL, Forsa Energy and the Powerhouse Energy facility, for the conversion of waste plastic to hydrogen. The Government's decision to support a carbon capture cluster in the area further enhanced the Protos value proposition and advanced occupier interest.

##### Major Projects

Gateway East in Doncaster is under the guidance of the Major Projects team and this year saw significant progress in the refinement of a new vision - to become a centre of excellence in sustainable technology innovation in transport - with exciting partnerships being formed with the University of Sheffield which will see leading research and development facilities constructed going forward. This year also saw the consent for over 3m sqft of logistics and manufacturing space achieved - we are moving forward to delivery now with funding secured from South Yorkshire Pension Fund for the initial infrastructure, we continue to partner with others - individually Panattoni who committed to construct a 400,000 sqft logistics / manufacturing building..

The Major Projects team also works closely on the Hulton Park (Ryder Cup) initiative, the emerging Health Innovation Cluster in south Bolton and Elton in Bury - the progress of these in the year is covered in Phil Wilsons Land and Communities commentary.

##### Key Performance Indicators

The following Key Performance Indicators (KPIs), most of which can be derived directly from the financial statements, are used by the directors monthly to review the performance of the business:

	2022	2021	Movement	Movement
	£'000	£'000	£'000	%
Annualised rent roll *	68,709	65,232	3,477	5.3
Turnover	127,369	88,430	38,939	44.0
Surplus/(deficit) on revaluation of investment properties	91,411	(5,254)	96,665	1,839.8
Operating profit	137,554	9,054	128,500	1,419.3
Profit on disposal of fixed assets	14,231	17,583	(3,352)	(19.1)
Net interest expense	46,369	63,835	(17,466)	(27.4)
Net profit/(loss) for the year	62,117	(5,753)	67,870	1,179.7
Financial investment **	43,800	11,191	32,609	291.4
Unpaid sales invoices over 30 days old ***	10,774	6,315	7,459	118.1
Net debt	784,376	818,078	(33,702)	(4.1)
Overall loan to value	57.0%	63.2%		(6.2%)
Shareholder's funds	557,258	492,086	65,172	13.2

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

\*\* Financial investments represents cash used to acquire investment property and other fixed assets during the year.

\*\*\* Includes balances with group entities.



## 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. This risk is mitigated by a large and diversified customer base and strong relationships with tenants;
- interest rates and their impact on property values. This risk is mitigated by a large multi-asset portfolio;
- potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future. This risk is mitigated by a large multi-asset portfolio;
- the demand for commercial and residential property and the availability of funding from prospective buyers. This risk is mitigated by long leases.
- 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). However virtually all the borrowing is either fixed rate or covered by an interest rate swap;
- 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;
- 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; and
- 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

The main risks affecting the group are the war in Ukraine and uncertainty arising from increased level of inflation. They result in potential negative impact on the macroeconomic environment. This is as a result of uncertainty and broader consumer confidence. More specifically the group is affected by changes in sentiment in the investment and occupier markets in which it operates. The group continues to monitor the situations closely.

## Strategic Report *continued*

### Section 172 Companies Act 2006

The group of companies headed by Peel L&P Holdings (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*

##### 1. Finance transformation

Early in the year to 31 March 2021 the Board engaged management consultants to assist in the implementation of a Financial Transformation Project. This involved analysis of the group’s current finance function and then recommendations of changes to it. These included a new staff structure and more efficient ways of working and the process is ongoing.

##### 2. Finance monitoring

The Board annually approves a budget and monitors its implementation throughout the year using detailed reports on operating and financial performance. This includes monitoring Loan to Value ratio, Income to Interest requirement and restrictions to the use of cash. Acceptable levels are required by the debt covenants. These are certified and reported to the lenders quarterly. They are carefully monitored, and preventative action is taken before there is a breach. For example, in the year to 31 March 2022 assets were transferred between companies within Peel L&P to ensure the required Loan to Value ratio was not exceeded.

##### 3. Human resources

Peel L&P is recharged employment costs by another company in the wider Peel group “the group”, a group of companies headed by Peel Holdings Group Limited. A long-term vision 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.

The Board engages with staff through site and office visits, and employee surveys.

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 the human resources function ‘The People Team’ with valuable information about employees’ working life. It is how The People Team can achieve their vision “To provide outstanding human resource service to enable business performance and support our people”.

Notable achievements so far are:

- Communications Steering group formed with employees from across the group looking at ways to improve internal communication.
- Communication of group news via ‘The Brew Round’ a monthly newsletter delivered via e mail which also includes interviews.
- Appraisal process launched to align business and personal objectives.

In January 2022, the Personal Growth Survey was launched to enable the planning of personal development courses.

## Strategic Report *continued*

### Section 172 Companies Act 2006 *continued*

#### *Core value 1 - Long term vision continued*

##### 3. Human resources *continued*

The People Team have dealt with COVID-19 in the following ways:

- Regular communication of how government restrictions are to be interpreted in the group.
- Regular reinforcement of the wellbeing message to reach out to the resources on the Extranet, the Employee Assistance Programme (a 24 hour telephone counselling service), The People Team and the Mental Health First Aiders.

#### *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 five-year sustainability plan, launched in 2019, 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.

The group engages with local communities by consultation and collaborative working. This includes:

- Early and ongoing engagement with the public on all planning applications;
- Liaison with key community groups as developments mature; Early and ongoing engagement with the public on all planning applications; and
- Careful management of the shared open space on sites, often in collaboration with local residents.

#### *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.

The directors take the reputation of the group seriously and this is not limited to only operational and financial performance. The Board has committed to having a workforce that more accurately reflects society. To achieve this, the following group policies were published and also placed on the group's extranet:

- Anti-corruption and bribery;
- Anti-slavery and human trafficking;
- Equal opportunities; and
- Dignity at work.

All employees were required to take an online course on the following topics, including the requirement to pass an examination on the subject satisfactorily:

- Modern slavery;
- Equality and diversity; and
- Keeping safe during Covid-19

## Strategic Report *continued*

### Section 172 Companies Act 2006 *continued*

#### *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 originally prioritised four that are most relevant to its business activities and recognise that none could be achieved without working in partnership with its stakeholders. In October 2021, the group introduced another goal, "Climate Action" giving five goals as follows:

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 provides 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 and plastic recycling.

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.

An example of achieving this is investment in the areas of the economy which are growing. Peel L&P decided to create a new business, Peel NRE, launched in 2021. It operates in the hydrogen economy and is part of the national net zero agenda. It consists of resource and energy hubs, developing a cluster of low carbon energy generation. During the year ended 31 March 2022 it completed an aggregate recycling facility at Port Salford in Eccles, Greater Manchester.

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.

## Strategic Report *continued*

### Section 172 Companies Act 2006 *continued*

#### *Core value 4 - Regeneration delivering sustainable growth continued*

##### 5. Take urgent action to combat climate change and its impacts

This has targets which are to be achieved by 2030. It calls for urgent action to combat climate change and its impacts. It is intrinsically linked to all 16 of the other Goals of the 2030 Agenda for Sustainable Development. To address climate change, countries adopted the Paris Agreement to limit global temperature rise to well below 2 degrees Celsius.

In addition to this, during the year ended 31 March 2022, to put an even greater emphasis on the need for climate resilience, Peel L&P has joined “Business Declares”. This is a joint declaration by business leaders of a Climate and Ecological Emergency and joining it acknowledges Peel L&P’s urgent commitment to tackling it.

Achievement of the above can be seen in the “Streamlined energy and carbon reporting” section of the directors report.

#### *Core value 5 - Leaving a lasting social legacy*

Ocean Gateway, launched in 2008, targets the renaissance of the strategic corridor between the city regions of Liverpool and Manchester. It is an excellent example of Peel’s vision, values and approach, translating into economic, environmental and social reality. The vision for £50bn investment over 50 years is part of Peel’s contribution to rebalancing the UK economy. 32 of the 56 projects currently identified in the portfolio are already completed or underway. The mix of transport, leisure, renewable energy and residential projects will create an exciting, sustainable environment delivering future prosperity, job creation and low carbon growth.

#### *Core value 6 - Adding value for all our stakeholders*

##### Tenants

The group engages proactively with commercial tenants to identify pre-let requirements. Group policy is to treat tenants fairly and this was demonstrated in the lease negotiations which took place during the current financial year as a result of the Covid 19 pandemic. Specifically, rental relief was provided due to challenges experienced by tenants as a result of pandemic.

##### Suppliers

A consistent approval process is applied for all suppliers. Whilst the group operates a long list of approved suppliers, usually small groups of trusted consultants and contractors are engaged on a repeat basis, fostering strong relationships.

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.

##### Funding partners

Funding partners are bankers and Local Enterprise Partnerships (LEP). The group engages extensively with existing and prospective funders in relationship meetings. Also, lenders have strict quarterly and/or annual covenant requirements to be met.

##### Government

The group engages with local government and LEPs when working collaboratively with officers and members from local planning authorities ahead of planning application submissions and on the discharge of planning conditions.

##### Members

The group only has one shareholder, Peel L&P Group Limited whose group policy is to maximise net asset value growth. The Board engages with this shareholder in monthly Board meetings at which performance and financial position are reported and business strategy discussed.

**Strategic Report** *continued*

**Section 172 Companies Act 2006** *continued*

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

A handwritten signature in black ink, appearing to read 'J Schofield', written in a cursive style.

**John Schofield, A.C.A.**

*Director*

30 September 2022

## Report of the Directors *for the year ended 31 March 2022*

The directors submit their annual report together with the audited financial statements of the group for the year ended 31 March 2022.

### **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.

The COVID-19 pandemic has had a significant impact on the group and the wider economy. Over the course of the year, we have seen the easing of restrictions on movement and a recovery of our markets and a return to pre pandemic levels of activity. However, it is not known whether there will be any further impact and furthermore the Russian invasion of the Ukraine towards the end of the financial year has had a significant impact on the macro - economic climate. It is not known how long this will last and the extent of the impact on the economy, or the time it will take for the economy and markets to recover. Since the onset of the pandemic several management actions have been taken to adapt the group and the group continues to monitor the ongoing macro-economic volatility and uncertainty.

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 the parent company should there be a deterioration in the economy and pressure put on certain bank covenants over the course of the next 12 months.

The directors have received confirmation that Peel L&P 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 12 months from signing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in Note 1 of the financial statements.

### **Directors**

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

John Whittaker  
Steven Underwood, A.C.A.  
John Schofield, A.C.A.

### **Directors' indemnities**

The Peel L&P Group 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.

### **Engagement with suppliers, customers and others**

Included in the strategic report's section 172 statement is information relating to engagement with suppliers, customers and others 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 the directors.

## Report of the Directors *continued*

### **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.

### **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 UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force.

Peel Holdings Land and Property (UK) Limited (Peel L&P) meet SECR qualification criteria in the UK. Peel L&P have opted to use the Operational Control boundary definition to define their carbon footprint boundary. The reporting period for the compliance is 1 April 2021 to 31 March 2022. Included within that boundary are Scope 1 & 2 emissions from natural gas and electricity as well as Scope 3 emissions from company fleet, grey fleet and Well to tank (all scopes) 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 carbon emissions calculation.

The results show that Peel L&P Group's total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 26,671,489 kWh and 6,992 tonnes of CO<sub>2</sub>e respectively in the 2022 financial year in the UK. Unfortunately due to supplier based issues and no data being available of which was beyond Peel L&P's control, one month of data was estimated. Using Pro-rata extrapolation, the missing month of data was estimated by taking the average consumption for the majority of the SECR reporting period (11 months of actual data). Within the financial year, Peel L&P purchased 100% green electricity from October 2021 backed by REGO's. As a result, Peel L&P Group's Gross (Market-based\*) Emissions dropped by 1,746.6 tonnes of CO<sub>2</sub>e.

Peel L&P Group have chosen 'Tonnes of CO<sub>2</sub>e per million turnover (m£) and as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2021 was 54.9 tCO<sub>2</sub>e/m£ compared to 116.0 tCO<sub>2</sub>e/m£ in 2020. Below is the energy consumption and GHG emissions summary table as well as the year on year comparison.



## Report of the Directors *continued*

### Streamlined energy and carbon reporting *continued*

Type of Emissions	Activity	kWh	tCO <sub>2</sub> e	% of Total
Direct (Scope 1)	Natural Gas	8,982,661.0	1,635.5	23.4%
	Company Fleet	1,610,305.2	383.9	5.5%
		<b>10,592,966.2</b>	<b>2,019.4</b>	<b>28.9%</b>
Indirect (Scope 2)	Electricity	16,008,432.9	3,399.1	48.6%
		<b>16,008,432.9</b>	<b>3,399.1</b>	<b>48.6%</b>
Indirect Other (Scope 3)	Grey Fleet			
	Electricity (T&D)	70,090.3	17.3	0.2%
	Well-to-Tank All Scopes	NA	1,555.9	22.3%
		<b>70,090.3</b>	<b>1,573.2</b>	<b>22.5%</b>
Total Energy Use (kWh)				26,671,489
Total (Location based*) Gross Emissions (tCO <sub>2</sub> e)				6,991.7
Renewable Electricity (tCO <sub>2</sub> e)				1,746.6
Total (Market-based*) Gross Emissions (tCO <sub>2</sub> e)				5,227
Gross Turnover (m£)				127.4
Tonnes of Gross CO <sub>2</sub> e per m£				54.9

*\*In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach can also be used when companies have entered into contractual agreements for renewable electricity (e.g. REGO's). Reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation but it is possible for organisations to use dual reporting if they wish to reflect their consumption of renewable energy.*

As we transition from the pandemic restrictions into a hybrid working environment that many organisations have adopted, Peel L&P Group continues to drive energy efficiency and carbon savings opportunities across our business. Our energy management system continues to be compliant with ISO 50001:2018 for the 8<sup>th</sup> year and we have reverified our 16 Net Zero Carbon in operation buildings using the UK Green Building Council's definition. Also, during 2021-22 Peel L&P has:

- Recertified to ISO 50001:2018 with no nonconformities
- Saved 12.7 million kWh of energy across our ISO 50001 portfolio
- Reduced carbon emissions by 2,703 tonnes of tCO<sub>2</sub>e
- Completed 26 energy saving opportunities across our portfolio, excluding annual reductions over the 2-week December break:
  - Reversal of BMS setup as pandemic restrictions ease but maintaining compliance with best practice and REHVA guidance for building operation.
  - Enhanced control over M&E equipment including connectivity to BMS to improve control remotely and update timing schedules for plant equipment to suit the changing occupancies.
  - Scheduled lighting replacements have been undertaken with LED and sensor systems.

PEEL L&P HOLDINGS (UK) LIMITED

Report of the Directors *continued*

**Streamlined energy and carbon reporting *continued***

We are on track with our Paris-aligned Science-Based Target (SBT) for our commercial assets within scope of the Streamlined Energy and Carbon Report. For retail assets which are currently outside the scope of the SBT, we have identified an industry benchmark that can be used to set the target, so that we can integrate these assets into the SBT portfolio for the coming year. We have also set a renewable energy target for the company that aims for 10% of Peel L&P Group's energy to be self-generated from renewable sources by 31 March 2026 as agreed by the Peel L&P Group Executive Leadership Team in July 2021.

Type of Emissions	Units	2021/2022	2020/2021	Year on year change
Direct (Scope 1)	(kWh)	10,592,966.2	11,482,227.3	(7.6) %
	(tCO2e)	2,019.4	2,108.1	(4.2) %
Indirect (Scope 2)	(kWh)	16,008,432.9	26,322,108.0	(39.2) %
	(tCO2e)	3,399.1	6,136.7	(44.6) %
Indirect Other (Scope 3)	(kWh)	70,090.3	37,553.3	86.6 %
	(tCO2e)	1,573.2	2,011.2	(21.8) %
 Total Energy Use	(kWh)	 26,671,489	 37,841,889	 (29.5) %
Total Gross Emissions	(tCO2e)	6,991.7	10,256	(31.8) %
Renewable Electricity	(tCO2e)	1,764.6	Nil	Not applicable
Total Net Emissions	(tCO2e)	5,227	10,256	(49.0) %
 Tonnes of Gross	CO2e per m£	 54.9	 116.0	 (52.7) %

Looking at year on year analysis table above, it is evident that there has been emissions reductions across all scopes. It should be noted that the scope of the Peel L&P Group portfolio has been analysed and refined since the last SECR report meaning that 2021 figures have been updated so they mirror the current scope to allow for increased accuracy in energy and carbon reporting.

**Dividends**

The directors do not recommend the payment of a final dividend (2021: same).

## 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 £57,996 (2021: £71,008). The group made no political contributions during the financial year (2021: 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*

30 September 2022

## Independent Auditor's Report to the members of Peel L&P Holdings (UK) Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Peel L&P Holdings (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 2022 and of the group's profit 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 and company statements of changes in equity;
- the group cash flow statement;
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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.

#### Conclusions relating to going concern

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

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included *General Data Protection Regulation (GDPR)*, employment law, health and safety and building regulations.

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

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

- valuation of investment property: We challenge the principal assumptions used to derive the open market value through a number of procedures. These include the review of equivalent yields against market rates, challenge of methodology by RICS certified internal and external experts, substantive testing of committed rent receivable and the assessment of disposals against fair values held.

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

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

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

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

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

#### Matters on which we are required to report by exception

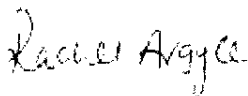
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept 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  
30 September 2022

PEEL L&P HOLDINGS (UK) LIMITED

Group Profit and Loss Account *for the year ended 31 March 2022*

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	3	127,369	88,430
Cost of sales	3	(50,728)	(31,290)
<b>Gross profit</b>		76,641	57,140
Surplus/(deficit) on revaluation of investment properties	3	91,411	(5,254)
Impairment of stock properties	3	(6,392)	(4,298)
Impairment of investments	3	(1,498)	-
Administrative expenses	3	(25,271)	(40,844)
Other operating income	3	2,663	2,310
<b>Operating profit</b>		137,554	9,054
Share of joint venture operating profit/(losses)	12(a)	654	(457)
Profit on disposal of fixed assets	4	14,231	17,583
<b>Profit before interest and taxation</b>		152,439	26,180
Net interest payable and similar expenses	5	(46,369)	(63,835)
<b>Profit/(loss) before taxation</b>	6	106,070	(37,655)
Tax on profit/(loss)	7	(43,953)	31,902
<b>Profit/(loss) for the financial year</b>		62,117	(5,753)

All the above results derive from continuing activities.



PEEL L&P HOLDINGS (UK) LIMITED

Group Statement of Comprehensive Income *for the year ended 31 March 2022*

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Profit/(loss) for the financial year		62,117	(5,753)
Unrealised net surplus on revaluation of operational buildings	11	6,805	1,119
Deferred tax relating to revaluation of operational buildings	20	(2,531)	(442)
Foreign exchange gains/(losses)		2,968	(5,686)
<b>Other comprehensive income/(expense)</b>		<b>7,242</b>	<b>(5,009)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>69,359</b>	<b>(10,762)</b>

Profit/(loss) for the year and total comprehensive income/(expense) for the year are wholly attributable to equity shareholders of the company.

PEEL L&P HOLDINGS (UK) LIMITED

Group and Company Balance Sheets *as at 31 March 2022*

		Group	Group	Parent Company	Parent Company
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible assets					
Investment properties	10	1,370,461	1,241,176	-	-
Other fixed assets	11	60,537	75,615	-	-
Investments	12	12,080	11,944	779,103	778,803
Loans to group undertakings	13	-	-	28,400	105,395
		1,443,078	1,328,735	807,503	884,198
<b>Current assets</b>					
Stocks	14	190,168	215,854	-	-
Debtors	15	74,729	64,508	3,576	3,219
Cash at bank and in hand	16	46,130	19,224	3	379
		311,027	299,586	3,579	3,598
<b>Creditors: amounts falling due within one year</b>	17	(282,848)	(256,671)	(314,771)	(366,196)
<b>Net current assets/(liabilities)</b>		28,179	42,915	(311,192)	(362,598)
<b>Total assets less current liabilities</b>		1,471,257	1,371,650	496,311	521,600
<b>Creditors: amounts falling due after more than one year</b>	18	(803,084)	(813,178)	(2,411)	(2,043)
<b>Provisions for liabilities</b>	20	(110,918)	(66,389)	-	-
<b>Net assets</b>		557,255	492,083	493,900	519,557
<b>Capital and reserves</b>					
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	10,207	15,150	-	-
Merger reserve	23	23,175	25,939	-	-
Negative goodwill reserve	23	71,530	82,026	-	-
Other reserves	23	2,550	2,550	-	-
Profit and loss account		(481,722)	(565,097)	(437,618)	(411,961)
<b>Shareholder's funds</b>		557,258	492,086	493,900	519,557
Non-controlling interests	24	(3)	(3)	-	-
<b>Total capital employed</b>		557,255	492,083	493,900	519,557

The loss for the financial year dealt with in the financial statements of the parent company was £25,657,000 (2021: profit £2,828,000).

The financial statements of Peel L&P Holdings (UK) Limited, company number 06497115, were approved by the directors and authorised for issue on 30 September 2022.

*John Schofield*

**John Schofield, A.C.A.**  
Director

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

PEEL L&P HOLDINGS (UK) LIMITED

Group Statement of Changes in Equity *for the year ended 31 March 2022*

	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 2020	406,260	525,258	15,572	25,939	85,659	2,550	(558,390)	502,848
Loss for the financial year							(5,753)	(5,753)
Unrealised net surplus on revaluation of operational buildings	-	-	1,119	-	-	-	-	1,119
Deferred tax relating to revaluation of operational buildings	-	-	(442)	-	-	-	-	(442)
Foreign exchange losses							(5,686)	(5,686)
Other comprehensive income/(expense)	-	-	677	-	-	-	(5,686)	(5,009)
Total comprehensive income/(expense)	-	-	677	-	-	-	(11,439)	(10,762)
Transfer of excess depreciation charge	-	-	(1,099)	-	-	-	1,099	-
Realisation of negative goodwill	-	-	-	-	(3,633)	-	3,633	-
At 31 March 2021	406,260	525,258	15,150	25,939	82,026	2,550	(565,097)	492,086
Profit for the financial year							62,117	62,117
Unrealised net surplus on revaluation of operational buildings (note 11)	-	-	6,805	-	-	-	-	6,805
Deferred tax relating to revaluation of operational buildings (note 20)	-	-	(2,531)	-	-	-	-	(2,531)
Foreign exchange gains	-	-	-	-	-	-	2,968	2,968
Other comprehensive income	-	-	4,274	-	-	-	2,968	7,242
Total comprehensive income	-	-	4,274	-	-	-	65,085	69,359
Transfer of excess depreciation charge	-	-	(1,281)	-	-	-	1,281	-
Realisation of negative goodwill	-	-	-	-	(10,496)	-	10,496	-
Impact of merger accounting on common control transactions	-	-	-	(2,764)	-	-	(1,423)	(4,187)
Transfer of unrealised profit on reclassification of operating building to investment property	-	-	(7,936)	-	-	-	7,936	-
At 31 March 2022	406,260	525,258	10,207	23,175	71,530	2,550	(481,722)	557,258

PEEL L&P HOLDINGS (UK) LIMITED

Company Statement of Changes in Equity *for the year ended 31 March 2022*

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2020	406,260	525,258	(414,789)	516,729
Profit and other comprehensive income for the financial year	-	-	2,828	2,828
Total comprehensive expense for the financial year	-	-	2,828	2,828
At 31 March 2021	406,260	525,258	(411,961)	519,557
Loss and other comprehensive expense for the financial year	-	-	(25,657)	(25,657)
Total comprehensive expense for the financial year	-	-	(25,657)	(25,657)
At 31 March 2022	406,260	525,258	(437,618)	493,900

PEEL L&P HOLDINGS (UK) LIMITED

Group Cash Flow Statement *for the year ended 31 March 2022*

	Note	2022 £'000	2021 £'000
<b>Net cash flows from operating activities</b>	25	52,773	(6,839)
<b>Cash flows from investing activities</b>			
Payments to acquire investment properties		(41,246)	(10,497)
Receipts from sales of investment properties		83,938	122,148
Payments to acquire other fixed assets		(2,554)	(694)
Receipts from sales of other fixed assets		17	-
Receipts (net of fees) from sale of subsidiary		-	5,113
Cash balance acquired with subsidiary		69	-
Receipts from sale of joint venture		-	911
Interest received		441	195
<b>Net cash flow from investing activities</b>		40,665	117,176
<b>Cash flows from financing activities</b>			
Interest paid		(57,447)	(58,690)
Loans to joint venture		(1,397)	(1,790)
Loans to joint ventures		-	300
Movements in restricted cash		4,455	2,154
Loans drawn down		28,905	36,253
Loans repaid		(44,660)	(101,958)
Sale and leaseback drawn down		846	-
Grants received		264	-
Payments under finance leases		(428)	(1,217)
<b>Net cash flows from financing activities</b>		(69,462)	(124,948)
<b>Increase/(decrease) in cash in the year</b>		23,976	(14,611)
Cash at beginning of year		9,710	24,590
Effect of foreign exchange rate changes		123	(269)
<b>Cash at end of year</b>		33,809	9,710
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank		45,427	14,066
Overdrafts		(11,618)	(4,356)
		33,809	9,710
Restricted cash		703	5,158
<b>Total cash</b>		34,512	14,868

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

## 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 13.

#### Company information

Peel L&P Holdings (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 Venus Building, 1 Old Park Lane, TraffordCity, Manchester, M41 7HA.

#### 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 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.

Since its onset the COVID-19 pandemic has had a significant impact on the group and the wider economy. Over the course of the year we have seen the easing of restrictions on movement and a recovery of our markets and a return to pre pandemic levels of activity. However, it is not known whether there will be any further impact and furthermore the Russian invasion of the Ukraine towards the end of the financial year has had a significant impact on the macro - economic climate. It is not known how long this will last and the extent of the impact on the economy, or the time it will take for the economy and markets to recover. Since the onset of the pandemic, several management actions have been taken to adapt the group and the group continues to monitor the current macro-economic volatility and uncertainly.

In recent years, economic conditions and the pandemic have created a number of uncertainties and increased risk for all companies in the sectors in which the group operates, with regard to future market valuation movements and levels of activity. The ongoing situation in Ukraine and the current macro-economic climate could further impact risks which has the potential to, to a large extent, temporarily impact the group's liquidity. Details of risks and uncertainties are included on page 8 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 £784m (2021: £818m) of net debt as at 31 March 2022, which is provided through a variety of secured and unsecured facilities. Gross debt totals £831m (2021: £837m).

## 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 ("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 12 months from signing the financial statements. The directors of Peel L&P Group have also received confirmation from the directors of its parent company Peel L&P and its parent (Peel Group) that it will continue to provide the necessary level of support for this period if required.

In considering the ability of 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 Peel Group's forecasts, the continuing availability of its facilities and its strategic and contingent plans. Cashflow forecasts reflect current expectations of the activity of the Groups investments. Sensitivities have also been considered to reflect downside scenarios, including potential reductions in property valuations, and the impact on 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 further headroom. These forecasts show that, even allowing for these downsides, for a period of 12 months from the signing of the accounts the Group has sufficient cash reserves to mitigate risks 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 and is in a strong position to withstand any negative impact of the current economic climate.

Taking all these factors into account, the directors have a reasonable expectation that the holding company and group have adequate resources to continue in operational existence for the 12 months from signing the financial statements and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

#### 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 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 2022.

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.

## Notes to the Financial Statements *continued*

### **1. Accounting policies *continued***

#### **Investment properties**

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

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.

#### **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 to the group and net realisable value. Net realisable value represents the anticipated disposal proceeds less any associated costs.

#### **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.



## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### **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.

#### **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.

## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### **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.

In October 2020 an amendment was issued by the FRC and has been adopted. The amendment applies to temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic. Any reduction in lease payments affects only payments originally due on or before 30 June 2021. This has now been extended to 30 June 2022.

#### **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.

#### **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.

## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### 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.

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.

## Notes to the Financial Statements *continued*

### 1. Accounting policies *continued*

#### 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.

### 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. Property valuations are one of the principal uncertainties of the group.

The value of investment properties at 31 March 2022 is £1,370m (2021: £1,241m). The value of operating buildings at 31 March 2022 is £57m (2021: £72m). The key assumptions can be found in notes 10 and 11.

##### 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 £89,000 (2021: £12,018,000). The key assumptions can be found in note 22.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**3. Analysis of turnover and operating profit**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
<b>Turnover</b>		
Gross rental income from investment property	66,776	66,589
Trading property sales	53,622	13,944
Rent premium income	-	1,657
Environment and resource development income	4,800	3,143
Waterways and utility income	795	855
Other	1,376	2,242
	<b>127,369</b>	<b>88,430</b>
<b>Cost of sales</b>	<b>(50,728)</b>	<b>(31,290)</b>
<b>Gross profit</b>	<b>76,641</b>	<b>57,140</b>
Surplus/(deficit) on revaluation of investment properties	91,411	(5,254)
Impairment of stock properties	(6,392)	(4,298)
Impairment of loans to joint ventures	(1,498)	-
Administrative expenses	(25,271)	(40,844)
Other operating income	2,663	2,310
<b>Group operating profit</b>	<b>137,554</b>	<b>9,054</b>
Share of operating profit/(loss) of joint venture companies	654	(457)
<b>Operating profit</b> (including group's share of joint ventures' operating profit/(loss))	<b>138,208</b>	<b>8,597</b>

With the exception of rental income of £3,586,000 (2021: £3,426,000) 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**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Investment properties	14,215	12,495
Other fixed assets	16	-
Fixed assets investments	-	5,113
Joint ventures	-	(25)
	<b>14,231</b>	<b>17,583</b>

The effect of the profit on disposal of fixed assets on the amount charged to the profit and loss account for taxation was £1,088,000 (2021: £32,673,000). However, this is offset by trading losses.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**5. Net interest payable and similar expenses**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Interest payable and similar expenses:		
On bank loans and overdrafts	25,597	27,423
Amortisation of loan fees	1,162	1,742
On first mortgage debenture stock	26,418	28,832
Other interest	1,138	3,486
On amounts owed to group undertakings	3,914	4,476
Share of joint venture interest payable	327	227
Finance lease interest	117	158
	58,673	66,344
Interest receivable and similar income:		
Other interest	(441)	(519)
Share of joint venture interest receivable	(24)	-
	58,208	65,825
Net exchange difference on foreign currency	89	781
Movement in fair value of interest rate swaps (note 22)	(11,928)	(2,771)
<b>Net interest payable and similar expenses</b>	<b>46,369</b>	<b>63,835</b>

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**6. Profit/(loss) before taxation**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Loss before taxation is stated after charging/(crediting):		
(Surplus)/deficit on revaluation of investment properties (note 10)	(91,411)	5,254
Depreciation of other fixed assets - owned assets (note 11)	3,209	2,562
Impairment of loans to joint ventures	1,498	-
Impairment of stock properties (note 14)	6,392	4,298
Foreign exchange losses	89	781
Profit on disposal of fixed assets (note 4)	(14,231)	(17,583)
Share of operating (profit)/loss of joint venture companies	(654)	457
Change in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic	(1,135)	2,631

Auditor's remuneration was borne by Peel L&P Group Management Limited and not recharged (2021: same) as follows:

	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Fees payable to the company's auditor and its associates for services to the group</b>		
The audit of the company financial statements pursuant to legislation	7	6
The audit of the company's subsidiaries financial statements pursuant to legislation	383	348
<b>Total audit fees</b>	<b>390</b>	<b>354</b>
 Tax compliance services	 1	 19
Other taxation advisory services	99	37
Other services	-	23
<b>Total non-audit fees</b>	<b>100</b>	<b>79</b>

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**7. Tax on profit/(loss)**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Current tax:		
Group relief	339	2,060
Adjustment in respect of prior years	(655)	1,151
Total current tax (credit)/charge	(316)	3,211
Deferred tax:		
Origination and reversal of timing differences	31,690	(35,153)
Rate change	12,465	-
Total deferred tax (note 20)	44,155	(35,153)
Share of joint ventures' tax	114	40
Total tax on profit/(loss)	43,953	(31,902)

Reconciliation of total tax charge/(credit):

Tax charge/(credit) on profit/(loss) at standard UK corporation tax rate of 19% (2021: 19%)	20,153	(7,154)
Expenses not deductible for tax purposes	2,967	5,010
Non-taxable revaluation of investments	285	117
Group losses not paid for	-	(33,497)
Rate difference on overseas profits	(126)	(38)
Adjustments in respect of prior years	(650)	3,648
Share of joint ventures	47	56
Deferred tax effect of changes in statutory tax rates	12,465	-
Unrecognised movement on deferred tax in relation to investment property	(7,567)	11,531
Unrecognised movement on deferred tax in relation to losses	12,281	(11,575)
Non-taxable dividend income	(57)	-
Difference in tax rate on current year deferred tax	4,155	-
Total tax charge/(credit)	43,953	(31,902)

The standard rate of tax applied to the reported profits is 19% (2021: 19%).

**8. Particulars of staff**

The group and the company have no employees other than the directors (2021: same) and no key management personnel other than the directors.

**9. Directors' remuneration**

The remuneration of directors of the company was as follows:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Emoluments	159	172
Company contributions to personal pension scheme	9	9
Total	168	181

The number of directors participating in the company's money purchase pension scheme is nil (2021: 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

Notes to the Financial Statements *continued*

**10. Investment properties**

	<b>Freehold</b>	<b>Group Long leasehold</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Valuation:</b>			
At 1 April 2021	1,207,814	33,362	1,241,176
Additions	41,220	26	41,246
Disposals	(66,017)	-	(66,017)
On acquisition of subsidiary note 12b	46,000	-	46,000
Lease incentives	2,840	104	2,944
Reclassification from operational buildings	21,750	-	21,750
Reclassification	(79)	79	-
Intercompany transfer	(11,300)	-	(11,300)
Revaluations	92,200	(789)	91,411
Exchange adjustments	3,251	-	3,251
At 31 March 2022	1,337,679	32,782	1,370,461
<b>Professional Valuation:</b>			
March 2022 – External	1,095,918	25,820	1,121,738
March 2022 – Directors	241,761	6,962	248,723
	1,337,679	32,782	1,370,461

The historical cost to the group of all investment properties is £920,818,000 (2021: £920,511,000).

**Capitalised interest**

Investment properties include capitalised interest in aggregate amounting to £2,049,000 (2021: £2,758,000).

## Notes to the Financial Statements *continued*

### 10. Investment properties *continued*

#### Valuations

82% (2021: 52%) 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.

44% of the investment property portfolio was professionally valued by Jones Lang LaSalle, RICS qualified property consultants, using the investment approach.

31% of the investment property portfolio was professionally valued by Savills, 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.

4% of the investment property portfolio was professionally valued by Bermuda Realty Company Limited, RICS qualified property consultants, using the investment approach.

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

	2022	2021
	£'000	£'000
Jones Lang LaSalle	596,370	600,345
Savills	427,901	-
Carter Jonas	41,425	40,127
Bermuda Realty Company Limited	56,042	-
	1,121,738	640,472

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 £1,307,249,000 (2021: £1,186,937,000) 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

Notes to the Financial Statements *continued*

**11. Other fixed assets**

	Operational buildings £'000	Group Plant and vehicles £'000	Total £'000
<b>Cost or valuation:</b>			
At 1 April 2021	76,174	5,852	82,026
Additions	2,206	347	2,553
Reclassification to investment property	(21,750)	-	(21,750)
Revaluations	4,849	-	4,849
Foreign exchange adjustments	-	1,054	1,054
At 31 March 2022	61,479	7,253	68,732
<b>Depreciation:</b>			
At 1 April 2021	4,389	2,022	6,411
Charge for the financial year	1,959	1,250	3,209
Revaluations	(1,956)	-	(1,956)
Foreign exchange adjustments	-	531	531
At 31 March 2022	4,392	3,803	8,195
<b>Net Book Value:</b>			
At 31 March 2022	57,087	3,450	60,537
At 31 March 2021	71,785	3,830	75,615

The historical cost to the group of operational buildings is £46,880,000 (2021: £56,635,000).

All other fixed assets other than operational buildings at 31 March 2022 are held at depreciated historical cost to the group.

At 31 March 2022 operational buildings are all freehold.

**Valuations**

Some of the group's operational buildings were externally valued at 31 March 2022 comprising 62% of the portfolio (2021: 39%) 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.

48% 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.

6% of the operational buildings portfolio was professionally valued by Savills, 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.

PEEL L&P HOLDINGS (UK) LIMITED

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Notes to the Financial Statements *continued*

**11. Other fixed assets** *continued*

**Valuations** *continued*

An operational wind farm forming 8% of the operational buildings portfolio has been professionally valued by Carter Jonas, RICS qualified property consultants and wind surveyors, at 31 March 2022 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 11 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.

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

	2022	2021
	£'000	£'000
Jones Lang LaSalle	27,400	25,150
Carter Jonas	4,425	3,225
Savills	3,400	-
	35,225	28,375

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PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**12. Investments**

Investments comprise:

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Parent Company 2022 £'000</b>	<b>Parent Company 2021 £'000</b>
Joint ventures	12,080	11,944	1,087	787
Fixed asset investments	-	-	778,016	778,016
	12,080	11,944	779,103	778,803

**(a) Joint ventures**

	<b>Group £'000</b>
<b>Carrying value before impairment</b>	
At 1 April 2021	13,511
Net new loans	1,697
Share of operating result for the year	654
Impairment of loan	(1,498)
Distribution received	(300)
Share of interest payable for the year	(327)
Share of interest receivable for the year	24
Share of tax for the year	(114)
At 31 March 2022	13,647
<b>Impairment:</b>	
At 1 April 2021 and at 31 March 2022	1,567
<b>Net carrying value:</b>	
At 31 March 2022	12,080
At 31 March 2021	11,944

Investment in joint ventures represents:

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Group share of net assets	2,789	2,852
Amounts owed by joint ventures	9,291	9,092
	12,080	11,944

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.

Interest is charged on amounts owed by joint ventures at fixed rates varying from 6% to 7%, and at SONIA plus 2% to 10%.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**12. Investments** *continued*

**(b) Parent company**

	Shares in subsidiary undertakings £'000	Loans to Joint ventures £'000	Total £'000
<b>Cost:</b>			
At 1 April 2021	1,135,974	787	1,136,761
Made in the year	-	300	300
At 31 March 2022	1,135,974	1,087	1,137,061
<b>Impairment:</b>			
At 1 April 2021	357,958	-	357,958
At 31 March 2022	357,958	-	357,958
<b>Net Book Value:</b>			
At 31 March 2022	778,016	1,087	779,103
At 31 March 2021	778,016	787	778,803

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

**Merger with subsidiary undertaking**

On 8 April 2021 Peel Holdings (Trafford Palazzo) Limited (a company under the same common control as Peel L&P Holdings (UK) Limited) purchased Trafford Palazzo Limited. On 10 September 2021 Peel L&P Holdings (UK) Limited group acquired Trafford Palazzo Limited from Peel Holdings (Trafford Palazzo) Limited. Consideration of £51,675,000 was satisfied via intercompany loan. There was no cash consideration within this group. The transaction represents a group reorganisation and as such the results of Trafford Palazzo Limited have been incorporated into the consolidated results of Peel L&P Holdings (UK) Limited from 8 April 2021. On 10 September 2021 the intercompany loan in Trafford Palazzo Limited was converted to ordinary share capital of £45,710,000. This transaction resulted in a final merger reserve of £2,764,000.

The fair value on merger was:

	£'000
Fixed assets	46,000
Current assets	2,233
Cash	69
Creditors	(45,201)
Net assets	3,101
Consideration	51,675
Satisfied by:	
Intercompany loan	51,675

## Notes to the Financial Statements *continued*

### 12. Investments *continued*

#### (c) 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 2022, 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 Holdings (Land and Property) Limited **	Holding company
England & Wales	Peel Land and Property Investments plc	Property investment
Scotland	Clydeport Properties Limited	Property development and investment
England & Wales	Peel L&P Investments (Intermediate) Limited**	Property investment
England & Wales	Peel South East Limited	Property investment
England & Wales	Protos Developments Limited	Property development
England & Wales	Peel L&P Investments No.1 Limited	Holding company
England & Wales	Peel L&P Property (Investments) Limited	Property investment
England & Wales	Peel L&P Investment Properties Limited	Property investment
England & Wales	Peel Land and Property Holdings Limited	Holding company
England & Wales	Peel L&P Investments Holdings Limited	Holding company
Scotland	Peel L&P Assets Limited	Dormant company
England & Wales	Peel L&P Property Holdings Limited	Holding company
England & Wales	Peel L&P Property Limited	Holding company
England & Wales	Peel L&P Mineral Resources Limited	Dormant
England & Wales	Peel L&P Trading and Development Limited **	Dormant
England & Wales	Peel L&P Investments No. 2 Limited	Holding company
England & Wales	Peel L&P Investment Properties Holdings Limited	Property investment and development
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

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

12. Investments *continued*

(c) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	MSC (Waste) Limited	Dormant company
England & Wales	Peel L&P (Anglia) Limited	Dormant company
England & Wales	Peel L&P Investments (Anglia) Limited	Dormant company
England & Wales	Peel L&P Housing (Anglia) Limited	Dormant company
England & Wales	Peel Venus Limited (formerly Trafford Palazzo Limited)	Dormant company
England & Wales	Peel L&P Commercial (S.E.) Limited	Dormant company
England & Wales	Peel L&P Farms Limited	Dormant company
England & Wales	Peel L&P Homes Limited	Dormant company
England & Wales	Peel L&P Land Limited	Dormant company
England & Wales	Peel L&P North East Limited	Dormant company
England & Wales	Peel L&P (No.2) Limited	Dormant company
England & Wales	Peel L&P Developments (N.E.) Limited	Dormant company
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	Dormant company
England & Wales	Peel L&P Commercial (N.W.) Limited	Dormant company
England & Wales	Peel L&P Developments (N.W.) Limited	Dormant company
England & Wales	Toll House Motors Limited	Dormant company
England & Wales	Peel L&P Securities (N.W.) Limited	Dormant company
England & Wales	Peel L&P Properties (S.E.) Limited	Dormant company
England & Wales	Peel L&P Securities (S.E.) Limited	Dormant company
England & Wales	Peel L&P South West Limited	Dormant company
England & Wales	Peel L&P Commercial (S.W.) Limited	Dormant company
England & Wales	Peel L&P Developments (S.W.) Limited	Dormant company
England & Wales	Peel L&P Investments (S.W.) Limited	Dormant company
England & Wales	Peel L&P 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
Bermuda	Washington Properties (Bermuda) Limited	Property investment
England & Wales	Blundell's Wood Management Company Limited	Dormant
England & Wales	Hilton Lane Management Company Limited	Management of service charges
England & Wales	Imagine Park Management Company Limited	Management of service charges
England & Wales	Principal Management Company Limited	Dormant
England & Wales	Rosfield Park Management Company Limited	Management of service charges
England & Wales	The Bridgewater Centre Management Company Limited	Management of service charges
England & Wales	Wirral Waters Land No. 1 Limited	Property development
England & Wales	Mediacity:UK Limited	Dormant
England & Wales	Port Salford Developments No 1 Limited	Dormant



Notes to the Financial Statements *continued*

**12. Investments** *continued*

**(c) Fixed asset investments** *continued*

**Subsidiary undertakings** *continued*

<b>Incorporated</b>	<b>Company</b>	<b>Principal Activities</b>
England & Wales	Wirral Waters Holdings No.1 Limited **	Holding company
England & Wales	Peel L&P Investments (South) Limited	Dormant
England & Wales	Peel L&P Investments (N.W.) Limited	Dormant
England & Wales	Peel L&P Properties (N.W.) Limited	Dormant
England & Wales	Peel L&P Securities (S.W.) Limited	Dormant
England & Wales	Middle Warehouse Residential Limited **	Dormant
England & Wales	East Float Quay Management Limited	Dormant
England & Wales	Garrett Lane Management Company Limited	Management of service charges
England & Wales	Vicars Hall Management Company Limited	Dormant
England & Wales	Worsley Meadow Management Company Limited	Management of service charges
England & Wales	Worsley Woodland Grange Management Company Limited	Management of service charges
England & Wales	Peel L&P Pet Products Limited	Dormant
England & Wales	Peel L&P Holdings Energy (No.2) Limited	Dormant
England & Wales	Peel L&P Energy (No.2) Limited	Dormant
England & Wales	Peel L&P (Ports No.3) Limited	Property investment
Scotland	Clydemore Properties Limited	Dormant
England & Wales	Peel L&P Properties (MSC) Limited	Dormant
England & Wales	Peel L&P Red City Holdings Limited	Dormant
England & Wales	Peel L&P 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

Notes to the Financial Statements *continued*

12. Investments *continued*

(c) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Peel L&P Developments (U.K.) Limited	Holding company
England & Wales	Ship Canal Enterprises Limited	Dormant
Scotland	Clydeside Investment Properties Limited	Dormant
England & Wales	Glasgow Harbour Properties 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**	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	Dormant
England & Wales	Peel L&P 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 Limited	Dormant
England & Wales	Peel L&P Scout Moor Services Limited	Dormant
England & Wales	Peel L&P Wind Farms (Asfordby) Limited	Dormant

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

12. Investments *continued*

(c) Fixed asset investments *continued*

Subsidiary undertakings *continued*

Incorporated	Company	Principal Activities
England & Wales	Peel L&P Wind Farms (Plenmeller) Limited	Dormant
England & Wales	Peel L&P Wind Farms (Projects) Limited	Dormant
England & Wales	Peel L&P Wind Farms (Seaforth) Limited	Dormant
England & Wales	South Clyde Energy Centre I limited	Dormant
Scotland	Arma Developments Limited	Dormant
Scotland	Glasgow Harbour Investments Limited	Dormant
England & Wales	Peel L&P Living Investments Holdings Limited	Dormant
England & Wales	Peel L&P Living Investments (No.2) Limited	Dormant
England & Wales	Peel L&P 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	Dormant
England & Wales	Peel L&P Investments (Leisure) Limited	Dormant
England & Wales	Protos Grid Limited	Dormant
England & Wales	Protos 11 Limited	Dormant
England & Wales	Peel NRE Wind Farms (FIT) Limited	Wind farm development
England & Wales	Wirral Waters Finance Limited **	Provision of finance
Scotland	Clydeport Longhaugh A Limited	Dormant
Scotland	Clydeport Longhaugh B Limited	Dormant
Scotland	Clydeport Longhaugh C Limited	Dormant
England & Wales	Peel L&P Telecommunications Limited	Dormant
England & Wales	Peel L&P Holdings (Telecommunications) Limited	Dormant
England & Wales	Peel L&P Telecommunications (Holdings) Limited	Dormant
England & Wales	North Clyde Recycling Centre Limited	Dormant
England & Wales	Peel L&P Investments Environmental UK Limited	Dormant
England & Wales	Peel L&P Holdings (Environmental) Limited	Dormant
England & Wales	Peel L&P Environmental Holdings Limited	Dormant
England & Wales	Peel L&P Environmental Protos Limited	Dormant
England & Wales	Peel L&P Holdings (Living Investments) Limited	Dormant
England & Wales	Ionica Limited	Dormant
England & Wales	Trafford Palazzo Limited	Property investment and operation of a retail centre
England & Wales	NW Hydrogen Alliance Limited	Engineering Consulting

\* 80% owned

\*\* directly owned.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**12. Investments** *continued*

**(c) Fixed asset investments** *continued*

**Joint Ventures**

The joint ventures as at 31 March 2022 were as follows:

<b>Incorporated</b>	<b>Company</b>	<b>Group Shareholding</b>	<b>Type of Shareholding</b>	<b>Principal activities</b>
England & Wales	Peel Lamp Properties Limited	50%	Ordinary B	Dormant company
Scotland	James Watt Dock 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
England & Wales	Protos 33 Limited	50%	Ordinary A	Property development

All subsidiaries and joint ventures have a year end of 31 March except TFGM Peel Wharfside 1 LLP and TFGM Peel Wharfside 2 LLP which have a year end of 31 December.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

12. Investments *continued*

(c) Fixed asset investments *continued*

**Audit exemption**

The subsidiary undertakings also consolidated at 31 March 2022, 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
England & Wales	Peel Property (Partnerships) Limited**	06474584	Property investment
England & Wales	Manchester Ship Canal Developments Limited	02181411	Property development
England & Wales	Manchester Ship Canal Developments Advent Limited	04443848	Property development
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	05060256	Holding company
England & Wales	Ayrshire Power Holdings Limited	06516547	Holding company
England & Wales	Peel L&P Land (Intermediate) Limited	06495537	Property investment
England & Wales	Peel L&P Investments (North) Limited	00187724	Property investment
England & Wales	Peel L&P Developments Limited	01798783	Property investment
England & Wales	Peel L&P (Ports) Limited	05892787	Property investment
England & Wales	Princes Dock Development Company Limited	03314050	Property investment
England & Wales	The Bridgewater Canal Company Limited	06805592	Operation and management of canals
England & Wales	Peel NRE Limited (formerly Peel L&P Environmental Limited)	04480419	Waste and mineral asset management
England & Wales	Peel L&P Land Holdings Limited	06495540	Holding company
England & Wales	Peel L&P Property Intermediate Limited	08314302	Property investment and holding company
Scotland	Glasgow Harbour Limited	SC193933	Property investment and development
Scotland	Glasgow Harbour Management Limited	SC222102	Property investment and development
Scotland	Glasgow Harbour (Byron Street) Limited	SC223866	Property investment and development
Scotland	Glasgow Harbour Developments Limited	SC237880	Property investment and development
England & Wales	Seaforth Wind Farm Limited	02183445	Operation of wind farm
England & Wales	Peel Airports (Liverpool) Limited	02385999	Property investment
England & Wales	Blundell's Wood Management Company Limited	08077860	Dormant
England & Wales	Port Salford Developments (Rhenus) Limited	10031630	Project management
England & Wales	Peel L&P Investments (U.K.) Limited	05060257	Holding company
England & Wales	Peel L&P Gas and Oil Holdings Limited	09077789	Holding company
England & Wales	Peel L&P Gas and Oil (Services) Limited	09144416	Exploration development
England & Wales	Peel L&P Gas and Oil (Investments) Limited	09144526	Holding company
England & Wales	Peel L&P Gas and Oil Limited	09357075	Development services
England & Wales	Peel NRE Energy (Barton) Limited	07953045	Renewable energy development
England & Wales	Moorland Wind Holdings Limited	08815265	Holding company
England & Wales	Scout Moor Wind Farm Expansion Limited	07075117	Dormant
England & Wales	Peel L&P Holdings (Overseas) Limited**	06497121	Holding company
England & Wales	Peel L&P Overseas Limited	02022817	Holding company
England & Wales	Peel L&P Investments and Property Limited**	09246810	Property investment
Scotland	Peel Land and Property (Greenock Harbours) Limited	SC340250	Property trading and rental
England & Wales	Port Salford Land Limited	09359375	Property development
England & Wales	Peel L&P Limited	05060255	Holding company
England & Wales	Protos Finance Limited **	11412770	Provision of finance
England & Wales	Protos Finance 2 Limited	13249092	Provision of finance
ccc	Peel Land and Property Holdings Limited	05687947	Holding company
England & Wales	Port Salford Holdings Limited **	8430318	Property development

## Notes to the Financial Statements *continued*

### 12. Investments *continued*

#### (c) Fixed asset investments *continued*

##### Audit exemption *continued*

\*\* *directly owned.*

All the subsidiaries and joint ventures above incorporated in England and Wales have the registered office Venus Building, 1 Old Park Lane, Traffordcity, Manchester, M41 7HA.

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.  
06805592

### 13. Loans to group undertakings

	Group	Group	Parent	Parent
	2022	2021	Company	Company
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	-	-	28,400	105,395

Amounts included above carry interest at 1.5% above the base rate.

All intercompany balances are legally repayable on demand but the nature of the loans to group undertakings is long-term assets which are not intended to be recalled within the next twelve months.

### 14. Stocks

	Group	Group
	2022	2021
	£'000	£'000
Land held for development	190,168	215,854

The replacement cost of the above stock is estimated to be £229,072,000 (2021: £222,438,000).

Stock impairment in the year (note 6) was caused by a decrease in value on the general market.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**15. Debtors**

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>Company</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	20,462	18,078	13	211
Amounts owed by subsidiary undertakings	-	-	654	1,092
Amounts owed by fellow group undertakings	2,811	1,787	-	-
Amounts owed by related parties	267	296	33	-
Development deposits and prepaid costs	10,643	7,651	-	-
Other debtors	27,244	32,625	16	15
Prepayments and accrued income	13,302	4,071	2,860	1,901
	<b>74,729</b>	<b>64,508</b>	<b>3,576</b>	<b>3,219</b>

Trade debtors are presented net of provisions for impairment of £332,000 (2021: £345,000).

All intercompany balances are repayable on demand. No interest is charged on amounts owed by subsidiary undertakings. Amounts owed by related parties in respect of trade balances are repayable on standard trade terms.

**16. Cash at bank and in hand**

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>Company</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unrestricted cash	45,427	14,066	3	379
Restricted cash	703	5,158	-	-
	<b>46,130</b>	<b>19,224</b>	<b>3</b>	<b>379</b>

**Restricted cash**

The restricted cash arises due to interest or capital payment guarantees under the group's banking facilities.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**17. Creditors:** amounts falling due within one year

	Note	Group 2022 £'000	Group 2021 £'000	Parent Company 2022 £'000	Parent Company 2021 £'000
Overdrafts		11,618	4,356	2,880	-
Unsecured bank loans		1,279	-	-	-
Secured bank loans		3,696	3,477	-	-
Secured other loans		10,068	26,998	-	-
Unsecured other loans		-	278	-	-
Finance leases	19(b)	1,200	1,033	1,200	1,033
Debt falling due within one year		27,861	36,142	4,080	1,033
Trade creditors		14,279	8,876	154	34
Development costs to site completion		4,929	4,929	-	-
Amounts owed to subsidiary undertakings		-	-	307,484	362,309
Amounts owed to fellow group undertakings		166,400	143,870	-	-
Amounts owed to related parties		49	84	8	-
Other taxes and social security		38	6	-	-
Government grants		-	86	-	-
Other creditors		17,494	21,852	1,019	255
Accruals		24,736	25,647	2,026	2,565
Deferred income		27,062	15,179	-	-
		282,848	256,671	314,771	366,196

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 2022 £'000	Group 2021 £'000	Parent Company 2022 £'000	Parent Company 2021 £'000
Amounts owed to group undertakings	164,885	140,183	382,386	362,065

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

	Note	Group 2022 £'000	Group 2021 £'000	Parent Company 2022 £'000	Parent Company 2021 £'000
First Mortgage Debenture Stocks		324,931	325,958	-	-
Secured bank loans		462,046	471,060	-	-
Unsecured bank loans		-	1,980	-	-
Secured other loans		13,257	119	-	-
Finance leases	19(b)	2,411	2,043	2,411	2,043
Debt falling due after more than one year		802,645	801,160	2,411	2,043
Government grants		350	-	-	-
Derivative financial instruments	22	89	12,018	-	-
		803,084	813,178	2,411	2,043

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

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



PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**19. Group debt**

**(a) Analysis of group net debt**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Creditors: amounts falling due within one year	27,861	36,142
Creditors: amounts falling due after more than one year	802,645	801,160
Gross debt	830,506	837,302
Cash at bank and in hand	(46,130)	(19,224)
<b>Group net debt</b>	<b>784,376</b>	<b>818,078</b>

**(b) Analysis of gross debt**

**Finance leases**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Parent Company 2022 £'000</b>	<b>Parent Company 2021 £'000</b>
<b>Finance leases due:</b>				
Within 1 year	1,200	1,033	1,200	1,033
1–2 years	1,216	1,041	1,216	1,041
2–5 years	967	1,002	967	1,002
After 5 years	228	-	228	-
	<b>3,611</b>	<b>3,076</b>	<b>3,611</b>	<b>3,076</b>

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

**Other debt**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
<b>Overdrafts, bank and other loans due:</b>		
Within 1 year	26,661	35,109
1–2 years	3,585	5,276
2–5 years	395,445	271,757
	<b>425,691</b>	<b>312,142</b>
After five years – by instalments	20,681	25,995
After five years – not by instalments	380,523	496,089
	<b>826,895</b>	<b>834,226</b>
<b>Total gross debt</b>	<b>830,506</b>	<b>837,302</b>

PEEL L&P HOLDINGS (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 2022 £'000	Carrying value 2021 £'000
First Mortgage Debenture Stock	10.0%	2026	Secured	115,455	116,600
First Mortgage Debenture Stock	8.375%	2040	Secured	209,476	209,358
Revolving credit facility of £300m	SONIA plus margin	2024	Secured	254,427	260,050
Bilateral loan	6.40%	2031	Secured	175,662	178,355
Bilateral loan	4.66%	2031	Secured	35,653	36,132
Non-bank loan	EC Reference rate plus margin	2022	Secured	5,500	11,000
Non-bank loan	SONIA plus margin 3.5%	2024	Secured	3,282	180
Non-bank loan	Interest- free	2022	Unsecured	-	278
Non-bank loan	3.02%	2022	Secured	3,500	3,500
Non-bank loan	EC Reference rate plus margin	2024	Secured	2,837	12,437
Non-bank loan	EC Reference rate plus margin	2025	Secured	8,206	-
Bank loan	0%	2022	Unsecured	-	1,980
<b>Total group loans</b>				813,998	829,870
Finance leases				3,611	3,076
Unsecured bank loans and overdrafts				12,897	4,356
<b>Gross debt, above</b>				830,506	837,302

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 2022 of £784m (2021: £818m) produced a gearing ratio of net debt to shareholders' funds at 141% (2021: 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 2022 the group had unused bank facilities of £13.5m (2021: £16.5m).

The present market value of the group's debenture stocks as at 31 March 2022 shows a post-tax "mark to market" value of £1.5m deficit under book value (2021: deficit under £13.7m).

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**19. Group debt *continued***

**(c) Analysis of movement in group net debt**

	1 April 2021 £'000	Cash flow £'000	Non-cash adjustments £'000	On acquisition £'000	Reclass £'000	31 March 2022 £'000
Cash at bank	14,066	31,169	123	69	-	45,427
Restricted cash	5,158	(4,455)	-	-	-	703
	19,224	26,714	123	69	-	46,130
Overdrafts	(1,356)	(7,262)	-	-	-	(11,618)
Total cash	14,868	19,452	123	69	-	34,512
Debt due within one year (excluding overdrafts)	(31,786)	6,479	-	-	9,064	(16,243)
Debt due after more than one year	(801,160)	8,858	(1,279)	-	(9,064)	(802,645)
<b>Net debt</b>	<b>(818,078)</b>	<b>34,789</b>	<b>(1,156)</b>	<b>69</b>	<b>-</b>	<b>(784,376)</b>

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

**20. Provisions for liabilities**

	Deferred Taxation £'000	Legal Claim £'000	Electricity dispute £'000	Rent concessions £'000	Maintenance costs £'000	Group Total £'000
At 1 April 2021	43,858	4,000	3,000	2,631	12,900	66,389
Profit and loss account	44,155	-	-	(1,135)	(273)	42,747
Movements in other comprehensive income	2,531	-	-	-	-	2,531
On acquisition of subsidiary	(749)	-	-	-	-	(749)
<b>At 31 March 2022</b>	<b>89,795</b>	<b>4,000</b>	<b>3,000</b>	<b>1,496</b>	<b>12,627</b>	<b>110,918</b>

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.

It is not possible to predict when the dispute relating to the late supply of electricity will be settled and payment will become due.

The rent concessions provision arises from the onset of COVID 19. The concessions are temporary and as such are expected to reverse as the economy returns to normal.

The provision for maintenance costs represents future maintenance costs of certain infrastructure.

Provision is made for deferred taxation at a rate of 25% (2021: 19%), the amount provided being:

	Group 2022 £'000	Group 2021 £'000
Capitalised land remediation relief	1,014	771
Capitalised interest	4,449	3,215
Interest rate swaps	(20)	(2,283)
Revalued investment properties	106,857	67,971
Revalued operational assets	6,173	3,642
Fixed asset timing differences	12,805	9,518
Short term timing differences	(3,325)	(743)
Losses	(38,158)	(38,233)
	<b>89,795</b>	<b>43,858</b>

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**20. Provisions for liabilities *continued***

There is an unrecognised deferred tax asset relating to tax losses of £1,931,000 (2021: £1,600,000). Deferred tax has not been recognised because future profits against which it would reverse cannot be forecast with sufficient certainty.

The March 2021 Budget announced that the UK corporation tax rate will increase to 25% with effect from 1 April 2023. As this change was substantively enacted as at 31 March 2022, deferred tax balances are measured at a rate of 25%.

However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 March 2022 continue to be measured at the full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would be to reduce the deferred tax liability by £21,551,000.

During the year commencing 1 April 2022, the net reversal of deferred tax liabilities is expected to decrease the corporation tax charge for the year by £7,032,000. 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:

	2022 £'000	2021 £'000
Receipts due within:		
1 year	59,709	56,749
1 – 5 years	178,554	173,114
Over 5 years	2,575,413	2,281,124
	2,813,676	2,510,987

**22. Derivative financial instruments**

	Current		Non-current	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Derivatives that are designed and effective as hedging instruments carried at fair value</b>				

**Liabilities**

<i>Interest rate swaps measured at fair value</i>	-	-	89	12,018
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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 Fixed contracts	Average contract fixed Interest rate		Notional principal value		Fair value	
	2022 %	2021 %	2022 £'000	2021 £'000	2022 £'000	2021 £'000
2 to 5 years	2.29	2.29	225,000	225,000	(89)	(12,018)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' SONIA. 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 gain of £11.9m (2021: gain £2.8m) was recognised in the profit and loss account on movements in the value of swaps in the year.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**23. Called up share capital and reserves**

<i>Allotted and fully paid</i> <b>Equity share capital</b>	<b>Group and Parent Company</b>	
	<b>Number</b>	<b>£'000</b>
Ordinary shares of £1 each:		
At 1 April 2021 and at 31 March 2022	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**

	<b>Equity</b>	<b>Group Non-equity</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2021 and at 31 March 2022	1	(4)	(3)

**25. Note to the group cash flow statement**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of operating profit to cash generated by operations</b>		
Group operating profit	137,554	9,054
Non-cash adjustments:		
Revaluation (surplus)/deficit on investment properties	(91,411)	5,254
Creation less amortisation of lease incentives	(2,944)	(2,009)
Depreciation of other fixed assets	3,209	2,562
Amounts written off stock	7,890	4,298
(Decrease)/increase in provisions	(1,407)	20,143
Operating cash flow before movement in working capital	52,891	39,302
Movement in stocks	19,294	8,071
Movement in debtors	(4,148)	(24,981)
Movement in creditors	(15,264)	(29,231)
Net cash flows from operating activities	52,773	(6,839)

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**26. Capital commitments**

**(a) Committed by the group**

	<b>Group 2022 £'000</b>	<b>Group 2021 £'000</b>
Capital expenditure contracted for but not provided for in these financial statements	21,823	17,992

**(b) Committed by joint ventures**

	<b>Joint ventures 2022 £'000</b>	<b>Joint ventures 2021 £'000</b>
Capital expenditure contracted for but not provided for in these financial statements	2,000	1,630

**(c) Group share of amount committed by joint ventures**

	<b>Group share 2022 £'000</b>	<b>Group share 2021 £'000</b>
Capital expenditure contracted for but not provided for in these financial statements	1,000	815

**27. Contingent liabilities**

- (a) As at 31 March 2022, the group's banks had provided road bonds and guarantees amounting to £1.9m (2021: £2.9m).
- (b) As at 31 March 2022 subsidiary company Peel Holdings (Land and Property) Limited had guaranteed a £5m (2021: £5.0m) loan made available to 50% owned associated company James Watt Dock LLP. The loan balance at 31 March 2022 was £3.4m (2021: £3.3m).
- (c) As at 31 March 2022 Peel L&P Holdings (UK) Limited had guaranteed a £10.9m (2021: £9.5m) loan made available to fellow subsidiary Mersey Heat Limited.
- (d) As at 31 March 2022 Peel L&P Holdings (UK) Limited had guaranteed rental obligations of £nil (2021: £5.0m) for fellow subsidiary Eventcity 2021 Limited.
- (e) As at 31 March 2022 Peel L&P Holdings (UK) Limited had guaranteed the overdraft facility of £500,000 (2021: £500,000) for fellow subsidiaries Peel Media Hotels Limited and Peel Leisure Operations No. 1 Limited.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**28. Related party transactions**

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

	Balance at 1 April 2021 £'000	Net new loans in the year £'000	Impairment in the year £'000	Balance at 31 March 2022 £'000
Peel Lamp Properties Limited	146	-	-	146
James Watt Dock LLP	3,261	124	-	3,385
Liverpool Airport Property Holdings Limited	1,038	300	-	1,338
USP WW Limited	2,322	1,176	(1,498)	2,000
TFGM Peel Wharfside 1 LLP	2,000	97	-	2,097
TFGM Peel Wharfside 2 LLP	325	-	-	325
<b>Total joint venture loans</b>	<b>9,092</b>	<b>1,697</b>	<b>(1,498)</b>	<b>9,291</b>

The loan balances are included in investments.

(b) During the year to 31 March 2022, companies within Peel L&P Holdings (UK) Limited group have provided services to related parties as follows:

Related party	Transaction	Relationship	Transactions in the year ended 31 March 2022 £'000	Balance at 31 March 2022 £'000	Transactions in the year ended 31 March 2021 £'000	Balance at 31 March 2021 £'000
Companies in the Peel Ports Holdings (CI) Limited group of companies	Provision of services	See below i	2,357	247	1,366	106
Companies in the Leep Utilities Topco Limited group of companies.	Provision of services	See below ii	209	10	157	190
Companies in the Northstone Developments Holdings Limited group of companies	Sale of property	See below iii	16,540	-	2,000	-
Tokenhouse Investments Limited Staff Retirement Benefit Plan	Sale of investment property	See below iv	-	-	3,225	-
USP WW Limited	Provision of services	See below v	25	10	-	-
<b>Total</b>			<b>22,479</b>	<b>267</b>	<b>10,148</b>	<b>296</b>

- (i) Peel Ports Holdings (CI) Limited is owned 37.575% by a group associate.
- (ii) Leep Utilities Topco Limited is owned 10% (2021: 50%) by a group associate.
- (iii) Northstone Developments Holdings Limited is owned 90% by a group associate.
- (iv) The principal employer of Tokenhouse Investments Limited Staff Retirement Benefit Plan is under common control with the group.
- (v) USP WW Limited is a 50% owned Joint Venture.

PEEL L&P HOLDINGS (UK) LIMITED

Notes to the Financial Statements *continued*

**28. Related party transactions *continued***

(c) During the year to 31 March 2022, companies within Peel L&P Holdings (UK) Limited group have received services from related parties as follows:

Related party	Transaction	Relationship	Transactions in the year ended 31 March 2022 £'000	Balance at 31 March 2022 £'000	Transactions in the year ended 31 March 2021 £'000	Balance at 31 March 2021 £'000
Companies in the Peel Ports Holdings (CI) Limited group of companies	Services	See above i	775	16	346	58
Companies in the Leep Utilities Topco Limited group of companies.	Services	See above ii	535	-	-	-
Tokenhouse Investments Limited Staff Retirement Benefit Plan	Services	See above iv	33	33	23	26
<b>Total</b>			<b>1,343</b>	<b>49</b>	<b>369</b>	<b>84</b>

**29. Ultimate parent company**

The ultimate parent company in the period to 31 March 2022 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, 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, a company incorporated in England & Wales. Its registered office is Venus Building, 1 Old Park Lane, TraffordCity, Manchester, United Kingdom, M41 7HA.