

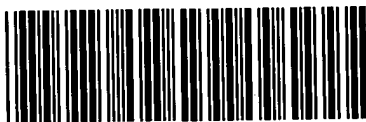
Registration number: 07018582

Bluebutton Properties UK Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2023

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Bluebutton Properties UK Limited

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Bluebutton Properties UK Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Business review and principal activities

Bluebutton Properties UK Limited ("the Company") and its subsidiaries ("the Group") are wholly owned by Broadgate REIT Limited and operates as a constituent of the Broadgate REIT Limited group of companies. 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 Group's principal activity is property investment in the United Kingdom (UK). The Company administers some of the estate wide costs for the Broadgate REIT Limited group which includes marketing, property management and other property related costs.

As shown in the Consolidated Income Statement on page 9, Group revenue for the year to 31 March 2023 was £261m, an increase from Group revenue of £243m earned in the prior year. This is in part due to letting of previously vacant space at 155 Bishopsgate, Exchange House and 100 Liverpool Street, and an increase in Storey occupation across the campus.

Loss before taxation is £723m compared to a profit before taxation of £281m in the prior year. The variation is mainly a result of a decrease in the value of investment properties in the current year, and an increase in value in the previous year.

Dividends of nil (2022: nil) were paid in the year.

The Group holds investments in a number of freehold properties. The Group owns investment property valued at £4.1 billion at 31 March 2023 (2022: £ 4.8 billion). The revaluation of investment properties in the year was a loss of £808m (2022: gain of £220m). Valuations are carried out by the Group's external valuer Cushman & Wakefield. Details of how investment properties are valued can also be found in note 9. The movement is determined by the prevailing market conditions at the balance sheet date. The Group had third party finance comprising totalling £1.5bn, £1.1bn bonds at 31 March 2023 (2022: £1.1 billion), and £0.4bn (2022: £0.4bn) of secured bank loans.

The Consolidated Statement of Financial Position on page 11 shows that the Group's financial position at the year end has, in net assets terms, decreased compared with the prior year.

Key performance indicators

The directors measure how the Group delivers 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.

Bluebutton Properties UK Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Principal risks and uncertainties

The fundamental underlying risks for the Company are those of the Group as discussed below.

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

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

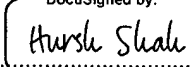
These opportunities also represent risks, the most significant being a change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market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

The general risk environment in which the Group operates has been volatile in terms of the economic and political landscape, with future sentiment remaining fragile.

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.

20.09.2023

Approved by the Board on and signed on its behalf by:

DocuSigned by:

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Director

Hursh Shah

Bluebutton Properties UK Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their annual report on the affairs of Bluebutton Properties UK Limited ("the Company") and its subsidiaries (together "the Group"), together with the audited consolidated financial statements for the year ended 31 March 2023.

Directors of the Group

The directors, who held office during the year, were as follows:

H Shah

D Richards

N I Cahoon

D I Lockyer

T L Stroh (resigned 1 January 2023)

G M Noblett

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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.

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the Group's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Group. As part of the valuation process, the Group has discussed the impact of climate change with the external valuers who value the investment and development properties of the Group.

Bluebutton Properties UK Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

Subsequent events

Details of subsequent events since the Balance Sheet date, if any, are contained in note 21.

Going concern

The Group finances its operations by a mixture of equity, debt issues and loans provided by shareholders. Whilst the Group and the Company are in a net current liability position, this is principally as a result of related party loans which have no predetermined repayment date and are therefore treated as current liabilities. The directors have received letters of support from the shareholders of Broadgate REIT Limited, the parent company, confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements. In preparing these financial statements the directors have considered the headroom on debt service covenants and reviewed the forecast cash flows of the Group.

As a consequence of this, the Directors feel that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of independent auditor

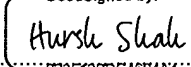
The auditor, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

Secretary

The secretary of the Company during the year ended 31 March 2023 and subsequently was British Land Company Secretarial Limited.

20.09.2023

Approved by the Board on and signed on its behalf by:

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Director

Hursh Shah



Independent auditors' report to the members of Bluebutton Properties UK Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Bluebutton Properties UK Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows 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 group 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.

Conclusions relating to going concern

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

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

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

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

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 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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 group and company and their 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, 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 group's and 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 group or 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities, risk-based monitoring of customer processes;
- Reviewing relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgements made by management in their significant areas of estimation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Sandra Dowling'.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2023

Bluebutton Properties UK Limited

Consolidated Income Statement for the Year Ended 31 March 2023

			Restated
	Note	2023 £m	2022 £m
Revenue	4	261	243
Cost of sales		<u>(110)</u>	<u>(101)</u>
Gross profit		151	142
Administrative expenses		<u>(6)</u>	<u>(6)</u>
Operating profit		145	136
Revaluation of investment properties	9	<u>(808)</u>	<u>220</u>
(Loss)/profit before interest and taxation		(663)	356
Finance income	5	9	13
Finance costs	5	<u>(69)</u>	<u>(88)</u>
(Loss)/profit before tax		(723)	281
Tax on (loss)/profit	8	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		(723)	281

Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to note 2 for further information.

The above results were derived from continuing operations.

Bluebutton Properties UK Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2023

			Restated
	Note	2023 £m	2022 £m
(Loss)/profit for the year		(723)	281
Items that may be reclassified subsequently to profit or loss			
Gain on cashflow hedge accounted interest derivatives		9	-
Total comprehensive (expense)/income for the year		(714)	281

Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions.
Refer to note 2 for further information.

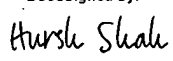
Bluebutton Properties UK Limited**(Registration number: 07018582)****Consolidated Statement of Financial Position as at 31 March 2023**

			Restated
		31 March 2023 £m	31 March 2022 £m
	Note		
Non-current assets			
Investment properties	9	4,142	4,829
Other non-current financial assets	11	32	30
		<u>4,174</u>	<u>4,859</u>
Current assets			
Trade and other receivables	12	374	365
Cash and cash equivalents	13	176	163
		<u>550</u>	<u>528</u>
Current liabilities			
Trade and other payables	14	(425)	(521)
Loans and borrowings	15	(998)	(848)
		<u>(1,423)</u>	<u>(1,369)</u>
Net current liabilities		<u>(873)</u>	<u>(841)</u>
Total assets less current liabilities		3,301	4,018
Non-current liabilities			
Loans and borrowings	15	(1,564)	(1,567)
Net assets		<u>1,737</u>	<u>2,451</u>
Equity			
Called up share capital	16	-	-
Cash flow hedging reserve		9	-
Retained earnings		1,728	2,451
Total equity		<u>1,737</u>	<u>2,451</u>

Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to note 2 for further information.

20.09.2023

The financial statements on pages 9 to 39 were approved by the Board on and signed on its behalf by:

DocuSigned by:

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Director

Hursh Shah

The notes on pages 16 to 39 form an integral part of these financial statements.
 Page 11

Bluebutton Properties UK Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2023

	Called up share capital £m	Cash flow hedging reserve £m	Restated Retained earnings £m	Restated Total equity £m
Balance at 1 April 2021 as published	-	-	2,164	2,164
Change in accounting policy in respect of rental concessions (Note 2)	-	-	6	6
Restated balance at 1 April 2021	-	-	2,170	2,170
Profit for the year	-	-	281	281
Total comprehensive income for the year	-	-	281	281
Balance at 31 March 2022	-	-	2,451	2,451

	Called up share capital £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Restated balance at 1 April 2022	-	-	2,451	2,451
Loss for the year	-	-	(723)	(723)
Other comprehensive income	-	9	-	9
Total comprehensive expense for the year	-	9	(723)	(714)
Balance at 31 March 2023	-	9	1,728	1,737

Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions. Refer to Note 2 for further information.

Bluebutton Properties UK Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

			Restated
		2023 £m	2022 £m
Cash flows from operating activities	Note		
Cash generated from operations	(a)	158	130
Interest received		1	-
Interest paid		(55)	(59)
Net cash flows from operating activities		104	71
 Cash flows from investing activities			
Development and other capital expenditure		(132)	(109)
Indirect taxes in respect of investing activities		(11)	1
Net cash flows used in investing activities		(143)	(108)
 Cash flows from financing activities			
Increase/(decrease) in intercompany loans		150	(143)
Decrease in secured bonds		(3)	(115)
Increase in "Green" loan		-	398
Premium costs on early repayment of secured bonds		-	(25)
Repayment of other intercompany loans		(95)	(69)
Decrease in drawn down liquidity facility		-	(40)
Net cash flows from financing activities		52	6
 Net increase/(decrease) in cash and cash equivalents		13	(31)
Cash and cash equivalents at the beginning of the year		163	194
Cash and cash equivalents at the end of the year		176	163

(a) Cash generated from operations

		2023 £m	Restated 2022 £m
Operating profit		145	136
Spreading of tenant incentives and guaranteed rent reviews		(12)	(3)
Movement in trade receivables		15	(10)
Movement in trade payables		(3)	7
Movement in interest payable		13	-
Cash generated from operations		158	130

Included in Cash and cash equivalents at the end of the year are tenant deposits of £33m (2022: £37m).

Prior year comparatives have been restated for a change in accounting policies in respect of tenant deposits. Refer to note 2 for further information.

Bluebutton Properties UK Limited
(Registration number: 07018582)
Company Statement of Financial Position as at 31 March 2023

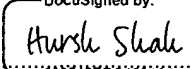
		31 March 2023 £m	Restated 31 March 2022 £m
Assets			
Non-current assets			
Investments	10	<u>21</u>	<u>73</u>
		<u>21</u>	<u>73</u>
Current assets			
Trade and other receivables	12	1,508	1,364
Cash and cash equivalents	13	<u>65</u>	<u>57</u>
		<u>1,573</u>	<u>1,421</u>
Current liabilities			
Trade and other payables	14	<u>(1,650)</u>	<u>(1,535)</u>
Net current liabilities		<u>(77)</u>	<u>(114)</u>
Net liabilities		<u>(56)</u>	<u>(41)</u>
Equity			
Called up share capital	16	-	-
Accumulated losses		<u>(56)</u>	<u>(41)</u>
Total equity		<u>(56)</u>	<u>(41)</u>

The Company's loss in the year ended 31 March 2023 is £15m (2022: £4m).

Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to note 2 for further information.

20.09.2023

The financial statements on pages 9 to 39 were approved by the Board on and signed on its behalf by:

DocuSigned by:

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Director

Hursh Shah

Bluebutton Properties UK Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2023

	Called up share capital £m	Accumulated losses £m	Total £m
At 1 April 2021	-	(45)	(45)
Profit for the year	-	4	4
Total comprehensive income	-	4	4
At 31 March 2022	-	(41)	(41)
	Called up share capital £m	Accumulated losses £m	Total £m
At 1 April 2022	-	(41)	(41)
Loss for the year	-	(15)	(15)
Total comprehensive expense	-	(15)	(15)
At 31 March 2023	-	(56)	(56)

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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

Statement of compliance

Group financial statements were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

Summary of accounting policies

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

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of investment properties and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The consolidated financial statements include the accounts of Bluebutton Properties UK Limited and all subsidiaries. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Company financial statements

Company financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements are prepared in accordance with UK GAAP in conformity with the requirements of the Companies Act 2006. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

- (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;
- (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.

The Company has taken advantage of the exemption under S.408 of the Companies Act 2006, to prepare an individual profit and loss account where Group financial statements are prepared.

Going concern

The Group finances its operations by a mixture of equity, debt issues and loans provided by shareholders. Whilst the Group and Company are in a net current liability position, this is principally as a result of related party loans which have no predetermined repayment date and are therefore treated as current liabilities. The directors have received letters of support from the shareholders of Broadgate REIT Limited, the parent company, confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements. In preparing these financial statements the directors have considered the headroom on debt service covenants and reviewed the forecast cash flows of the Group.

As a consequence of this, the Directors feel that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Changes in accounting policy

Rental concessions

The IFRS Interpretations Committee ('IFRIC') issued an Agenda Decision in relation to Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16) in October 2022, giving clarification on the lessor accounting for concessions (or rental forgiveness) granted to tenants. Concessions granted to tenants consisted of reducing or waiving the rent for a specified period.

The IFRIC clarified that concessions granted to tenants for rental debtors past their due date would fall under the scope of expected credit losses within IFRS 9. As such, the expected credit loss would be reflected in the income statement as part of the derecognition and provisioning of the rental debtor.

Before the Agenda Decision, the Group treated concessions granted to tenants for rental debtors past their due date (predominantly in response to Covid-19) as a lease modification under IFRS 16, recognising the concession granted on a straight-line basis over the lease term.

Following the Agenda Decision, the Group has retrospectively applied the accounting clarification to relevant concessions for the years ended 31 March 2021 and 2022. This includes restating the 2021 opening balances and the 2022 comparative balances as set out below. No relevant concessions were granted in preceding financial years. As part of considering the Agenda Decision, the Group has also reassessed the position of tenant incentive provisions on the balance sheet. These balances were previously accounted for as part of trade receivables, however following the Agenda Decision the Group has chosen to retrospectively represent tenant incentive provisions within investment property, as part of the concession accounting reassessment. As the associated concession tenant incentive provision was previously accounted for as part of trade receivables as opposed to investment property, the provision reduction on restatement leads to an increase in both net assets and profit.

Within the consolidated income statement, the restatement has resulted in an increase to provisions for impairment of trade debtors of £2m and an increase in revaluation gain in investment properties of £2m. For the year ended 31 March 2022, the profit on ordinary activities before taxation has a net nil impact.

On the consolidated balance sheet, the restatement has resulted in a change to the tenant incentive movement and revaluation within investment property in addition to trade receivables. As a result, opening net assets of the Group as at 1 April 2021 increases by £6m from £2,164m to £2,170m. For the year ended 31 March 2022, subsequent to adjusted opening balances, the net assets of the Group increases by £6m to £2,451m.

The quantitative impact on each balance has been outlined on the following page.

Tenant deposits

In April 2022, the IFRIC issued an Agenda Decision in relation to Demand Deposits with Contractual Restrictions in Use, clarifying that deposits of this nature meet the definition of cash and cash equivalents under IAS 7 'Statement of Cash Flows' and should be disclosed as Tenant deposits within cash and cash equivalents. For the year ended 31 March 2022, the Group identified £10m of rental deposits and a further £27m of service charge deposits not previously recognised on the Group's Consolidated Balance Sheet, both meeting the amended definition of a demand deposit. The service charge and tenant deposits were previously not recognised due to contractual restrictions on the use of these deposits. The Group and Company have amended the accounting policy accordingly and will recognise these balances on the consolidated balance sheet and Company balance sheet as part of cash and cash equivalents, with a restatement to the 31 March 2022 prior year comparative.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Restatement recognised in Group financial statements

	31 March 2022 Published £m	Opening Balance Restatement £m	Rental Concessions Restatement £m	Tenant deposits Restatement £m	31 March 2022 Restated £m
Consolidated Income Statement (extract)					
Revenue	243	-	-	-	243
Cost of sales	(99)	-	(2)	-	(101)
Revaluation of Investment properties	218	-	2	-	220
Profit on ordinary activities before taxation	<u>281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281</u>
Consolidated Statement of Financial Position (extract)					
Investment properties	4,829	-	-	-	4,829
Trade and other receivables	359	6	-	-	365
Trade and other payables	(484)	-	-	(37)	(521)
Cash and cash equivalents at end of year	126	-	-	37	163
Net assets	<u>2,445</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>2,451</u>
Retained earnings	<u>2,445</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>2,451</u>
Consolidated Statement of Cash Flows (extract)					
Operating profit	138	-	(2)	-	136
Movement in operating debtors	(12)	-	2	-	(10)
Cash and cash equivalents at 1 April	157	-	-	37	194
Cash and cash equivalents at 31 March	<u>126</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>163</u>

Restatement recognised in Company's financial statements

	31 March 2022 Published £m	Tenant Deposits Restatement £m	31 March 2022 Restated £m
Company Statement of Financial Position (extract)			
Trade and other payables	(1,498)	(37)	(1,535)
Cash and cash equivalents	20	37	57
Net liabilities	<u>(41)</u>	<u>-</u>	<u>(41)</u>

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Revenue Recognition

Revenue comprises rental income, surrender premia and service charge income.

Rental income and surrender premia are recognised in accordance with IFRS 16 Leases.

For leases where a single payment is received to cover both rent and service charge, the service charge component is separated out and reported as service charge income.

Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Contingent rents, being those lease payments that are not fixed at the inception of the lease, including for example turnover rents, are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

Surrender premia for the early termination of a lease are recognised as revenue when the amounts become contractually due, net of dilapidations and non-recoverable outgoings relating to the lease concerned.

The Group applies the five-step-model as required by IFRS 15 in recognising its service charge income. Service charge income is recognised as revenue in the period to which it relates.

Cost of Sales

All costs of sales are charged against revenue on an accruals basis. These are mostly made up of property related and service charge expenses arising from renting properties to tenants.

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.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Current and deferred tax

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

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

Deferred tax assets and liabilities are net off against each other in the consolidated balance sheet when they relate to income taxes levied by the same tax authority on different taxable entities which intend to either settle current tax assets and liabilities on a net basis.

Investment property

Properties are externally valued at the balance sheet date. The cost of properties in the course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as a development property on practical completion.

The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Trade Receivables

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.

Trade Payables

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

Investments

Fixed asset investments, including investments in subsidiaries and associates, are stated at the lower of cost and the underlying net asset value of the investments.

Leases

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

Financial assets and liabilities

Other investments include investments classified as amortised cost and investments classified at fair value through profit or loss. Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate. Investments classified as fair value through profit or loss are initially recorded at fair value and are subsequently externally valued on the same basis at the balance sheet date. Any surplus or deficit arising on revaluing investments held for trading is recognised in the income statement.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

The lease liability associated with investment property which is held under a lease, is initially calculated as the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost, unwinding as finance lease interest accrues and lease payments are made.

Debt instruments are stated at their net proceeds on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the Consolidated Income Statement when they occur.

As defined by IFRS 9, cash flow hedges are initially recognised at fair value at the date the derivative contracts are entered into, and subsequently remeasured at fair value. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly through other comprehensive income as a movement in the hedging and translation reserve. Any ineffective portion of all derivatives is recognised in the income statement. Changes in the fair value of derivatives that are not in a designated hedging relationship under IFRS 9 are recorded directly in the income statement. These derivatives are carried at fair value on the balance sheet.

Cash equivalents are limited to instruments with a maturity of less than three months.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements and estimates that affect the financial statements.

Key sources of estimation uncertainty

Valuation of properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuations of the Group's property portfolio are inherently subjective, as they are based upon valuer assumptions and estimations, that form part of the key unobservable inputs of the valuations, which may prove to be inaccurate. Further details on the valuer's assumptions, estimates and associated key unobservable inputs sensitivity disclosures, have been provided in Note 9.

Company's investments in subsidiaries: In estimating the requirement for impairment of investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations, supported by independent valuers with reference to investment properties held by the subsidiary, which are held at fair value. The assumptions and inputs used in determining the fair value are disclosed in Note 9.

Critical accounting judgements:

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The directors do not consider there to be any other critical accounting judgements in the preparation of Group and Company financial statements. The following item is an ongoing area of accounting judgement, however, the Directors do not consider these accounting judgements to be critical, and significant accounting judgement has not been required for this item in the financial year.

Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements in the legal documents for both acquisitions and disposals.

Management consider each transaction separately and, when considered appropriate, seek independent accounting advice.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Revenue

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

	2023 £m	Restated 2022 £m
Rental income from investment property	162	161
Surrender premia	4	1
Service charge income	83	73
Spreading of tenant incentives and guaranteed rent increases	12	8
	<u>261</u>	<u>243</u>

More information on the prior period restatement can be found in Note 2.

5 Finance income and costs

	2023 £m	2022 £m
Finance income		
Interest income on derivatives	2	-
Revaluation gain on non-hedge accounted derivatives	5	12
Interest income on deposits	2	1
Total finance income	<u>9</u>	<u>13</u>
Finance costs		
Interest on secured bonds and Green loans	(67)	(62)
Premium costs on early repayment of secured bonds	-	(25)
Other finance costs	(2)	(1)
Total finance costs	<u>(69)</u>	<u>(88)</u>
Net finance costs	<u>(60)</u>	<u>(75)</u>

In the year ended 31 March 2022, a premium of £24.9m was paid in relation to a partial redemption of bonds, in relation to releasing 100 Liverpool Street from the Broadgate securitisation.

6 Employees and directors' remuneration

No director received any remuneration for services to the Company in either year.

Average number of employees, excluding directors, of the Group during the year was nil (2022: nil)

Directors' remuneration is borne by the joint venture partners for which no apportionment or recharge is made.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

7 Auditors' remuneration

A notional charge of £9,155 (2022: £8,500) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2023.

No non-audit fees (2022: £nil) were paid to PricewaterhouseCoopers LLP.

8 Tax on (loss)/profit

Group

	2023 £m	2022 £m
Tax reconciliation		
(Loss)/profit before taxation	(723)	281
Tax on (loss)/profit at UK corporation tax rate of 19%	(137)	53
Effects of:		
Tax on (loss)/profit at UK corporation tax rate of 19%	(137)	53
REIT exempt income and gains	(13)	(8)
Capital allowances	(3)	(3)
Decrease/(increase) in fair value of property	152	(41)
Expense/(income) not taxable	1	(1)
Tax charge	-	-

On 24 May 2021 legislation was substantially enacted to increase the corporation tax rate to 25% from 1 April 2023. Where relevant this has been reflected in the deferred tax calculation.

9 Investment properties

Fair value

Property reconciliation for year ended 31 March 2023

Group	Development £m	Freehold £m	Long leasehold £m	Total £m
1 April 2022	295	34	4,500	4,829
Additions	87	3	40	130
Transfers	142	(1)	(141)	-
Movements in lease incentives and rent review receivables	-	-	(9)	(9)
Revaluations included in Consolidated Income Statement	(134)	(6)	(668)	(808)
31 March 2023	390	30	3,722	4,142

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investment properties (continued)

Property reconciliation for the year ended 31 March 2022 (Restated)

	Development £m	Freehold £m	Long leasehold £m	Total £m
1 April 2021	188	34	4,279	4,501
Additions	32	-	55	87
Movements in lease incentives and rent review receivables	-	-	21	21
Revaluations included in Consolidated Income Statement	75	-	145	220
31 March 2022	295	34	4,500	4,829

Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. This restatement has resulted in an equal and opposite adjustment of £2m to the "Movement in lease incentives and rent review receivables" and "Revaluations included in the Consolidated income statement" lines. Refer to note 2 for further information.

Analysis of cost and valuation

31 March 2023

	Development £m	Freehold £m	Long leasehold £m	Total £m
Cost	524	36	4,390	4,950
Revaluation	(134)	(6)	(668)	(808)
Net book value	390	30	3,722	4,142

31 March 2022 (Restated)

	Development £m	Freehold £m	Long leasehold £m	Total £m
Cost	220	35	4,354	4,609
Revaluation	75	(1)	146	220
Net book value	295	34	4,500	4,829

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investment properties (continued)

Properties were valued at fair value as at 31 March 2023 by Cushman & Wakefield, independent valuers not connected with the Company, in accordance with the RICS Valuation - Global Standards 2022, published by The Royal Institution of Chartered Surveyors. Properties valued at £2,916m (2022: £3,413m) were charged to secure the borrowings of Broadgate Financing PLC. Properties valued at £755m (2022: £893m) were charged during the year to secure the borrowings of Broadgate (PHC 3) Limited.

The different valuation method levels are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For those reasons, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and the significant inputs are analysed in the table below.

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 and 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.

Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the "residual method" of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

Information about fair value measurements using unobservable inputs (Level 3):

	Valuation at 31 March 2023 £m	Valuation technique	ERV per sq ft Weighted average £	Equivalent yield Weighted average %
		Investment methodology & Residual Site valuation method (Developments only)		
Investment Properties	4,142		60	4.9

	Valuation at 31 March 2022 £m	Valuation technique	ERV per sq ft Weighted average £	Equivalent yield Weighted average %
		Investment methodology & Residual Site valuation method (Developments only)		
Investment Properties	4,829		60	4.3

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investment properties (continued)

The table below shows the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the years ended 31 March 2023 and 2022.

Fair value						
31 March 2023	+5% ERV	-5% ERV	-25bps NEY	+25bps NEY	-5% costs	+5% costs
£m	£m	£m	£m	£m	£m	£m
4,142	223	(220)	312	(281)	38	(38)

Fair value						
31 March 2022	+5% ERV	-5% ERV	-25bps NEY	+25bps NEY	-5% costs	+5% costs
£m	£m	£m	£m	£m	£m	£m
4,829	253	(254)	405	(361)	37	(37)

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value
- an increase in the costs to complete would lead to a decrease in the valuation

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risk related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would. Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

Information about future aggregate minimum rentals receivable under non-cancellable operating leases

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

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investment properties (continued)

	2023 £m	2022 £m
Group		
Less than one year	149	147
Between one and five years	458	472
Greater than five years	442	475
Total	1,049	1,094

10 Investments

Summary of the Company investments

	31 March 2023 £m	31 March 2022 £m
Investments in subsidiaries	21	73

Underlying net asset value of investment

	Shares in subsidiaries £m
1 April 2022	73
Impairment of investments	(52)
31 March 2023	21

Provision for underlying net asset change

1 April 2021	61
Impairment reversal	12
31 March 2022	73
Impairment of Investments	(52)
31 March 2023	21

At cost

31 March 2022	98
31 March 2023	98

Details of the subsidiaries as at 31 March 2023 are as follows:

Company name	Principal activity	Country of Incorporation	Interest %
Barstep Limited	Dormant	United Kingdom	100
Broadgate (PHC 11)	Dormant	United Kingdom	100
Exchange Square Management Limited	Estate Management	United Kingdom	65
Broadgate South Management Limited	Estate Management	United Kingdom	89
201 Bishopsgate Limited	Property Investment	United Kingdom	100

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Investments (continued)

Company name	Principal activity	Country of Incorporation	Interest %
Broadgate Property Holdings Limited	Holding company	United Kingdom	100
Bluebutton (12702) Limited*	Property Investment	United Kingdom	100
Bluebutton Developer Company (2012)*	Property Developer	United Kingdom	100
British Land Broadgate 2005 Limited*	Holding company	United Kingdom	100
Broadgate (PHC 11) 2005 Limited	Property Investment	United Kingdom	100
Bluebutton Circle Retail PHC 2013 Limited*	Property Investment	United Kingdom	100
Broadgate (PHC 14) Limited	Property Investment	United Kingdom	100
Broadgate (PHC 15a) Limited	Property Investment	United Kingdom	100
Broadgate (PHC 15b) Limited*	Property Investment	United Kingdom	100
Broadgate (PHC 15c) Limited*	Property Investment	United Kingdom	100
Broadgate (PHC 16) 2005 Limited	Property Investment	United Kingdom	100
Broadgate (PHC 2) Limited*	Property Investment	United Kingdom	100
Broadgate (PHC 3) Limited	Property Investment	United Kingdom	100
Broadgate (PHC 5) 2005 Limited	Property Investment	United Kingdom	100
Broadgate (PHC 5) Limited	Property Investment	United Kingdom	100
Broadgate (PHC 6) 2005 Limited	Property Investment	United Kingdom	100
Broadgate (PHC 8) 2008 Limited	Property Investment	United Kingdom	100
Broadgate (PHC 9) Limited	Property Investment	United Kingdom	100
Broadgate (PHC 7) Limited	Property Investment	United Kingdom	100
Broadgate (Lending) Limited	Short Term Funding	United Kingdom	100
Broadgate PHC 2010 Limited	Property Investment	United Kingdom	100
Broadgate (Funding) 2005 Limited	Funding	United Kingdom	100
Broadgate Eldon Properties Limited*	Property Investment	United Kingdom	100
Broadgate (Cash Management) Limited	Cash management	United Kingdom	100
Estate Management (Brick) Limited	Dormant	United Kingdom	100
Broadgate Financing PLC	Funding	United Kingdom	100
Broadgate Management (Bishopsgate) Limited	Estate Management	United Kingdom	75
PHC 3 Parent Limited*	Holding company	United Kingdom	100
Bluebutton Developer (2FA) Limited*	Property Developer	United Kingdom	100

*Companies with 100% direct holding

There have been no changes from the prior year.

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

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

11 Other non-current financial assets

	Group	
	31 March 2023 £m	31 March 2022 £m
Non-current financial assets:		
Restricted cash	4	17
Non-hedge accounted interest rate derivative asset	13	13
Cashflow hedge accounted interest rate derivative asset	15	-
Total	32	30

The amount related to non-hedge accounted interest rate derivative asset of £13m (2022: £13m), and the cashflow hedge accounted interest rate derivative asset of £15m (2022: nil) is categorised as Level 2 in the fair value hierarchy as defined by IFRS 13. The fair value hierarchy levels are defined in note 9.

12 Trade and other receivables

	Group	Restated	Company	
	31 March 2023 £m	31 March 2022 £m	31 March 2023 £m	31 March 2022 £m
Trade receivables	4	17	-	-
Provisions for bad debts	(2)	(8)	-	-
Net trade receivables	2	9	-	-
Receivables from related parties	357	349	1,508	1,364
Accrued income	1	-	-	-
Prepayments	-	-	-	-
Other receivables	6	7	-	-
VAT	8	-	-	-
Total	374	365	1,508	1,364

Amounts due from related parties relate to amounts owed from Broadgate REIT Limited Group companies and are repayable on demand.

Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to note 2 for further information.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

13 Cash and cash equivalents

	Group (As restated)		Company (As restated)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£ m	£ m	£ m	£ m
Cash at bank	87	70	32	20
Short-term deposits	56	56	-	-
Other cash and cash equivalents	33	37	33	37
	<u>176</u>	<u>163</u>	<u>65</u>	<u>57</u>

More information on the prior period restatement can be found in Note 2.

14 Trade and other payables

	Group		Company	
	31 March 2023	Restated 31 March 2022	31 March 2023	Restated 31 March 2022
	£m	£m	£m	£m
Trade payables	50	45	37	37
Accrued expenses	64	62	1	1
Amounts due to related parties	306	408	1,609	1,496
Social security and other taxes	-	3	3	1
Other payables	5	3	-	-
Total	<u>425</u>	<u>521</u>	<u>1,650</u>	<u>1,535</u>

More information on the prior period restatement can be found in Note 2.

Amounts due to related parties relate to amounts owed to Group companies and are repayable on demand.

15 Loans and borrowings

	31 March 2023	Restated 31 March 2022
	£m	£m
Secured on the assets of the Group		
Class A3 4.851% Bonds due 2033	144	144
Class A4 4.821% Bonds due 2036	399	399
Class B 4.999% Bonds due 2033	364	365
Class C2 5.098% Bonds due 2035	189	192
	<u>1,096</u>	<u>1,100</u>
£420m Floating Rate Green Loan due 2026	419	418
Total	<u>1,515</u>	<u>1,518</u>

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings (continued)

	31 March 2023 £m	Restated 31 March 2022 £m
Other borrowings of the Group		
Term loan	52	52
Intercompany loan	995	845
Total	<u>1,047</u>	<u>897</u>
 Gross debt of the Group	 2,562	 2,415
Cash and Short Term Deposits	(176)	(163)
Interest rate derivative assets	(28)	(13)
Net debt	<u>2,358</u>	<u>2,239</u>

The interest rate derivative assets includes the Non-hedge accounted interest rate derivative asset of £13m (2022: £13m) and the Cashflow hedge accounted interest rate derivative asset of £15m (2022: £Nil), as disclosed in Note 11.

Cash and Short Term Deposits include tenant deposits of £33m (2022: £37m).

More information on the prior period restatement can be found in Note 2.

Reconciliation of movement in net debt to cash flow statement

	Restated 31 March 2022 £m	Cash flow £m	Non-cash £m	31 March 2023 £m
Cash and short-term deposits	(163)	(13)	-	(176)
Secured bonds	1,100	(3)	(1)	1,096
Green loan	418	-	1	419
Intercompany loans	845	150	-	995
Term loan	52	-	-	52
Interest rate derivative assets	(13)	(2)	(13)	(28)
	<u>2,239</u>	<u>132</u>	<u>(13)</u>	<u>2,358</u>

	Restated 31 March 2021 £m	Cash flow £m	Non-cash £m	Restated 31 March 2022 £m
Cash and short-term deposits	(194)	31	-	(163)
Secured bonds	1,215	(115)	-	1,100
Green loan	-	398	20	418
Intercompany loans	988	(143)	-	845
Term loan	92	(40)	-	52
Interest rate derivative assets	-	1	(14)	(13)
	<u>2,101</u>	<u>132</u>	<u>6</u>	<u>2,239</u>

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings (continued)

More information on the prior period restatement can be found in Note 2.

Maturity analysis of net debt of the Group

	31 March 2023 £m	Restated 31 March 2022 £m
Repayable within one year and on demand	998	848
Due within one to two years	35	3
Due within two to five years	558	547
Due in more than five years	971	1,017
	<u>1,564</u>	<u>1,567</u>
Gross debt of the Group	<u>2,562</u>	<u>2,415</u>
 Cash and short-term deposits	 (176)	 (163)
Interest rate derivative assets	(28)	(13)
Net debt of the Group	<u>2,358</u>	<u>2,239</u>

More information on the prior period restatement can be found in Note 2.

At 31 March 2023, 100% of the secured bonds were fixed (2022: 100%). The bonds issued are due from 2005 and expected to be repaid by 2033. Legal repayment is required by 2036. The bonds are secured on properties of the Group valued at £2,916m (2022: £3,413m). The weighted average interest rate of the bonds is 4.93% (2022: 4.93%). The weighted average maturity of the bonds is 7.9 years (2022: 8.9 years).

Intercompany loans included in this note are in relation to shareholder loans held at Broadgate REIT level, which have no predetermined repayment date, hence why they are held on the balance sheet as current liabilities.

The £420m green loan is at a floating rate of interest and matures in June 2026. The loan is partially hedged with interest rate caps and swaps. At 31 March 2023 the average interest rate of the loan, including the effect of these derivatives, was 3.3% (2022: 1.8%).

Comparison of market values and book values and fair value hierarchy

The table below provides a comparison of market value and book value along with the classification per the fair value hierarchy. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings (continued)

	Level	2023		2022	
		Market value £m	Book value £m	Market value £m	Book value £m
Secured bonds	2	1,068	1,096	1,265	1,100
Term loan	2	52	52	52	52
Green loan	2	420	419	420	418
		<u>1,540</u>	<u>1,567</u>	<u>1,737</u>	<u>1,570</u>

The fair values of the bonds have been established by obtaining quoted market prices from brokers. The Green loan and the term loan have been valued assuming they could be renegotiated at contracted margins.

Risk Management

Capital risk management:

The Group finances its operations by a mixture of equity, debt issues and intercompany loans that relate to the loans provided by shareholders of Broadgate REIT Limited to support the property strategy of the Group.

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due from 2005 and expected to be repaid by 2033. Legal repayment is required by 2036. Including debt amortisation 61% of the total third party borrowings are due for payment after 5 years (2022: 65%).

The Group aims to ensure that potential debt providers understand the business and a transparent approach is adopted with lenders so they can understand the level of their exposure within the overall context of the Group.

Details of bond covenants are outlined in the bonds publicly available Offering Circular.

Interest rate risk management

The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt caused by movements in market rates of interest.

At 31 March 2023, the fair value of these derivatives is a net asset of £28m (2022: £13m). Interest rate swaps with a fair value of £15m have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2023 was £nil (2022: £nil).

The outstanding variable rate debt hedged at one year is £294m (2022: £294m), and at two years is £294m (2022: £294m).

The interest rate profile, including effect of derivatives, for fixed or capped rate is £1,389m (2022: £1,389m). The interest rate profile, including effect of derivatives, for variable rate is £178m (2022: £178m).

	2023 increase	2023 decrease	2022 increase	2022 decrease
Movement in interest rates (bps)	373	(373)	67	(67)
Impact on underlying annual profit (£m)	(5)	3	(2)	3
Movement in medium and long term swap rates (bps)	424	(424)	139	(139)
Impact on cash flow hedge and non-hedge accounted derivative valuations (£m)	31	(35)	14	(12)

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings (continued)

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Cash and deposits at 31 March 2023 amounted to £176m (2022: £163m) and are placed with financial institutions with A or better credit ratings. At 31 March 2023, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits was £84m (2022: £68m). This represents 1.8% (2022: 1.36%) of gross assets.

In order to manage credit risk, management regularly reviews the credit rating of credit counterparties and monitors all amounts that are owed to the Group.

Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the Group has resources to pay future liabilities as they fall due.

The following table presents a maturity profile of the contracted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal flows.

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m	Total £m
31 March 2023					
Bonds	3	36	140	920	1,099
Green Loan	-	-	420	-	420
Interest payable	69	67	163	184	483
Intercompany loans	995	-	-	-	995
Term loan	-	-	-	52	52
	<u>1,067</u>	<u>103</u>	<u>723</u>	<u>1,156</u>	<u>3,049</u>

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m	Total £m
31 March 2022					
Bonds	3	3	129	965	1,100
Green loan	-	-	420	-	420
Interest payable	66	70	184	230	550
Intercompany loans	845	-	-	-	845
Term loans	-	-	-	52	52
	<u>914</u>	<u>73</u>	<u>733</u>	<u>1,247</u>	<u>2,967</u>

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

16 Called up share capital

Allotted, called up and fully paid shares

	31 March 2023		31 March 2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

17 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £446m (2022: £403m).

Company

Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2022: £nil).

18 Contingent liabilities

Company

The company is jointly and severally liable with Broadgate REIT Limited, British Land Broadgate 2005 Limited and Bluebutton (12702) Limited for all monies falling due under the VAT group registration.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

19 Related party transactions

Related party disclosures noted below are in respect of transactions between the Group and its related parties as defined by International Accounting Standard 24.

During the year, British Land Property Management Limited received £4,045,971 (2022: £4,138,927) for asset management services, and £863,344 (2022: £792,065) for administration services, provided to Bluebutton Properties UK Limited. British Land Property Management Limited is a wholly owned subsidiary of The British Land Company PLC. The British Land Company PLC is the ultimate parent company of BL Bluebutton 2014 Limited which owns 50% of the share capital of the Company.

During the year, Broadgate (PHC 15a) Limited incurred £5,787,098 (2022: £4,706,606) of fees were incurred from Storey Spaces Limited under management agreements. Storey Spaces Limited is a wholly owned subsidiary of The British Land Company PLC.

During the year, Broadgate (PHC 3) Limited incurred £365,238 (2022: £91,543) of fees with Storey Spaces Limited under management agreements.

During the year, Broadgate (PHC 7) Limited incurred £20,030 (2022: £nil) of fees with Storey Spaces Limited under management agreements.

During the year, Broadgate (PHC 15c) Limited received £127,820 (2022: £192,270) from Storey Spaces Limited under management agreements. In addition, £366,374 (2022: £912,451) of fees with Storey Spaces Limited under management agreements.

During the year, Bluebutton Developer Company (2012) Limited incurred £1,563,231 (2022: £2,235,802) of development management fees with British Land Property Management Limited.

During the year, the Company recharged £84,872 (2022: £14,925) of administration expenses borne by the Group on behalf of Euro Bluebell LLP, holder of 50% of the share capital of the Company, to Euro Clover Private Limited, a wholly owned subsidiary of Euro Bluebell LLP.

20 Parent and ultimate parent undertaking

The immediate parent company is Broadgate REIT 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.

The ultimate holding company and controlling party is Broadgate REIT Limited. Group financial statements are available on request from British Land, York House, 45 Seymour Street, London W1H 7LX.

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)**

21 Subsequent events

There have been no subsequent events since 31 March 2023.