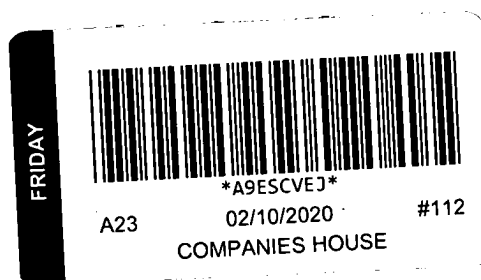


Registration number: 06548082

Broadgate (PHC 8) 2008 Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Broadgate (PHC 8) 2008 Limited

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Broadgate (PHC 8) 2008 Limited

Strategic Report for the Year Ended 31 March 2020

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

Business review and principal activities

Broadgate (PHC 8) 2008 Limited ("the company") is a wholly owned subsidiary of Broadgate Property Holdings Limited and operates as a constituent of Broadgate REIT Limited group of companies ("the group"). Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

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

As shown in the company's Profit and Loss Account on page 8, the company's turnover of £24,748,090 has increased by £16,073 compared with turnover of £24,732,017 in the prior year.

Loss on ordinary activities before taxation is £8,252,161 compared to a profit on ordinary activities before taxation of £2,653,578 in the prior year. The decrease in profit is due to a greater investment property valuation loss recorded in the year ended 31 March 2020 compared to the investment property valuation loss in the prior year.

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

The revaluation of investment properties in the year was a deficit of £17,986,755 (2019: deficit of £7,745,555).

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

The company holds the investment property 201 Bishopsgate. The value of investment properties held as at 31 March 2020 has decreased by 3.8% from 31 March 2019 as shown in note 10 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 10 to the company's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The value of investments held as at 31 March 2020 has remained consistent with 2019 during the year as shown in note 11 to the company's Balance Sheet.

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

Key performance indicators

The directors measure how the group, of which this company is a member, is delivering its strategy through the key performance indicators.

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

Principal risks and uncertainties

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

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

Broadgate (PHC 8) 2008 Limited**Strategic Report for the Year Ended 31 March 2020 (continued)**

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

The company is financed by subordinated loans from Broadgate (Funding) 2005 Limited and Broadgate Property Holdings Limited. The average interest rate charged on the Broadgate (Funding) 2005 Limited subordinated loans was 4.93% per annum (2019: 4.93%). There is no interest charged on the loan from Broadgate Property Holdings Limited. The company has no third party debt.

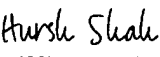
These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market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

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

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

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, creates an unprecedented degree of uncertainty over both the severity of the above risks and the effectiveness of the above mitigating actions. The decline in economic activity resulting from the pandemic reduces the degree of certainty around the valuation of investment properties at year end. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon and rather, the phrase is used in order to be clear and transparent with all parties. See further details in note 10 of the financial statements.

Approved by the Board on 24 September 2020 and signed on its behalf by:

DocuSigned by:

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 Hursh Shah

H Shah
 Director

Broadgate (PHC 8) 2008 Limited

Directors' Report for the Year Ended 31 March 2020

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

Directors of the company

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

H Shah

D Richards

D I Lockyer

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Environmental matters

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment including the safe disposal of manufacturing waste, recycling and reducing energy consumption.

Going concern

The balance sheet shows that the company has net current liabilities. This is due to amounts owed to other subsidiaries within the group. The directors have reviewed the company's working capital and cash flow requirements including the impact of COVID-19, and along with considering that the company is part of a wider Group of companies whereby the company will not be called upon to repay its intercompany debt unless it has sufficient cash to do so.

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

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 20.

Broadgate (PHC 8) 2008 Limited

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

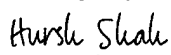
Disclosure of information to the auditors

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

Reappointment of independent auditors

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

Approved by the Board on 24 September 2020 and signed on its behalf by:

DocuSigned by:

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H Shah
Director

Independent auditors' report to the members of Broadgate (PHC 8) 2008 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Broadgate (PHC 8) 2008 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Significant estimation uncertainty in relation to the valuation of investment property

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 3 (Significant accounting judgements and key sources of estimation uncertainty) and 10 (Investment properties) to the financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties of £478,300,000 included in the balance sheet as at 31 March 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

Independent auditors' report to the members of Broadgate (PHC 8) 2008 Limited

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Broadgate (PHC 8) 2008 Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2020

Broadgate (PHC 8) 2008 Limited**Profit and Loss Account for the Year Ended 31 March 2020**

	Note	2020 £	2019 £
Turnover	4	24,748,090	24,732,017
Cost of sales		<u>(5,989,194)</u>	<u>(6,412,359)</u>
Gross profit		18,758,896	18,319,658
Administrative expenses		<u>(2,000)</u>	<u>(2,000)</u>
Operating profit		18,756,896	18,317,658
Revaluation of investment properties	10	<u>(17,986,755)</u>	<u>(7,745,555)</u>
Profit on ordinary activities before interest and taxation		770,141	10,572,103
Interest receivable and similar income	5	4,722	4,759
Interest payable and similar expenses	6	<u>(9,027,024)</u>	<u>(7,923,284)</u>
(Loss)/profit on ordinary activities before taxation		(8,252,161)	2,653,578
Tax on (loss)/profit on ordinary activities	9	<u>(897)</u>	<u>(904)</u>
(Loss)/profit for the year		<u>(8,253,058)</u>	<u>2,652,674</u>

Turnover and results were derived from continuing operations within the United Kingdom. The company has only one class of business, that of property investment in the United Kingdom (UK).

The notes on pages 12 to 23 form an integral part of these financial statements.

Broadgate (PHC 8) 2008 Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
(Loss)/profit for the year	<u>(8,253,058)</u>	<u>2,652,674</u>
Total comprehensive (expense)/income for the year	<u><u>(8,253,058)</u></u>	<u><u>2,652,674</u></u>

The notes on pages 12 to 23 form an integral part of these financial statements.

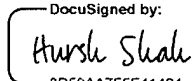
Broadgate (PHC 8) 2008 Limited

(Registration number: 06548082)

Balance Sheet as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Fixed assets			
Investment properties	10	478,300,000	497,000,000
Investments	11	3,703,195	3,703,195
		<u>482,003,195</u>	<u>500,703,195</u>
Current assets			
Debtors	13	24,265,227	17,828,108
		24,265,227	17,828,108
Creditors due within one year	14	(32,394,348)	(36,671,086)
Net current liabilities		<u>(8,129,121)</u>	<u>(18,842,978)</u>
Total assets less current liabilities		473,874,074	481,860,217
Creditors due after more than one year	15	(215,103,126)	(214,836,211)
Net assets		<u>258,770,948</u>	<u>267,024,006</u>
Capital and reserves			
Called up share capital	16	16,000,000	16,000,000
Profit and loss account		242,770,948	251,024,006
Total shareholders' funds		<u>258,770,948</u>	<u>267,024,006</u>

Approved by the Board on 24 September 2020 and signed on its behalf by:

DocuSigned by:

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Director

The notes on pages 12 to 23 form an integral part of these financial statements.

Broadgate (PHC 8) 2008 Limited**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2018	16,000,000	248,371,332	264,371,332
Profit for the year	-	2,652,674	2,652,674
Total comprehensive income for the year	-	2,652,674	2,652,674
Balance at 31 March 2019	16,000,000	251,024,006	267,024,006
 Balance at 1 April 2019	 16,000,000	 251,024,006	 267,024,006
Loss for the year	-	(8,253,058)	(8,253,058)
Total comprehensive expense for the year	-	(8,253,058)	(8,253,058)
Balance at 31 March 2020	16,000,000	242,770,948	258,770,948

The notes on pages 12 to 23 form an integral part of these financial statements.

Broadgate (PHC 8) 2008 Limited

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

1 General information

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

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

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

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements in accordance with Companies Act 2006 Section 400, because it is included in the group accounts of Broadgate REIT Limited.

Summary of disclosure exemptions

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

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

Broadgate (PHC 8) 2008 Limited

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

2 Accounting policies (continued)

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

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 21.

Going concern

The balance sheet shows that the company has net current liabilities. This is due to amounts owed to other subsidiaries within the group. The directors have reviewed the company's working capital and cash flow requirements including the impact of COVID-19, and along with considering that the company is part of a wider Group of companies whereby the company will not be called upon to repay its intercompany debt unless it has sufficient cash to do so.

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

Adoption status of relevant new financial reporting standards and interpretations

During the year the company adopted the following standards:

IFRS 16 - Leases

The new standard results in almost all leases held as lessee being recognised on the balance sheet, as the new distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. The company is a lessor and therefore the adoption of this new accounting policy has not had a material impact on the financial statements.

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

Turnover

Rental income from investment property

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

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

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

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

Taxation

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****2 Accounting policies (continued)**

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

Investment properties

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

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

Investments

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

Debtors

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

Creditors

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

Interest payable and receivable

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable.

Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

Borrowings

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****3 Significant accounting judgements and key sources of estimation uncertainty**

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuation of the Company's property portfolio is inherently subjective, as it is made on the basis of assumptions made by the valuers which may not prove to be accurate. The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the COVID-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution. See note 10.

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

4 Turnover

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

	2020 £	2019 £
Rental income from investment property	19,002,058	19,186,193
Service charge income	5,746,032	5,545,824
	<u>24,748,090</u>	<u>24,732,017</u>

5 Interest receivable and similar income

	2020 £	2019 £
Interest received on cash held by another company within the group	4,722	4,759
	<u>4,722</u>	<u>4,759</u>

6 Interest payable and similar expenses

	2020 £	2019 £
Interest payable on amounts owed to group companies	9,013,224	7,908,552
Amortisation of issue costs	13,800	14,732
	<u>9,027,024</u>	<u>7,923,284</u>

7 Auditors' remuneration

A notional charge of £3,543 (2019: £4,040) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2020. Actual amounts payable to PricewaterhouseCoopers LLP are paid by Bluebutton Properties UK Limited.

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****7 Auditors' remuneration (continued)**

No non-audit fees (2019: £nil) were paid to PricewaterhouseCoopers LLP.

8 Staff costs

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

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

9 Taxation

	2020 £	2019 £
Current taxation		
UK corporation tax	<u>897</u>	<u>904</u>
Tax charge in the profit and loss account	<u><u>897</u></u>	<u><u>904</u></u>
	2020 £	2019 £
Tax reconciliation		
(Loss)/profit on ordinary activities before taxation	<u>(8,252,161)</u>	2,653,578
Tax on (loss)/profit on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	<u>(1,567,911)</u>	504,180
Effects of:		
REIT exempt income and gains	(1,997,613)	(2,120,624)
Capital allowances	(7,498)	(10,142)
Decrease in fair value of property & investments	3,417,483	1,471,655
Expenses not allowable	156,436	155,835
Group relief	(897)	(904)
Consideration paid for group relief	<u>897</u>	<u>904</u>
Total tax charge	<u><u>897</u></u>	<u><u>904</u></u>

The above tax charge is group relief payable to Broadgate Property Holdings Limited and is disclosed within amounts due to group companies (note 14).

On 17 March 2020 legislation was substantially enacted confirming that the tax rate would not be reduced from 1 April 2020 but would remain at 19%.

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****10 Investment properties**

£

Fair value

1 April 2019	497,000,000
Additions	501,661
Lease incentive movements	(1,214,906)
Revaluation	(17,986,755)
31 March 2020	<u>478,300,000</u>

Fair value

1 April 2018	504,500,000
Additions	416,523
Lease incentive movements	(170,968)
Revaluation	(7,745,555)
31 March 2019	<u>497,000,000</u>

Analysis of cost and valuation**31 March 2020**

Cost	294,387,355
Valuation	183,912,646
Net book value	<u>478,300,001</u>

31 March 2019

Cost	295,100,600
Valuation	201,899,400
Net book value	<u>497,000,000</u>

At 31 March 2020 the book value of long leasehold investment properties owned by the company was £478,300,000 (2019: £497,000,000).

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

Properties were valued to fair value at 31 March 2020 by Cushman & Wakefield, independent valuers not connected with the company, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****10 Investment properties (continued)**

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

The impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio can be found in note 9 of the Broadgate REIT Limited consolidated accounts.

Security has been granted over the above properties along with other properties held by fellow subsidiaries of the Broadgate Property Holding Group to secure the £1,225,735,215 (2019: £1,300,219,659) secured notes due from 2022 to 2036, issued by Broadgate Financing PLC.

The company leases out all of its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2020 £	31 March 2019 £
Leases less than one year	19,532,610	20,034,831
Leases between one and five years	71,753,037	73,959,352
Leases greater than five years	60,085,791	77,442,623
	<u>151,371,438</u>	<u>171,436,806</u>

11 Investments

	Shares in subsidiaries £	Total £
Underlying net asset value of investment		
1 April 2019	<u>3,703,195</u>	<u>3,703,195</u>
31 March 2020	<u>3,703,195</u>	<u>3,703,195</u>
Underlying net asset value of investment		
1 April 2018	<u>3,703,195</u>	<u>3,703,195</u>
31 March 2019	<u>3,703,195</u>	<u>3,703,195</u>
Provision for underlying net asset change		
1 April 2019	<u>(122,658,867)</u>	<u>(122,658,867)</u>
31 March 2020	<u>(122,658,867)</u>	<u>(122,658,867)</u>

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****11 Investments (continued)**

	Shares in subsidiaries £	Total £
Provision for underlying net asset change		
1 April 2018	(122,658,867)	(122,658,867)
31 March 2019	(122,658,867)	(122,658,867)
At cost		
31 March 2020	126,362,062	126,362,062
31 March 2019	126,362,062	126,362,062

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

Subsidiary	Principal activity	Interest	Country
201 Bishopsgate Limited	Property investment	100%	United Kingdom

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

12 Investments

	Shares in subsidiaries £	Total £
Underlying net asset value of investment		
1 April 2019	3,703,195	3,703,195
31 March 2020	3,703,195	3,703,195
Underlying net asset value of investment		
1 April 2018	3,703,195	3,703,195
31 March 2019	3,703,195	3,703,195
Provision for underlying net asset change		
1 April 2019	(122,658,867)	(122,658,867)
31 March 2020	(122,658,867)	(122,658,867)
Provision for underlying net asset change		
1 April 2018	(122,658,867)	(122,658,867)
31 March 2019	(122,658,867)	(122,658,867)

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****12 Investments (continued)**

	Shares in subsidiaries £	Total £
At cost		
31 March 2020	126,362,062	126,362,062
31 March 2019	126,362,062	126,362,062

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

Subsidiary	Principal activity	Interest	Country
201 Bishopsgate Limited	Property investment	100%	United Kingdom

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

13 Debtors

	31 March 2020 £	31 March 2019 £
Trade debtors	250,053	120,021
Provision for impairment of trade debtors	(20,347)	(19,098)
Net trade debtors	229,706	100,923
Amounts due from related parties	23,744,753	17,341,901
Accrued income	260,571	288,412
Prepayments	30,197	96,872
	24,265,227	17,828,108

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

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)**

17

14 Creditors due within one year

	31 March 2020 £	31 March 2019 £
Trade creditors	77,600	129,220
Accrued expenses	6,890,469	6,703,029
Amounts due to related parties	24,577,572	28,935,233
Social security and other taxes	834,923	861,600
Other creditors	13,784	42,004
	32,394,348	36,671,086

Amounts due to related parties relate to amounts owed to group companies. Of this amount, £1,174,632 is payable to Broadgate (Funding) 2005 Limited within 12 months. The remaining amount due to related parties is repayable on demand. Interest is charged only on the portion of debt due to Broadgate (Funding) 2005 Limited at an average interest rate of 4.93% per annum (2019: 4.93%) (see note 15).

15 Creditors due after more than one year

	31 March 2020 £	31 March 2019 £
Long term loans - amounts owed to group companies	215,103,126	214,836,211
Borrowings analysis		
Creditors due within one year		
- subordinated loans from Broadgate (Funding) 2005 Limited	1,174,632	1,712,084
Creditors due after one year		
- subordinated loans from Broadgate Property Holdings Limited	70,441,806	61,847,913
- subordinated loans from Broadgate (Funding) 2005 Limited	144,661,320	152,988,298
Total loans due after one year	215,103,126	214,836,211
Total borrowings	216,277,758	216,548,295

The subordinated loan from Broadgate Property Holdings Limited, which is repayable upon demand, is deeply subordinated and ranks behind subordinated loans from Broadgate (Funding) 2005 Limited. The subordinated loans from Broadgate (Funding) 2005 Limited are being repaid from April 2005 to July 2036, with the average interest rate of these subordinated loans being 4.93% per annum (2019: 4.93%).

Broadgate (PHC 8) 2008 Limited**Notes to the Financial Statements for the Year Ended 31 March 2020
(continued)****15 Creditors due after more than one year (continued)**

	31 March 2020 £	31 March 2019 £
Borrowings repayment analysis		
Repayments due:		
Within one year	1,174,632	1,712,084
1-2 years	1,247,984	1,773,807
2-5 years	7,987,683	5,939,397
	10,410,299	9,425,288
After 5 years	205,867,459	207,123,007
Total borrowings	216,277,758	216,548,295
Amounts included in creditors due within one year	(1,174,632)	(1,712,084)
Amounts included in creditors due after one year	215,103,126	214,836,211

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

	No.	31 March 2020 £	No.	31 March 2019 £
Ordinary shares of £1 each	16,000,000	16,000,000	16,000,000	16,000,000

17 Capital commitments

The total amount contracted for but not provided in the financial statements was £37,248 (2019: £82,818).

18 Contingent liabilities

The company is registered to the same VAT group as Estate Management (Brick) Limited and fellow VAT registered subsidiaries of Broadgate Property Holdings Limited and is jointly and severally liable for monies due under that VAT group registration.

19 Related party transactions

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

Broadgate (PHC 8) 2008 Limited

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

20 Subsequent events

There have been no significant events since the year end.

21 Parent and ultimate parent undertaking

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate parent company is Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

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