Bricklane Residential REIT plc
Company registration number: 10301242

Annual Report and Financial Statements
For the period 28 July 2016 to 30 June 2017

Directory

Non-executive Directors	Simon Heawood Michael Young Paul Windsor Craig Hallam
Registered office	Floor 2 6-8 Bonhill Street London EC2A 4BX
Registered number	10301242 (England and Wales)
Alternative Investment Fund Manager	Gallium Fund Solutions Ltd Gallium House Station Court Borough Green Sevenoaks TN15 8AD
Independent Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Investment Advisor	Bricklane Investment Services Ltd 2nd floor 6-8 Bonhill Street London EC2A 4BX *An appointed representative of Gallium Fund Solutions Ltd*
Legal advisors	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Standing Independent Valuer	Allsop LLP 33 Park Place Leeds LS1 2RY
TISE Listing Sponsor	Carey Olsen Corporate Finance Ltd 47 Esplanade St Helier Jersey JE1 0BD

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Strategic Report

The Directors present their strategic report for the period ended 30 June 2017

Incorporation
Bricklane Residential REIT plc (the 'company') was incorporated in the United Kingdom on 28 July 2016. On 23 September 2016, the company's shares were admitted to the Official List of The International Stock Exchange. Using a Share Issuance Programme, the company issued shares on a regular basis during the period and used these funds to invest in residential property in Manchester, Birmingham and Leeds.

Bricklane Residential REIT plc became the principal company in a UK REIT (Real Estate Investment Trust) group on 1 December 2016. A UK REIT is a group that carries on a property rental business and meets HM Revenue & Customs (HMRC) requirements for UK REIT status. After the company had completed the purchase of its third property, it had met all the HMRC requirements and so was able to enter the REIT regime. As a consequence of being a REIT group, Bricklane Residential 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 Residential REIT plc owns a subsidiary entity, which together are referred to as the 'Group'.

Business review and principal activities
The principal activity of Bricklane Residential REIT plc is property investment in the United Kingdom. The group's investment objective is to make long-term investments in residential property in UK cities, focussing on Manchester, Birmingham and Leeds.

During the period, the group purchased 15 properties and a further 2 properties were purchased since the period end.

Each of the target property markets have performed well during 2016 and 2017. In addition, the group purchased a number of properties at a discount to market value. During the period, the market value of the investment property portfolio increased by £94.9k (3%), prior to the impact of acquisitions costs.

During the period, the group generated net rental income of £61k. The weighted average net rental yield for the current portfolio properties is forecast to be 4.2% over the next 5 years.

In order to treat existing investors fairly, when the company issues shares, the issue price used is calculated using net asset value and is adjusted for the amortisation of property acquisition costs. These acquisition costs are amortised over the first five years for each property from purchase. Over the period the issue price for new shares has increased by 7.4% to £1.0737. The NAV per share increased by 3.5% to £1.0349.

Since the period end, the company has issued a further 513,067 shares

The results for the period are set out on page 9, which shows that the Adjusted Profit to Shareholders was £120,830, which takes into account the impact of acquisition costs incurred during the period. Prior to this adjustment the loss for the period was £31,368.

Principal risks and uncertainties
The management of the business and execution of the group's strategy is subject to a number of risks. The principal risks affecting the group include:

Market risk - macroeconomic conditions leading to poor rental income and/or capital performance. Although the wider market risk is largely dependent on factors the group cannot control, the group will continue to manage its exposure by maintaining and growing a portfolio that is diversified across the target markets. In order to deliver the sustainable returns, the group targets 'mainstream' properties that appeal to a wide range of tenants, and which exhibit strong rental and sales demand.

Investment risk - poor selection of assets for acquisition leading to poor rental income and/or capital performance. To mitigate this risk the group will seek to maintain a diversified portfolio and the investment adviser, Bricklane Investment Services Ltd, carries out rigorous due diligence prior to each acquisition.

Regulatory risk - a failure to meet current or increased legal or regulatory obligations or anticipate and respond to changes in regulation that creates increased and costly obligations. The group recognises the importance of meeting all regulatory and legal obligations and so closely monitors regulatory changes.

This report was approved by the Directors on 13 September 2017 and signed on its behalf by

Michael Young
Director

Directors' Report for the period ended 30 June 2017

The Directors present their report and the audited financial statements of Bricklane Residential REIT plc together for the period ended 30 June 2017.

Distributions
No Property Income Dividend ('PID') was made during the period. To meet the requirements needed to maintain its status as a REIT, the group will make a PID payment within 12 months from the end of the accounting period. 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.

Going concern
The Directors consider the group and company to be a going concern and the financial statements are prepared on this basis.

Directors
The Directors who served during the period, and up to the date of signing are:
Simon Heawood,
Michael Young,
Paul Windsor, and
Craig Hallam.

All of the above Directors were appointed on 28 July 2016.

Statement of Directors' Responsibilities
The Directors are responsible for preparing these 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 they are required to prepare financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group, and the profit and loss for that period. In preparing the financial statements, the Directors are required to:

- Selected suitable accounting policies and then apply the consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group, and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Employment
The group has no employees.

Directors Indemnity Insurance
The Directors have a benefit of an indemnity in respect of liabilities arising out of the proper performance of their duties and an exclusion of liability.

Independent auditors
Grant Thornton UK LLP were appointed as auditor during the period, and are deemed to be re-appointed under 487(2) of the Companies Act 2006.

This report was approved by the Board of Directors on 13 September 2017 and signed on its behalf by

Michael Young
Director

Independent auditor's report to the members of Bricklane Residential REIT plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Bricklane Residential REIT plc for the period from 28 July 2016 to 30 June 2017, which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Who we are reporting to
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.

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

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

Overview of our audit approach

- Overall materiality: £35,000, which represents 1% of the group's net asset value; and
- Key audit matters identified were;
  - Valuation of investment property; and
  - Recognition of revenue.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment property The group's investment property portfolio is required to be held at fair value under International Accounting Standard (IAS) 40 'Investment Property'. The valuation of the properties within this portfolio is inherently subjective due to the specific factors affecting each property. Allsop LLP were appointed as the independent, external valuer (the 'valuer'). The valuer takes into account property-specific information such as the location, property condition, and the sale of comparable properties in the market. The valuation of investment property was one of the most significant assessed risks of material misstatement (whether or not due to fraud) because of the existence of significant estimation uncertainty.	Our audit work included, but was not restricted to: • agreeing the year end property valuations recorded in the financial statements to the professional valuation reports. We assessed the competence and capability of the company's external valuer and the appropriateness of their work in respect of our audit by checking the qualifications of the valuer and the valuation guidelines used; • holding a meeting with the valuer at which the valuations of all properties, the valuation methodology and any assumptions contained therein were discussed in detail, taking into account property-specific factors; and • exercising professional scepticism by challenging the valuer on the assumptions that they applied to each property. The group's accounting policy on investment property is shown in note 1 to the financial statements and related disclosures are included in note 6. **Key observations** From the work conducted above, we did not identify any material differences.
Recognition of revenue Revenue for the group consists of rental income, recognised in accordance with IAS 18: 'Revenue'. This income is based on tenancy agreements. The recognition of revenue was one of the most significant assessed risks of material misstatement (whether or not due to fraud) because incomplete or inaccurate revenue recognition could have an adverse impact on the group's net asset value, earnings per share, its level of dividend cover and compliance with REIT regulations.	Our audit work included, but was not restricted to: • agreeing rental income to signed tenancy agreements; • creating an expectation of rental income and comparing our expectation to the rental income recognised in the financial statements and seeking explanations for any differences greater than our defined acceptance range; and • considering the group's revenue recognition policy in the context of our substantive testing, to confirm that the policy has been correctly applied and that it is in accordance with IAS 18: 'Revenue'. The group's accounting policy on revenue recognition is shown in Note 1 to the Financial Statements. **Key observations** From the work conducted above, we did not identify any material differences.

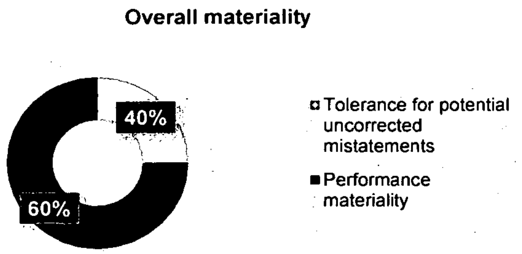
Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or

influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £35,000 which is 1% of the group's net assets. This benchmark is considered the most appropriate because of the nature of the group as a Real Estate Investment Trust, where stakeholders are most interested in the net asset value.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



We determined the threshold at which we will communicate misstatements to the audit committee to be £1,750. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit
Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile and, in particular, included an evaluation of the company's internal controls environment including its IT systems and controls, understanding of company's investment strategy and understanding of investment valuation process.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 4 to 7 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
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 has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 6, 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 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 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

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

Grant Thornton UK LLP

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
13 September 2017

Group and Company Statement of Comprehensive Income
For the period ended 30 June 2017

	Note	28 Jul 2016 – 30 Jun 2017 £
Rental Income		61,796
Property Management Expenses		
Property Management Fees & Letting Costs		(5,934)
Service Charges & Ground Rent		(9,574)
Repairs & Maintenance Costs		(2,754)
Depreciation		(773)
Other Expenses		(5,240)
Rental Profit		**37,521**
Unrealised Capital Gains		94,491
Property Acquisition Costs during the Period		(152,001)
Net change in fair value on investment property		**(57,510)**
Property Profit		**(19,989)**
Fund Expenses		
Bank Charges		(406)
Bricklane.com Management Fee		(10,776)
Profit/(loss) before Taxation		**(31,171)**
Taxation	10	(197)
Profit/(loss) and total comprehensive income for the period		**(31,368)**

Analysed as:		
Rental Profit		37,521
Unrealised Capital Gains		94,491
Bricklane.com Management Fee		(10,776)
Bank Charges		(406)
Adjusted profit to Shareholders		**120,830**
Property Acquisition Costs during the Period	16	(152,001)
Profit/(loss) and total comprehensive income for the period		**(31,368)**

Earnings per ordinary share (basic & diluted) (p)	14	(2.3p)

Group and Company Statement of Financial Position

As at 30 June 2017

	Notes	**Group 30 Jun 2017 £**	**Company 30 Jun 2017 £**
Non-Current assets			
Investment property	*1,6*	3,263,000	3,263,000
Property, plant and equipment	*1,5*	15,158	15,158
Investment in subsidiary		-	1
		3,278,158	**3,278,159**
Current assets			
Receivables	*8*	104,126	104,126
Cash and cash equivalents		173,828	173,828
		277,954	**277,954**
Payables: amounts falling due within one year	*9*	(20,200)	(20,201)
Net Assets		**3,535,912**	**3,535,912**
Capital and reserves			
Share capital	*3*	34,167	34,167
Share premium		665,197	665,197
Capital reduction reserve		2,867,916	2,867,916
Retained profit		(31,368)	(31,368)
Shareholders' funds		**3,535,912**	**3,535,912**
Net asset value per share			£1.0349

These financial statements were approved by the Board of Directors and authorised for issue on 13 September 2017 and are signed on behalf of the board by:

Michael Young
Director

Company registration number 10301242

The accompanying notes set out on page 16 to 22 form an integral part of these financial statements.

Group and Company Statement of Changes in Equity
For the period ended 30 June 2017

	Share Capital	Share Premium	Retained Earnings	Capital reduction reserve	Total
	£	£	£	£	£
Balance at 28 Jul 2016	-	-	-	-	-
Proceeds from the issue of Ordinary Shares	34,167	3,533,113	-	-	3,567,280
Total Comprehensive Income for the Period	-	-	(31,368)	-	(31,368)
Creation of capital reduction reserve	-	(2,867,916)	-	2,867,916	-
Balance at 30 Jun 2017	**34,167**	**665,197**	**(31,368)**	**2,867,916**	**3,535,912**

Group and Company Statement of Cash Flows
As at 30 June 2017

	Notes	28 Jul 2016 – 30 Jun 2017 £
Cash Flows from Operating Activities		
Total comprehensive income for the Operating Period		**(31,368)**
Adjusted for;		
Unrealised valuation gains on investment property	*6*	(94,491)
Property acquisitions costs		152,001
Increase in receivables	*8*	(22,099)
Increase in payables	*9*	20,200
Depreciation	*5*	773
Net Cash Flows used in Operating Activities		**25,016**
Cash Flows from Investing Activities		
Acquisition and refurbishment of investment property	*5*	(3,320,510)
Purchase of property, plant and equipment	*6*	(15,931)
Net Cash Flows from Investing Activities		**(3,336,441)**
Cash Flows from Financing Activities		
Proceeds from the issue of ordinary shares	*3*	3,485,253
Net Cash Flows from Financing Activities		**3,485,253**
Increase in cash and cash equivalents		173,828
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period		**173,828**

Notes to the Consolidated and Company Financial Statements
for the period ended 30 June 2017

1. Accounting policies

Basis of preparation
Bricklane Residential 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'. All notes, with the exception of note 7 relate to both the group and the company.

These audited financial statements of the company and group for the period ended 30 June 2017 have been prepared in accordance with and comply with International Financial Reporting Standards ('IFRSs') as adopted by the EU and the Companies Act 2006.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. The accounting policies set our below are applicable to the Group and Company unless otherwise stated.

The preparation of financial statements in conformity with IFRS 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.

After due consideration of the future expected cash flows of the company and group, the directors are confident that the company and group have sufficient financial resources to meet its obligations as a going concern for the foreseeable future, being more than 12 months from the date of approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

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.

Adoption of new and revised IFRSs and Interpretation
The Directors considered all relevant new standards, amendments and interpretations to existing standards effective for the period ended 30 June 2017, but they have not been early adopted. The Directors' assessment is that they would not have not led to any changes in the group's accounting policies and they had no material impact on the financial statements of the group. Those that are most relevant to the group are set out below:

- IFRS 15, 'Revenue from Contracts', replaces IAS 11 and IAS 18 and some revenue-related interpretations and establishes a single comprehensive framework for revenue recognition. IFRS 15 is effective for period beginning on or after 1 January 2018.
- IFRS 16, 'Leases', replaces the existing standard IAS 17 Leases, where lessees are required to make a distinction between a finance lease and an operating leased. Effective for reporting periods beginning on or after 1 January 2019.
- IAS 40, 'Investment Property', amendments in Transfers of Investment Property. Clarification of when properties can be transferred to and from investment property. Effective for periods beginning on or after 1 January 2018.

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 Residential 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.

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 the Allsop LLP is based on the market value of the individual residential units.

3. Called up share capital

	30 June 2017
	£
Allotted, called up and fully paid	
3,416,748 ordinary shares of £0.01 each	34,167

During the period 34,167 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.

The initial listing costs and share issue costs during the period were paid by Bricklane Investments Services Ltd, the group's Investment Advisor.

4. Auditor remuneration

Fees of £25,000 are payable to the group's auditor for the audit of the group's annual accounts. This fee will be paid by Bricklane Investment Services Ltd on behalf of Bricklane Residential REIT plc.

5. Property, plant and equipment

	Furniture, fixtures and fittings £
Cost	
As at 28 July 2016	-
Additions	15,931
As at 30 June 2017	15,931
Depreciation	
As at 28 July 2016	-
Charge during the period	(773)
As at 30 June 2017	(773)
Carrying amount	
As at 30 June 2017	**15,158**

6. Investment Property

	£
Fair value at 28 July 2016	-
Additions:	
- Direct acquisitions	3,165,000
- Subsequent expenditure	3,509
Net gain from fair value adjustments on investment property	94,491
Fair value at 30 June 2017	**3,263,000**

7. Investment in subsidiary (company only)

	30 June 2017 £
Cost	
As at 28 July 2016	-
Additions	1
As at 30 June 2017	1

Bricklane Residential REIT Plc holds 100% of the ordinary shares in Bricklane Regional Acquisitions Limited, a dormant company incorporated in the United Kingdom.

8. Receivables

	30 June 2017 £
Accounts receivable	6,373
Share issue receivable	82,027
Prepayments	14,726
Property deposit	1,000
	104,126

9. Payables

	30 June 2017 £
Accounts payable	514
Deferred income	10,954
Accruals	8,236
Other creditors	496
	20,200

10. Taxation

	30 June 2017 £
Tax charge for the period	197

Effective 1 December 2016 the Bricklane Residential REIT Plc elected for UK REIT status. Consequently, Bricklane Residential REIT Plc 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 REIT's property income is distributed to shareholders. This distribution is taxed as property income in the shareholders' hands. Any group profits which do not qualify for exemption under the REIT regime are subject to UK tax in the normal way.

The tax charge for the period (prior to obtaining REIT status) is different to the tax charge for the period derived by applying the standard rate of corporation tax in the UK of 19% to the profit before tax. The differences are explained below:

	30 June 2017
	£
Loss before tax	**(31,171)**
Tax calculated at UK standard rate of incorporation tax of 19%	(5,922)
Valuation gains on investment property	(17,953)
Non-deductible expenditure	29,027
Property rental business profits	**5,152**
Rental profits exempt under REIT regime	(4,955)
Tax charge for the period	**197**

11. Employees and directors

The group does not have any employees.

Three of the four Directors do not receive any remuneration for their roles at Directors of the group. One director received a total fee of £22,000 during the period, however this fee was paid by Bricklane Investment Services Ltd.

12. Related parties

During the period, a credit facility of £85,000 was provided by Bricklane Investment Services Ltd to Bricklane Residential REIT on a commercial basis for 7 days. Bricklane Investment Services is the Investment Advisor of the Bricklane Residential REIT. The credit facility enabled the group to take advantage of a property acquisition opportunity. This loan was repaid with £130 of interest.

13. Operating leases

The future aggregate minimum lease payments due to the group under non-cancellable operating leases are as follows:

	£
Expiring within 12 months	52,575

14. 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.

	£
Profit and total comprehensive income for the period	(31,368)
Weighted average number of ordinary shares in the period	1,391,917

15. Events after the balance sheet date

After the 30 June 2017 Bricklane Residential REIT Plc continued to issue shares on a fortnightly basis. Since the period end, a further 513,067 shares were issued.

16. Total adjusted profit to Shareholders

The directors intend to expand the group through a programme of share issues and purchase additional investment properties with the proceeds. The group will incur acquisition costs as a result of each of these purchases, and under IFRS these will immediately impact the income statement.

Due to the continued purchase of properties, the group may continue to generate a loss under IFRS, such as in this period. In order 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 issues shares, the issue price used is calculated using net asset value and is adjusted for the amortisation of property acquisition costs. These acquisition costs are amortised over the first five years for each property from purchase. This practice is in line with other real estate investment companies.

17. Financial Risk Management

The main financial risks arising from the group's activities are market risk, liquidity risk and credit risk. The group's approach to managing these risks are outlined below.

The group manages these risks through the review of information supplied by the investment advisor and other sources, which is then discussed at Board meetings.

Market risk

The group's exposure to market risk is comprised mainly of movements in the value of the group's property investments and hence to movements in house price valuations. An exposure to the housing market is a key driver for investment into the group by shareholders, and so the group does not aim to remove market risk. However, to mitigate this risk, an investment advisor has been appointed. The investment advisor monitors the market value of investment properties by having independent valuations performed monthly.

The group is not exposed to market price movements on financial instruments as it did not hold any equity securities during the period.

Liquidity risk

Liquidity risk is the risk that the group may encounter difficulty in raising funds to meet commitments associated with financial liabilities, which would result in a large draw on cash resources. As a REIT, the group is required to distribute at least 90% of the group's net property income to shareholders within specified time limits.

The table below analyses financial liabilities into relevant maturity groupings, based at the statement of financial position date on the remaining period to maturity date.

	Less than 1 year	Total
	£	£
Payables held at amortised cost	20,200	20,200
	20,200	**20,200**

Credit risk
Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the group. In the event of default by an occupational tenant, the group will suffer a rental shortfall and incur additional related costs. Prior to agreeing a tenancy agreement with a new tenant, checks are performed to assess their creditworthiness. In addition, the investment advisor regularly reviews the reports on any tenants in arrears and upcoming tenancy end dates are monitored.

All cash balances at the period end were held with Metro Bank PLC.

Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 13 Fair Value hierarchy for investment property, which is the only asset type held at fair value.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investment Property	-	-	3,263,000	3,263,000
	-	**-**	**3,263,000**	**3,263,000**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in an active market for identical assets
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

There were no transfers between levels during the year.