

Bricklane London REIT plc

Company registration number: 10759361

Half Yearly Consolidated Financial Report
for the six months ended 31 December 2021 (unaudited)

Directory

Non-executive Directors	Simon Heawood Michael Young Paul Windsor Craig Hallam
Registered office	20 Baltic Street London EC1Y 0UL
Registered number	10759361 (England and Wales)
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Independent Auditor	Crowe UK LLP 55 Ludgate Hill, London, EC4M 7JW
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Interim Strategic Report

The Directors present their interim strategic report for the six months ended 31 December 2021.

Introduction

Bricklane London REIT plc became the principal company in a UK REIT (Real Estate Investment Trust) group on 1 December 2017. A UK REIT is a Group that carries on a property rental business and meets HM Revenue & Customs (HMRC) requirements for UK REIT status. As a consequence of being a REIT Group, Bricklane London REIT plc does not pay tax on the profits of its property rental business. However, when the Company pays a distribution (Property Income Dividends), tax may be due from shareholders. The REIT regime requires that 90% of the group's property rental income is distributed to its shareholders.

Bricklane London REIT plc owns a subsidiary entity, which together are referred to as the 'Group'.

The principal activity of Bricklane London REIT plc is property investment in the United Kingdom. The Group's investment objective was to make long-term investments in residential property in London and areas commutable to it. On 18 July 2018, the company's shares were admitted to the Official List of The International Stock Exchange.

Although the Bricklane London REIT plc has so far been unaffected by fire safety issues, the viability of the Group has been severely impacted by the issues in Bricklane Residential REIT plc. Shareholder confidence is key for the long-term viability of these funds, and demand for new shares in the Company has been extremely low since the issues with Bricklane Residential REIT plc came to light last year. We cannot guarantee that the Group will not be affected by fire safety issues in the future, and the confidence of prospective investors is of paramount importance. In light of these circumstances, and having evaluated the circumstances and available options, on 10 June 2021 the Directors announced that they believed that investors' interests were best served through an orderly sale of properties, after which net proceeds cash will be returned.

Going concern

In assessing the Group's going concern status, the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

As the Directors announced their intention to wind down the entities on 10 June 2021, under IAS 1 (Presentation of Financial Statements), the accounts cannot be prepared on a going concern basis. This is despite the Group having sufficient working capital to pay its debts.

A basis other than going concern may require adjustments to the financial statements to reduce assets to their recoverable values; to provide for liabilities arising from the decision and to reclassify non-current assets and long-term liabilities as current assets and liabilities. After carrying out a review of the Group, it was concluded that the only necessary change was a reclassification of property assets from non-current to current, as the requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) were met. These assets are currently being marketed and expected to be sold within 12 months of the balance sheet date.

As at 31 December 2021, the Group had net assets of £4,178,751 (2020: £4,323,305) and net current assets of £4,178,751 (2020: £253,694).

Results to the period ended 31 December 2021

The Directors monitor the Group's KPIs as part of the business review, these KPIs include investment property valuation, net yield, issue price of shares and NAV per share.

During the period, the Group purchased no further properties and the market value of the investment property portfolio decreased by £15,000 (2020: increase of £22,000). The Group is now actively marketing the remainder of the portfolio. By the end of the reporting period, the Group had sold £1.025m of assets and since the period end a further £0.34m have been sold. Of the remaining five unsold assets held at the period end date, three properties were under offer subject to contract as at the date of this report.

During the period, the Group generated rental income of c.£57k (2020: c.£79k) and made a loss before tax of c.£48k (2020: c.£49k profit). The reduction in rental income was due to properties being vacated to enable their sale.

Share issues and dividends

During the period, no interim dividend was declared or paid. Since the period end an interim dividend of 1.2p per share was paid by the Directors.

Directors are now intending to revert to quarterly dividends, which were paused during the last financial year.

During the period, the Company issued no further shares and no further Treasury Shares were purchased. As at the date of this report, the Company held 397,028 as Treasury Shares.

The results for the period are set out on page 6, which shows that the Loss to Shareholders was £48k (2020: £49k profit).

This report was approved by the Directors on 22 April 2022 and signed on its behalf by

A handwritten signature in blue ink, appearing to read 'M Young', is written over a light blue rectangular background.

Michael Young
Director

Group Statement of Comprehensive Income
For the period ended 31 December 2021 (unaudited)

		1 Jul 2021 - 31 Dec 2021 £	1 Jul 2020 - 31 Dec 2020 £	(Audited) 1 Jul 2020 – 30 Jun 2021 £
Rental Income		57,288	79,167	152,610
Property Management Expenses				
Property Management Fees & Letting Costs		(6,084)	(8,047)	(17,073)
Service Charges & Ground Rent		(6,191)	(6,860)	(15,085)
Repairs & Maintenance Costs		(5,695)	(13,818)	(24,706)
Depreciation		(1,926)	(2,339)	(4,648)
Other Expenses		(3,449)	(2,588)	(6,486)
Rental Profit		33,943	45,515	84,612
Unrealised Capital Gains / (Losses)	5	(15,000)	22,000	8,000
Fair value loss due to property acquisition costs		-	-	-
Unrealised capital gain/(loss) net of property acquisition costs		(15,000)	22,000	8,000
Realised capital losses on property disposal		(27,365)	-	(15,787)
Property Profit / (loss)		(8,422)	67,515	76,825
Fund Expenses				
Bank Charges		(130)	(120)	(240)
Administration Fees		(38,537)	(18,423)	(61,956)
Profit/(loss) before Taxation		(47,089)	48,972	14,629
Taxation	2	-	-	-
Profit/(loss) and total comprehensive income for the period		(47,089)	48,972	14,629
<i>Analysed as:</i>				
Rental Profit		33,943	45,515	84,612
Unrealised Capital Gains / (Losses)		(15,000)	22,000	8,000
Realised Capital Losses		(27,365)	-	(15,787)
Administration Fees & Other Fund Expenses		(39,522)	(18,543)	(62,196)
Adjusted profit to Shareholders		(47,089)	48,972	14,629
Profit/(loss) before Taxation		(47,089)	48,972	14,629
Taxation		-	-	-
Profit/(loss) and total comprehensive income for the year		(47,089)	48,972	14,629
Earnings per ordinary share (basic & diluted)	9	(1.1p)	1.2p	0.35p

Group Statement of Financial Position

As at 31 December 2021 (unaudited)

	Notes	31 Dec 2021 £	31 Dec 2020 £	30 Jun 2021 £
Non-Current assets				
Investment property	5	-	4,059,000	-
Property, plant and equipment		-	10,611	-
		-	4,069,611	-
Current assets				
Investment property	5	2,480,000	-	3,520,000
Property, plant and equipment		5,437	-	8,417
Receivables	6	21,122	10,898	548,532
Cash and cash equivalents		1,697,007	256,244	182,975
		4,203,566	267,142	4,259,924
Payables: amounts falling due within one year	7	(24,815)	(13,448)	(34,084)
Net Assets		4,178,751	4,323,305	4,225,840
Capital and reserves				
Share capital	3	46,052	46,052	46,052
Share premium		838,290	838,290	838,290
Capital reduction reserve		3,893,048	3,956,170	3,893,048
Treasury shares		(428,076)	(428,076)	(428,076)
Retained loss		(170,563)	(89,131)	(123,474)
Shareholders' funds		4,178,751	4,323,305	4,225,840
Net asset value per share (£)		0.993	1.027	1.004

These financial statements were approved by the Board of Directors and authorised for issue on 22 April 2022 and are signed on behalf of the board by:



Michael Young
Director

Company registration number 10759361

The accompanying notes set out on page 10 to 13 form an integral part of these financial statements.

Group Statement of Changes in Equity

For the period ended 31 December 2021 (unaudited)

	Share Capital	Share Premium	Retained Earnings	Capital Reduction Reserve	Treasury Shares	Total
	£	£	£	£	£	£
Balance at 30 Jun 2020	46,052	838,290	(138,103)	3,956,170	(428,076)	4,274,333
Total Comprehensive Income for the Period	-	-	48,972	-	-	48,972
Balance at 31 Dec 2020	46,052	839,820	(89,131)	3,956,170	(428,076)	4,323,305
Dividends Paid	-	-	-	(63,122)	-	(63,122)
Total Comprehensive Income for the Period	-	-	(34,343)	-	-	(34,343)
Balance at 30 Jun 2021	46,052	838,290	(123,474)	3,893,048	(428,076)	4,225,840
Total Comprehensive Income for the Period	-	-	(47,089)	-	-	(47,089)
Balance at 31 Dec 2021	46,052	839,820	(170,563)	3,893,048	(428,076)	4,178,751

Group Statement of Cash Flows

As at 31 December 2021 (unaudited)

	<i>Notes</i>	1 Jul 2021 - 31 Dec 2021 £	1 Jul 2020 - 31 Dec 2020 £	(Audited) 1 Jul 2020 – 30 Jun 2021 (£)
Cash Flows from Operating Activities				
Total comprehensive income for the Operating Period		(47,089)	48,972	14,629
Adjusted for;				
Unrealised valuation (gains) / loss on investment property	5	15,000	(22,000)	(8,000)
Realised losses on disposal		27,365	-	15,787
Decrease / (Increase) in receivables	6	527,410	335	(28,086)
Increase / (Decrease) in payables	7	(9,269)	1,044	21,680
Depreciation		1,812	2,339	4,648
Loss on disposal of fixed assets		1,926	-	1,842
Net Cash Flows used in Operating Activities		517,155	30,690	22,500
Cash Flows from Investing Activities				
Disposal of investment property		997,635	-	-
Purchase of property, plant and equipment		(758)	(1,019)	(2,976)
Net Cash Flows from Investing Activities		996,877	(1,019)	(2,976)
Cash Flows from Financing Activities				
Dividends Paid	4	-	-	(63,122)
Net Cash Flows from Financing Activities		-	-	(63,122)
Increase in cash and cash equivalents		1,514,032	29,671	(43,598)
Cash and cash equivalents at the start of the period		182,975	226,573	226,573
Cash and cash equivalents at the end of the period		1,697,007	256,244	182,975

Notes to the Consolidated and Company Financial Statements for the period ended 31 December 2021 (unaudited)

1. Accounting policies

Basis of preparation

Bricklane London REIT plc (the 'Company') is a company incorporated and domiciled in the UK. It is a public limited liability company listed on The International Stock Exchange. The Group financial statements consolidate those of the company and its subsidiary, together referred as the 'Group'

This consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial performance and position of the Group since the last financial statements for the year ended 30 June 2021. This consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The financial statements are unaudited and do not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006.

A copy of the annual audited accounts for the year ended 30 June 2021 has been delivered to the Registrar of Companies.

The financial statements have been prepared under the historical cost convention except investment property which are stated at their fair value.

The preparation of financial statements in compliance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors' best knowledge of the events and amounts involved, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity or areas where estimates or assumptions are significant to the financial statements are disclosed in note 2.

In assessing the Group's going concern status the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

Going concern

The Directors announced their intention to wind down the entities on 10 June 2021 due to the viability of the Group resulting from reduced demand for new shares, which has been driven from fire safety issues within Bricklane Residential REIT plc, therefore under IAS 1 (Presentation of Financial Statements), the accounts cannot be prepared on a going concern basis. In assessing the Group's going concern status on this basis, the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

A basis other than going concern may require an adjustment to the financial statements to reduce assets to their recoverable values; to provide for liabilities arising from the decision and to reclassify non-current assets and long-term liabilities as current assets and liabilities. After carrying out a review of the Group, it was concluded that the only necessary change was a reclassification of property assets from non-current to current, as the requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) were met. These assets are currently being marketed and expected to be sold within 12 months of the balance sheet date.

Property, plant and equipment

These assets are stated at historical cost less accumulated depreciation. Depreciation is charged using the straight-line method over 3 to 5 years.

Property, plant and equipment relates solely to furniture which is situated across the REIT's investment properties and can be reallocated between the different properties as tenancies require.

Revenue Recognition

Rental income comprises the fair value of the consideration received or receivable during ordinary operating activities. Revenue is recognised when the amount of revenue and related cost can be reliably measured and the collectability of the related receivables is reasonably assured. Rental income (net of any incentives given to the lessees, such as rent-free periods) is recognised on a straight-line basis over the lease term.

Segmental analysis

The Directors, who together are the Chief Operating decision makers, consider that the Group comprises of one operating segment and that it operates in the country of incorporation. The Group provides directors with financial information that is on an aggregated level with the exception of the fair value of the investment properties. As such, there is no segmental information to disclose.

Expense Recognition

All expenses are accounted for on an accruals basis. Letting costs and costs associated with setting up a lease are recognised on a straight-line basis over the lease term.

Investment Properties

Investment properties are initially recognised at cost (including acquisition costs) and subsequently carried at fair value, as provided by Allsop LLP. Allsop LLP are external valuers who hold a recognised and relevant qualification and have experience in valuing residential property. Changes in fair values are recognised as unrealised gains or losses through the profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The costs of renovations and improvements are capitalised. The costs of maintenance, repairs and minor improvements are recognised in the profit or loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in income statement.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

Receivables

Rents receivable are recognised and carried at the original payment amount, less an allowance of uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the Group's functional and presentational currency.

2. Critical accounting estimates and assumptions

The following is intended to provide further details relating to those accounting policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

REIT status

Bricklane London REIT plc is the principal company of a Real Estate Investment Trust ("REIT") group, and as such, does not pay corporation tax on its property rental business profits (property income and gains on property disposals) provided that at least 90% of the Groups' property income is distributed to shareholders within specified time limits. This distribution (Property Income Dividend) is taxed as property income in the shareholders' hands. In addition, the Group must meet other obligations of the REIT regime, which includes limits on the levels of non-property rental business it can undertake. The Directors' view is that all REIT compliance tests have been met to ensure that the Group maintains its REIT status. It is the Directors' intention that the Group will continue as a REIT for the foreseeable future.

Valuation of Investment Property

The Directors are required to make an assessment of the value of the Group's investment property portfolio using the valuation prepared by Allsop LLP. The fair value provided by Allsop LLP is based on the market value of the individual residential units.

3. Called up share capital

	31 Dec 2021	31 Dec 2020	30 June 2021
Share capital	£46,052	£46,052	£46,052
Ordinary shares of £0.01 each (Allotted, called up and fully paid)	4,605,152	4,605,152	4,605,152

During the period no further, ordinary shares were issued. Each ordinary share has equal right to dividends and is entitled and has equal rights to participate in a distribution arising from a winding up of the Group. The ordinary shares are not redeemable.

4. Dividends

No dividends were declared or paid during the period.

5. Investment Property

	31 Dec 2021 £	31 Dec 2020 £	30 June 2021 £
Fair value at start of the period	3,520,000	4,037,000	4,037,000
Gain / (loss) from fair value adjustments on investment property	(15,000)	22,000	8,000
Disposals	(1,025,000)	-	(525,000)
Fair value at end of the period	2,480,000	4,059,000	3,520,000

6. Receivables

	31 Dec 2021 £	31 Dec 2020 £	30 June 2021 £
Accounts receivable	8,094	2,491	541,003
Prepayments	13,028	8,407	7,529
	21,122	10,898	548,532

7. Payables

	31 Dec 2021 £	31 Dec 2020 £	30 June 2021 £
Accounts payable	219	771	17,367
Accruals	24,593	11,721	15,764
Other creditors	3	6	3
Provision	-	950	950
	24,815	13,448	34,084

8. Employees and directors

The Group does not have any employees.

None of the Directors receive any remuneration for their roles as Directors of the Group. During the period £7,250 (2020: £7,250) was paid for Director services to Crestbridge UK Limited in relation to one Director.

9. Earnings per share

Basic earnings per share is calculated by dividing the Profit and total comprehensive income for the period by the weighted average number of ordinary shares in issue during the period. There are no dilutive instruments outstanding and so basic and diluted earnings per share are identical.

	31 Dec 2021	31 Dec 2020	30 June 2021
Profit and total comprehensive income for the period	(£47,089)	£48,972	£14,629
Weighted average number of ordinary shares in the period	4,208,124	4,208,124	4,208,124

10. Events after the balance sheet date

After the 31 December 2021 Bricklane London REIT Plc have sold a property for a consideration of £340,000.

Since the period end an interim dividend of 1.2p per share has been paid by the Directors.

11. Total adjusted profit to Shareholders

To provide shareholders with useful information and to show a result that reflects the underlying performance of the property portfolio, shareholders have been provided with an adjusted profit calculation, which excluded acquisitions costs incurred during the period.

In order to treat existing investors fairly, when the Company issued shares, the issue price used was calculated using net asset value and was adjusted for the amortisation of property acquisition costs. These acquisition costs were amortised over the first five years for each property from purchase. This practice was in line with other real estate investment companies.