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# **Bluebutton (5 Broadgate) UK Limited**

## **Annual Report and Accounts**

**Year ended 31 March 2012**

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**Company number: 7316457**

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## **Bluebutton (5 Broadgate) UK Limited**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2012**

The directors submit their report and financial statements for the year ended 31 March 2012

#### **Principal activities**

The company is a wholly owned subsidiary of Bluebutton HoldCo 5 Broadgate (Jersey) Limited and operates as a constituent of the Bluebutton Properties Limited group of companies. Bluebutton Properties Limited operates as a joint venture between The British Land Company PLC and BRE/Brick Limited. The joint venture was formed on 3 November 2009.

Following the acquisition of the 4 and 6 Broadgate properties (now known as 5 Broadgate), the principal activity going forward has been determined as that of property investment in the United Kingdom.

#### **Business review**

During the year the company acquired 4 Broadgate 2010 Limited and 6 Broadgate 2010 Limited which owned the 4 Broadgate and 6 Broadgate properties respectively. After the acquisition these properties were transferred to Bluebutton (5 Broadgate) UK Limited. The acquisitions were funded by new shares allotted in the year by the parent company, Bluebutton HoldCo 5 Broadgate (Jersey) Limited. These transactions occurred as part of the redevelopment of a new 700,000 sq ft building on the site of 4 and 6 Broadgate.

As a result consolidated accounts comprising Bluebutton (5 Broadgate) UK Ltd, 4 Broadgate 2010 Ltd and 6 Broadgate 2010 Ltd ("the group") have been prepared for the first time.

As shown in the group's consolidated profit and loss account on page 5, the group's turnover is £nil compared to a turnover of £nil in the prior period and loss before tax has increased over the prior period from £1,559,836 to £4,807,878.

Dividends of £nil (2011: £nil) were paid in the year.

The consolidated balance sheet on page 7 shows that the group's financial position at the year end is net assets of £305,488,873 compared to net liabilities of £1,558,836, at the end of the prior period.

The balance sheet on page 8 shows that the company's financial position at the year end is net assets of £221,144,852 compared to net liabilities of £1,558,836, at the end of the prior period.

At 31 March 2012 the group had no third party debt. However there was a £320,000,000 undrawn loan facility which commenced being drawn down from July 2012. It has paid arrangement fees in respect of an undrawn loan facility that is being amortised through the profit and loss account.

Details of significant events since the balance sheet date, if any, are contained in note 17.

#### **Risk management**

This group is part of a large property investment group. As such, the fundamental underlying risks for this group are those of the property 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 change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The directors consider the group to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements.

**Bluebutton (5 Broadgate) UK Limited**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 2012**

**Environment**

The group 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 group's activities. The group operates in accordance with best practice policies and initiatives designed to minimise the group's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

**Directors**

The directors who served during the year were

A Agarwal (appointed 02 August 2011) (alternate A Khara)  
S M Barzycki  
S G Carter  
S D A Davies (resigned 02 August 2011)  
J Lock (appointed 02 August 2011) (alternate M Pegler)  
A N Lyle (resigned 02 August 2011)  
F Mawji-Karim (appointed 18 January 2012) (alternate P Bingel)  
C Pike (appointed 02 August 2011 and resigned 18 January 2012)  
T A Roberts  
G Rudd (resigned 02 August 2011)

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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.

**Payments policy**

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment.

**Bluebutton (5 Broadgate) UK Limited**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2012**

**Disclosure of information to Auditor**

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

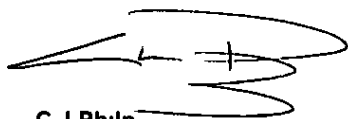
(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

**Auditor**

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the Annual General Meeting

This report was approved by the Board on 25<sup>th</sup> March 2013.



**C J Philp**  
Secretary

**Bluebutton (5 Broadgate) UK Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Bluebutton (5 Broadgate) UK Limited  
for the year ended 31 March 2012**

We have audited the group and parent company financial statements of Bluebutton (5 Broadgate) UK Limited for the year ended 31 March 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*AS, Swarbrick*

Andrew Swarbrick BA FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge, UK

26 March 2013

**Bluebutton (5 Broadgate) UK Limited**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2012**

	<b>Note</b>	<b>2012</b>	<b>9 months ended 31 March 2011</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>			
Rental income		-	-
Fees and commissions		-	-
Fees trading income		-	-
<b>Total turnover</b>		<hr/>	<hr/>
		-	-
Cost of sales		3,684	-
<b>Gross profit</b>		<hr/>	<hr/>
		3,684	-
Administrative expenses		(1,063,249)	(583,273)
<b>Operating loss</b>		<hr/>	<hr/>
		(1,059,565)	(583,273)
Amortisation of goodwill	<b>5</b>	(934,560)	-
<b>Loss on ordinary activities before interest</b>		<hr/>	<hr/>
		(1,994,125)	(583,273)
Interest receivable			
Group		-	-
Associated companies		-	-
External - other		2	2
Interest payable			
External			
- loan arrangement fees		(2,813,755)	(976,565)
- other loans			
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	<hr/>	<hr/>
		(4,807,878)	(1,559,836)
Taxation	<b>4</b>	-	-
<b>Loss for the financial year</b>	<b>13</b>	<hr/> <hr/>	<hr/> <hr/>
		(4,807,878)	(1,559,836)

Turnover and results are derived from continuing operations within the United Kingdom. The group has only one significant class of business, that of property investment in the United Kingdom.

**Bluebutton (5 Broadgate) UK Limited**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 March 2012**

	2012	9 months ended 31 March 2011
	£	£
Loss on ordinary activities after taxation	(4,807,878)	(1,559,836)
Unrealised surplus (deficit) on revaluation of investment properties	3,645,130	-
Total recognised gains and losses relating to the financial year	<u>(1,162,748)</u>	<u>(1,559,836)</u>

**Bluebutton (5 Broadgate) UK Limited****CONSOLIDATED BALANCE SHEET  
as at 31 March 2012**

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Goodwill	5	84,344,026	-
Investment properties	6	233,000,000	-
Investments	8	4,469	-
		<u>317,348,495</u>	<u>-</u>
<b>Current assets</b>			
Debtors - due within one year	9	3,474,752	4,305,454
Debtors - due after one year	9	1,371,697	2,057,546
Cash and deposits		-	-
		<u>4,846,449</u>	<u>6,363,000</u>
<b>Creditors due within one year</b>	10	<u>(16,706,071)</u>	<u>(7,921,836)</u>
<b>Net current liabilities (includes long term debtors)</b>		(11,859,622)	(1,558,836)
<b>Total assets less current liabilities</b>		<u>305,488,873</u>	<u>(1,558,836)</u>
<b>Creditors due after one year</b>	11	-	-
<b>Net assets (liabilities)</b>		<u><u>305,488,873</u></u>	<u><u>(1,558,836)</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	213,211,457	1,000
Revaluation reserve	13	3,645,130	-
Profit and loss account	13	88,632,286	(1,559,836)
<b>Shareholders' funds</b>	13	<u><u>305,488,873</u></u>	<u><u>(1,558,836)</u></u>

The financial statements of Bluebutton (5 Broadgate) UK Limited, company number 7316457, were approved by the Board of Directors on *25<sup>th</sup> March* 2013 and signed on its behalf by

*S Barzycki*  
Director



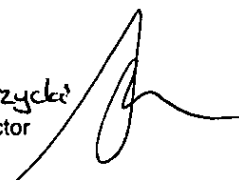
**Bluebutton (5 Broadgate) UK Limited****COMPANY BALANCE SHEET  
as at 31 March 2012**

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Investment properties	6	233,000,000	-
Investments	8	17,231	-
		<u>233,017,231</u>	<u>-</u>
<b>Current assets</b>			
Debtors - due within one year	9	3,501,194	4,305,454
Debtors - due after one year	9	1,371,697	2,057,546
Cash and deposits		-	-
		<u>4,872,891</u>	<u>6,363,000</u>
<b>Creditors due within one year</b>	10	<u>(16,745,270)</u>	<u>(7,921,836)</u>
<b>Net current liabilities (includes long term debtors)</b>		(11,872,379)	(1,558,836)
<b>Total assets less current liabilities</b>		<u>221,144,852</u>	<u>(1,558,836)</u>
<b>Creditors due after one year</b>	11	-	-
<b>Net assets (liabilities)</b>		<u>221,144,852</u>	<u>(1,558,836)</u>
<b>Capital and reserves</b>			
Called up share capital	12	213,211,457	1,000
Revaluation reserve	13	3,645,130	-
Profit and loss account	13	4,288,265	(1,559,836)
<b>Shareholders' funds</b>	13	<u>221,144,852</u>	<u>(1,558,836)</u>

The company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account for the company alone is not presented. The loss of the parent company for the year was £89,151,899 (2011 loss £1,559,836)

The financial statements of Bluebutton (5 Broadgate) UK Limited, company number 7316457, were approved by the Board of Directors on 25<sup>th</sup> March 2013 and signed on its behalf by

S Barzycki  
Director



## **Bluebutton (5 Broadgate) UK Limited**

### **Notes to the accounts for the year ended 31 March 2012**

#### **1 Accounting policies**

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current year and previous period.

These financial statements are designed to cover a wide variety of companies and circumstances. As a result some notes or some entries in the primary statements or the notes may not be relevant for this group and so may be left blank intentionally.

#### **Accounting basis**

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments.

#### **Basis of preparation**

The balance sheet shows that the group has net current liabilities. The principal creditor is an amount owed for property development which has been settled post year end through intercompany funding.

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

#### **Properties**

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. Disposals are recognised on completion. Profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

A property ceases to be treated as a development on practical completion.

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.

#### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings represents the excess consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 2.75 years. Provision is made for any impairment.

#### **Financial assets**

The group classifies all financial assets into the category Debtors. They are subsequently measured at amortised cost.

## **Bluebutton (5 Broadgate) UK Limited**

### **Notes to the accounts for the year ended 31 March 2012**

#### **1 Accounting policies (continued)**

##### **Investments**

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

##### **Taxation**

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). In particular the group became a REIT on 1 January 2007 where income and gains on qualifying assets are exempt from taxation. On 3 November 2009, the sale of 50% of the group to a non-REIT entity resulted in now only 50% of the income and gains on qualifying assets being exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Net rental income**

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 next rent review 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 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 next rent review date.

Where a lease incentive payment, including surrender premiums 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 next rent review 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.

##### **Cash flow statement**

The directors have not presented a cash flow statement in the financial statements as the company does not have any cash flows in the current year or prior period and therefore no cash balances, with all activities of the company being funded through intercompany support.

##### **Consolidation**

The consolidated financial statements include the results of the company and all subsidiaries.

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

**2 Loss on ordinary activities before taxation**

**Auditor's remuneration**

A notional charge of £5,000 (2011 £1,200) is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid at group level by Bluebutton Properties UK Limited.

No non-audit fees (2011 £nil) were paid to Deloitte LLP.

**3 Staff costs**

No director received any remuneration for services to the company in either the current year or previous period.

Average number of employees, excluding directors, of the company during the year was nil (2011 - nil).

		9 months ended 31 March 2011 £
<b>4 Taxation</b>	<b>2012 £</b>	
<b>Current tax</b>		
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
<b>Total current taxation charge (credit)</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Prior year items		
<b>Total deferred tax charge (credit)</b>	<u>-</u>	<u>-</u>
<b>Total taxation charge (credit)</b>	<u>-</u>	<u>-</u>
<b>Tax reconciliation</b>		
Loss on ordinary activities before taxation	<u>(4,807,878)</u>	<u>(1,559,836)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 26% (2011 28%)	(1,250,048)	(436,754)
Effects of		
REIT conversion charge	-	-
REIT exempt income and gains	23,753	-
Capital allowances	-	-
Tax losses and other timing differences	-	-
(Income not taxable) expenses not deductible for tax purposes	242,985	-
Transfer pricing adjustments	-	-
Group relief (claimed) surrendered for nil consideration	983,310	436,754
Adjustments in respect of prior years	-	-
<b>Current tax charge (credit)</b>	<u>-</u>	<u>-</u>

Included in the tax charge is a net charge of £nil (2011 £nil) attributable to property sales.

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012, respectively. The UK Government also proposed to further reduce the standard rate of the UK Corporation tax to 21% effective 1 April 2014, but this change has not yet been substantively enacted. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

**5 Intangible fixed assets - Goodwill**

**Group**

	£
<b>At cost</b>	
31 March 2011	-
Additions	85,278,586
Disposals	-
<b>31 March 2012</b>	<u><u>85,278,586</u></u>
 <b>Amortisation</b>	
31 March 2011	-
Charge for the year	(934,560)
Disposals	-
<b>31 March 2012</b>	<u><u>(934,560)</u></u>
 <b>Net book value</b>	
31 March 2012	<u><u>84,344,026</u></u>
 31 March 2011	<u><u>-</u></u>

Goodwill has been created as a result of the acquisition of 4 Broadgate 2010 Limited and 6 Broadgate 2010 Limited

Goodwill is amortised on a straight-line basis over 2.75 years. This is the period from acquisition to the practical completion of 5 Broadgate scheduled for Q4 2014 (calendar year)

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

**6 Investment properties**

<b>Group and company</b>	<b>Development £</b>	<b>Freehold £</b>	<b>Long leasehold £</b>	<b>Short leasehold £</b>	<b>Total £</b>
<b>At valuation</b>					
1 April 2011	-	-	-	-	-
Additions	229,354,870	-	-	-	229,354,870
Disposals	-	-	-	-	-
Revaluation surplus	3,645,130	-	-	-	3,645,130
<b>31 March 2012</b>	<b>233,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,000,000</b>
<b>Analysis of cost and valuation</b>					
<b>31 March 2012</b>					
Cost	229,354,870	-	-	-	229,354,870
Revaluation surplus	3,645,130	-	-	-	3,645,130
Net book value	<b>233,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,000,000</b>
<b>1 April 2011</b>					
Cost	-	-	-	-	-
Revaluation	-	-	-	-	-
Net book value	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Properties were valued as at 31 March 2012 by Knight Frank LLP on the basis of Market Value, in accordance with the RICS Valuation – Professional Standards 2012, Eighth Edition, published by The Royal Institution of Chartered Surveyors

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts**  
**for the year ended 31 March 2012**

**7 Acquisition of subsidiary undertaking**

On 20 March 2012 Bluebutton (5 Broadgate) UK Limited acquired 100 per cent of the issued share capital of 4 Broadgate 2010 Limited and 6 Broadgate 2010 Limited for consideration comprising cash of £1 per company. The fair value of the total consideration was £2.

Acquisitions are accounted for under the acquisition model.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group.

	Book value £	Revaluation £	Fair value to group £
<b>Fixed assets</b>			
Investment Properties	214,500,000	(41,247,695)	173,252,305
Investments	4,469	-	4,469
<b>Total assets</b>	<u>214,504,469</u>	<u>(41,247,695)</u>	<u>173,256,774</u>
<b>Creditors</b>			
Inter-group loans	(258,487,228)	-	(258,487,228)
Trade Creditors	(48,130)	-	(48,130)
<b>Total liabilities</b>	<u>(258,535,358)</u>	<u>-</u>	<u>(258,535,358)</u>
<b>Net assets</b>	<u>(44,030,889)</u>	<u>(41,247,695)</u>	<u>(85,278,584)</u>
Goodwill			85,278,586
<b>Consideration</b>			<u>2</u>
<b>Satisfied by</b>			
Cash			<u>2</u>
			<u>2</u>

Details of the fair value adjustment are as follows:

The adjustment to investment properties represents the difference between the book value of the assets and their market value as at 20 March 2012.

The profit after tax for 4 Broadgate 2010 Limited prior to acquisition was £253,490 (2011: loss of £2,245,479).

The profit after tax for 6 Broadgate 2010 Limited prior to acquisition was £474,254 (2011: £3,467,007).

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

**8 Investments**

<b>Group</b>	<b>Participating interests £</b>	<b>Total £</b>
At cost or underlying net asset value of investment		
1 April 2011	-	-
Additions	4,469	4,469
Disposals	-	-
Provision written-down	-	-
<b>31 March 2012</b>	<b>4,469</b>	<b>4,469</b>
Provision for underlying net asset change		
1 April 2011	-	-
Provision written-down	-	-
Disposals	-	-
<b>31 March 2012</b>	<b>-</b>	<b>-</b>
At cost		
<b>31 March 2012</b>	<b>4,469</b>	<b>4,469</b>
1 April 2011	-	-

At 31 March 2012, the group held the beneficial ownership of 17,875 shares of £1 each, 25 pence paid, being 35.8% of the issued share capital in Broadgate Circle Management Limited, a company engaged in estate management and the provision of property services in the United Kingdom. The cost at 31 March 2012 was £4,469 (2011 - nil)

<b>Company</b>	<b>Shares in subsidiaries £</b>	<b>Other investments £</b>	<b>Total £</b>
At cost or underlying net asset value of investment			
1 April 2011	-	-	-
Additions	258,214,249	-	258,214,249
Disposals	-	-	-
Provision written-down	(258,197,018)	-	(258,197,018)
<b>31 March 2012</b>	<b>17,231</b>	<b>-</b>	<b>17,231</b>
Provision for underlying net asset change			
1 April 2011	-	-	-
Provision written-down	(258,197,018)	-	(258,197,018)
Disposals	-	-	-
<b>31 March 2012</b>	<b>(258,197,018)</b>	<b>-</b>	<b>(258,197,018)</b>
At cost			
<b>31 March 2012</b>	<b>258,214,249</b>	<b>-</b>	<b>258,214,249</b>
1 April 2011	-	-	-

The company has investments in the following subsidiaries. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Interest</b>	<b>Country</b>
4 Broadgate 2010 Limited	Non-trading	100%	England & Wales
6 Broadgate 2010 Limited	Non-trading	100%	England & Wales



**Bluebutton (5 Broadgate) UK Limited****Notes to the accounts  
for the year ended 31 March 2012**

<b>9 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Current debtors (receivable within one year)</b>		
<b>Group</b>		
Amounts owed by parent company - current account	969	1,002
Loan arrangement fees	685,849	687,727
Other debtors	62,621	-
Prepayments and accrued income	1,802	-
Interest rate derivative asset*	2,723,511	3,616,725
	<u>3,474,752</u>	<u>4,305,454</u>
<b>Company</b>		
Amounts owed by group companies - current accounts	28,244	-
Amounts owed by parent companies - current account	969	1,002
Loan arrangement fees	685,849	687,727
Other debtors	62,621	-
Interest rate derivative asset*	2,723,511	3,616,725
	<u>3,501,194</u>	<u>4,305,454</u>
* Includes contracted cash flow with a maturity greater than one year at fair value		
<b>Long-term debtors (receivable after more than one year)</b>		
<b>Group and company</b>		
Loan arrangement fees	<u>1,371,697</u>	<u>2,057,546</u>
<b>10 Creditors due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Amounts owed to group companies - current accounts	1,817,235	7,601,836
Accruals and deferred income	14,888,836	320,000
	<u>16,706,071</u>	<u>7,921,836</u>
<b>Company</b>		
Amounts owed to group companies - current accounts	1,904,565	7,601,836
Accruals and deferred income	14,840,705	320,000
	<u>16,745,270</u>	<u>7,921,836</u>

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

<b>11 Creditors due after one year (including borrowings)</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Long term loans - amounts owed to group companies	<u>-</u>	<u>-</u>

**12 Share capital**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Issued share capital - allotted, called up and fully paid</b>		
<b>Ordinary Shares of £1 00 each</b>		
Balance as at 1 April 2011 1,000 shares (15 July 2010 - nil)	1,000	-
Allotted shares 308,210,457 (2011 - 1,000) shares	308,210,457	1,000
Cancellation of shares 95,000,000 (2011 - nil) shares	<u>(95,000,000)</u>	<u>-</u>
Balance as at 31 March 213,211,457 (2011 - 1,000) shares	<u>213,211,457</u>	<u>1,000</u>

During the year the company allotted 308,210,457 (2011 - 1,000) Ordinary shares with a nominal value of £1 00 each

During the year the company undertook a share capital reduction and 95,000,000 ordinary shares with a nominal value of £1 00 each were cancelled

**Bluebutton (5 Broadgate) UK Limited**

**Notes to the accounts  
for the year ended 31 March 2012**

**13 Reconciliation of movements in shareholders' funds and reserves**

**GROUP**

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds (deficit)	1,000	-	(1,559,836)	(1,558,836)
Loss for the financial year	-	-	(4,807,878)	(4,807,878)
Shares allotted in the year	308,210,457	-	-	308,210,457
Cancellation of shares	(95,000,000)	-	95,000,000	-
Unrealised surplus (deficit) on revaluation of investment properties	-	3,645,130	-	3,645,130
Closing shareholders' funds	<b>213,211,457</b>	<b>3,645,130</b>	<b>88,632,286</b>	<b>305,488,873</b>

**COMPANY**

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds (deficit)	1,000	-	(1,559,836)	(1,558,836)
Loss for the financial year	-	-	(89,151,899)	(89,151,899)
Shares allotted in the year	308,210,457	-	-	308,210,457
Cancellation of shares	(95,000,000)	-	95,000,000	-
Unrealised surplus (deficit) on revaluation of investment properties	-	3,645,130	-	3,645,130
Closing shareholders' funds	<b>213,211,457</b>	<b>3,645,130</b>	<b>4,288,265</b>	<b>221,144,852</b>

## **Bluebutton (5 Broadgate) UK Limited**

### **Notes to the accounts for the year ended 31 March 2012**

#### **14 Capital commitments**

The group had capital commitments contracted as at 31 March 2012 of £148,955,638 (2011 £nil)

#### **15 Contingent liabilities**

The group had no contingent liabilities as at 31 March 2012 (2011 £nil)

#### **16 Related parties**

Related party disclosures noted below are in respect of transaction between the group and its related parties as defined by Financial Reporting Standard 8

During the year Bluebutton Property Management UK Ltd recharged £16,938,266 of 5 Broadgate development costs to Bluebutton (5 Broadgate) UK Limited. Bluebutton Property Management UK Limited is a direct subsidiary of Bluebutton Properties Limited.

Bluebutton (5 Broadgate) UK Limited was recharged property development costs of £24,630,850 from Bluebutton Properties UK Limited. Bluebutton (5 Broadgate) UK Limited also received net funding of £10,927,971 during the year from Bluebutton Properties UK Limited.

After acquisition 4 Broadgate 2010 Limited and 6 Broadgate 2010 Limited repaid inter-company debt of £258,214,247 to Bluebutton Properties UK Limited.

Bluebutton Properties UK Limited is a direct subsidiary of Bluebutton Properties Limited.

During the year Bluebutton (5 Broadgate) UK Limited repaid inter-company debt of £7,398,000 to Bluebutton Properties Limited and £1,330,411 to Bluebutton Properties UK Limited. Bluebutton Properties Limited is the ultimate holding company of the group.

During the year, the company paid £nil (2011 - £2,099,000) to The British Land Company PLC in respect of the interest rate derivative. Both the British Land Company PLC and BRE/Brick Limited are joint venture partners of Bluebutton Properties Limited, the ultimate holding company of Bluebutton (5 Broadgate) UK Limited. The company also paid £nil (2011 - £3,200,000) to the British Land Company PLC in respect of loan arrangement costs. During the year the associated loan has not yet been drawn upon but commitment fees of £2,126,027 (2011 - £523,836) have been incurred and are payable to The British Land Company PLC.

#### **17 Subsequent events**

There have been no significant events since the year end.

#### **18 Immediate parent and ultimate holding company**

The immediate parent company is Bluebutton HoldCo 5 Broadgate (Jersey) Limited.

The ultimate holding company is Bluebutton Properties Limited (Jersey Registered), a joint venture between The British Land Company PLC and BRE/Brick Limited.