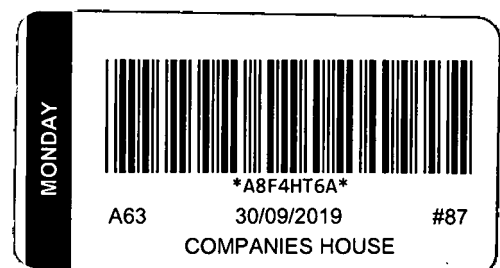


Bluebutton (5 Broadgate) UK Limited

Annual report and financial statements

for the period from 1 April 2018 to 31 December 2018

Registered number: 07316457



Bluebutton (5 Broadgate) UK Limited

Annual report and financial statements For the period from 1 April 2018 to 31 December 2018

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Bluebutton (5 Broadgate) UK Limited

Strategic report

The directors present their Strategic report for the period from 1 April 2018 to 31 December 2018.

Principal activity and review of business

Bluebutton (5 Broadgate) UK Limited ("the company") is a wholly owned subsidiary of Bluebutton HoldCo 5 Broadgate (Jersey) Limited. The principal activity of the company is property investment in the United Kingdom.

For the period from 1 April 2018 to 31 December 2018, the company generated a profit of £20,782,659 compared with a loss of £5,159,526 in financial year ending 31 March 2018. The directors are satisfied with the level of business and year-end financial position of the company.

Results and dividends

The results and financial position of the company for the period from 1 April 2018 to 31 December 2018 are set out in the financial statements. As shown in the profit and loss account on page 9, the turnover for the period from 1 April 2018 to 31 December 2018 is £28,516,483 compared to a turnover of £36,571,124 in the prior financial year and profit before taxation is £23,960,555 compared to loss before taxation of £5,158,449 in the prior financial year. The net finance charge for the period from 1 April 2018 to 31 December 2018 includes a finance charge of £6,039,361 (financial year ended 31 March 2018: £nil) relating to unsecured loan from a fellow group company.

Dividends of £10,000,000 (financial year ended 31 March 2018: £35,600,000) were paid in the period from 1 April 2018 to 31 December 2018.

The balance sheet on page 10 shows the company's financial position at the balance sheet date with net assets of £662,744,015 compared to £651,961,356 at 31 March 2018.

The expected future developments of the company are determined by the strategy of the group. There are no future developments outside of the company's current operations planned.

Future developments

Future developments are specified in Directors' report.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

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

The company generated 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 contactors with strong covenants; and
- environmental and health and safety policies.

In a referendum on 23 June 2016 the British people expressed a desire for the country to resign its membership of the European Union. At this point in time it is difficult to predict the outcome and the opportunities and threats that would result and the Company is managing these by closely monitoring the position and assessing any possible impacts on the going concern position of the Company.

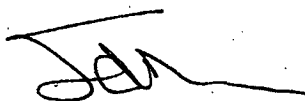
Bluebutton (5 Broadgate) UK Limited

Strategic report

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

The financial risks for the group are disclosed in the consolidated group accounts.

Approved by the Board and signed on its behalf by:



Jonathan Miller
Director

26 September 2019

Bluebutton (5 Broadgate) UK Limited

Directors' report

The directors present their Annual Report on the affairs of the company, together with the audited financial statements for the period from 1 April 2018 to 31 December 2018. Details of principal risks and uncertainties, review of business, results and dividends and KPIs can be found in the Strategic Report on page 1.

The directors passed a resolution on 26 March 2019 to shorten the financial year to 31 December 2018 to bring the year-end in line with the rest of the group.

Going concern

The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for a period of at least twelve months from the date when the financial statements are authorised for issue. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Directors

The following held office as directors during the period from 1 April 2018 to 31 December 2018 except as noted and up to the date of signing the financial statements:

M. Cosgrave (resigned 14 June 2018)
D. Devani (resigned 14 June 2018)
T. Roberts (resigned 14 June 2018)
H. Shah (resigned 14 June 2018)
N. Cahoon (resigned 14 June 2018)
D. Lockyer (resigned 14 June 2018)
E. Yeung (appointed 14 June 2018)
E. Ho (appointed 14 June 2018)
J. Miller (appointed 14 June 2018)
G. Ma (appointed 14 June 2018)

None of the directors had any interests in the shares of the company during the period. No director beneficially owns any of the ordinary shares or share options of the company or has had a material interest in contracts of any significance during or at the end of the period.

Subsequent events

Details of significant events since the balance sheet date are contained in note 20.

Future developments

Due to the long term nature of the leases, the company will continue to lease the property to the current tenant.

Statement of disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (1) to (4) of the Companies Act 2006.

Bluebutton (5 Broadgate) UK Limited

Directors' report

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed to the shareholders.

Approved by the Board and signed on its behalf by:



Jonathan Miller
Director
26 September 2019

Bluebutton (5 Broadgate) UK Limited

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 ("FRS 101") "Reduced Disclosures Framework". 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bluebutton (5 Broadgate) UK Limited

Independent auditor's report to the members of Bluebutton (5 Broadgate) UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bluebutton (5 Broadgate) UK Limited (the "company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the period from 1 April 2018 to 31 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosures Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 10 "Reduced Disclosures Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Bluebutton (5 Broadgate) UK Limited

Independent auditor's report to the members of Bluebutton (5 Broadgate) UK Limited (continued)

Other Information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatement in the Strategic Report or the Directors' Report.

Bluebutton (5 Broadgate) UK Limited

Independent auditor's report to the members of Bluebutton (5 Broadgate) UK Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Philip Doherty

Philip Doherty, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 September 2019

Bluebutton (5 Broadgate) UK Limited

Profit and loss account

For the period from 1 April 2018 to 31 December 2018

| | Notes | Period from 1 April 2018 to 31 December 2018 £ | Year ended 31 March 2018 £ |
|--|-------|---|----------------------------------|
| Turnover | 4 | 28,516,483 | 36,571,124 |
| Cost of sales | | (153,668) | (699,882) |
| | | <u>28,362,815</u> | <u>35,871,242</u> |
| Administrative expenses | | (500,518) | (1,386,680) |
| Operating profit | | <u>27,862,297</u> | <u>34,484,562</u> |
| Impairment of fair value of investment | 10 | (3,010) | - |
| Revaluation of investment properties | 9 | 2,136,721 | (39,648,678) |
| | | <u>29,996,008</u> | <u>(5,164,116)</u> |
| Profit/(Loss) before taxation and interest | | | |
| Net interest (payable)/receivable and similar (expense)/income | 7 | (6,035,453) | 5,667 |
| | | <u>23,960,555</u> | <u>(5,158,449)</u> |
| Profit/(Loss) before taxation | 5 | | |
| Tax on profit/(loss) | 8 | (3,177,896) | (1,077) |
| | | <u>20,782,659</u> | <u>(5,159,526)</u> |
| Profit/(Loss) for the financial period/year and total comprehensive income/(loss) | | | |

All results are from continuing operations. The company has one significant class of business, that of property investment in the United Kingdom.

There are no recognised gains or losses other than those shown above and consequently no separate statement of comprehensive income is presented.

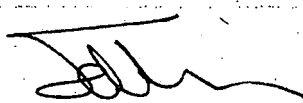
Bluebutton (5 Broadgate) UK Limited

Balance sheet

As at 31 December 2018

| | Notes | 31 December 2018 £ | 31 March 2018 £ |
|---|-------|-----------------------|----------------------|
| Fixed assets | | | |
| Investment properties | 9 | 953,275,000 | 953,275,000 |
| Investments | 10 | 17,713 | 20,723 |
| | | <u>953,292,713</u> | <u>953,295,723</u> |
| Current assets | | | |
| Debtors | 11 | 154,777 | 649,804 |
| Cash at bank and in hand | | 35,825,539 | 15,023,515 |
| | | <u>35,980,316</u> | <u>15,673,319</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 12 | (22,496,624) | (317,007,686) |
| Net current assets / (liabilities) | | <u>13,483,692</u> | <u>(301,334,367)</u> |
| Total assets less current liabilities | | <u>966,776,405</u> | <u>651,961,356</u> |
| Creditors: amount falling due after more than one year | 13 | (304,032,390) | - |
| Net assets | | <u>662,744,015</u> | <u>651,961,356</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 235,718,934 | 235,718,934 |
| Profit and loss account | | 427,025,081 | 416,242,422 |
| Total shareholder's funds | | <u>662,744,015</u> | <u>651,961,356</u> |

The financial statements of Bluebutton (5 Broadgate) UK Limited (07316457) were approved by the Board of Directors and authorised for issue on 26 September 2019. They were signed on its behalf by:


Jonathan Miller
Director

Bluebutton (5 Broadgate) UK Limited

Statement of changes in equity

For the period from 1 April 2018 to 31 December 2018

| | Notes | Called up share capital £ | Profit and loss account £ | Total £ |
|--|-------|---------------------------------|------------------------------------|--------------|
| Balance as at 1 April 2017 | | 235,718,934 | 457,001,948 | 692,720,882 |
| Loss for the year and total comprehensive loss | | - | (5,159,526) | (5,159,526) |
| Dividends payable in the year | 15 | - | (35,600,000) | (35,600,000) |
| Balance as at 31 March 2018 | | 235,718,934 | 416,242,422 | 651,961,356 |
| Profit for the period and total comprehensive income | | - | 20,782,659 | 20,782,659 |
| Dividends payable in the period | 15 | - | (10,000,000) | (10,000,000) |
| Balance as at 31 December 2018 | | 235,718,934 | 427,025,081 | 662,744,015 |

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

1. Accounting policies

The principal accounting policies of the company, which have been applied consistently during the current period and prior year, are as follows:

a. General information and basis of accounting

Bluebutton (5 Broadgate) UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 3 More London Riverside, London SE1 2AQ, United Kingdom. The nature of the company's operations and its principal activities are set out in the Strategic Report and the Directors' report on pages 1 to 4.

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The functional currency of the company is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

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

The financial statements are separate financial statements. The Company is consolidated in the financial statements of its ultimate parent undertaking and controlling party, CK Asset Holdings Limited.

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

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRSs 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.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosures requirements are met in the consolidated financial statement. Where required equivalent disclosures are given in the group accounts of the CK Asset Holdings Limited. The group accounts of CK Asset Holdings Limited are available to the public and can be obtained as set out in note 19.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its Group.

For the IFRS 16 "Leases" which is not yet effective, the Company is in the process of assessing their impact on the Company's results and financial position. Based on the preliminary assessment, no significant impact is anticipated for the adoption of IFRS 16 "Leases" to be effective in 2019.

For the IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", which became effective for financial periods beginning on or after 1 January 2018, based on the Company's assessment, these have no significant impact on the Company's results and financial position.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

1. Accounting policies (continued)

b. Going concern

The Balance Sheet shows that the company has net current assets. The directors have reviewed the company's working capital and cash flow requirements, along with considering that the company is part of and has the support of a wider Group of companies.

As a consequence of this the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date when the financial statements are authorised for issue. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

cb. Investment properties

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

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

c. Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d. Investments

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

e. Other financial liabilities / borrowings

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

f. Financial assets

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

g. Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

h. Deferred tax

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.

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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax are measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non- discounted basis.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

1. Accounting policies (continued)

i. 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 earliest termination date.

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

Where a lease incentive payment, including surrender 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 earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

j. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. Critical accounting judgements

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, for example, accruals. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgements in the year.

3. Key sources of estimation uncertainty

The key source of estimation uncertainty relates to the carrying value of investments and the valuation of the property portfolio and investments, where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

4. Turnover

| | Period from 1 April to 31 December 2018 £ | Year ended 31 March 2018 £ |
|---|--|----------------------------------|
| Rental income (all rental income is earned in the United Kingdom) | 28,516,483 | 36,571,124 |
| Total turnover | 28,516,483 | 36,571,124 |

5. Profit / (Loss) before taxation

A charge of £23,400 (financial year ended 31 March 2018: £26,400) is deemed payable to Deloitte LLP in respect of the audit of the financial statements.

No non-audit fees were paid to Deloitte LLP (financial year ended 31 March 2018: nil).

6. Staff costs

No director received any remuneration from the company for service to the company in either period. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made.

Average number of employees, excluding directors, of the company during the period was nil (financial year ended 31 March 2018: nil).

7. Net interest (payable)/receivable and similar (expense)/income

| | Period from 1 April to 31 December 2018 £ | Year ended 31 March 2018 £ |
|--|--|----------------------------------|
| Interest payable and similar expenses: | | |
| Interest on unsecured loan from a fellow group company | (6,039,361) | - |
| | (6,039,361) | - |
| Interest receivable and similar income: | | |
| Interest on cash and cash equivalents | 3,908 | 5,667 |
| Net interest payable | (6,035,453) | 5,667 |

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

8. Tax on profit/(loss)

| | Period from 1 April to 31 December 2018 | Year ended 31 March 2018 |
|--|---|-----------------------------|
| | £ | £ |
| Current Tax | 2,826,784 | 1,077 |
| Deferred tax | 351,112 | - |
| UK corporation tax | 3,177,896 | 1,077 |
| Tax reconciliation | | |
| Profit/(Loss) before taxation | 23,960,555 | (5,158,449) |
| Current United Kingdom corporation tax at 19% (March 2018: 19%) | 4,552,505 | (980,105) |
| Effects of: | | |
| REIT exempt income and gains and capital allowances | (1,321,467) | (6,657,581) |
| Decrease/(Increase) in fair value of investment property | (54,865) | 7,633,876 |
| Expenses not deductible for tax purposes | 1,723 | 4,887 |
| Total tax charge | 3,177,896 | 1,077 |
| Deferred tax | | |
| Post-REIT increase in fair value of investment property recognised for Deferred Tax calculation | 1,847,959 | - |
| Deferred tax recognised at 19% | 351,112 | - |

The corporation tax rate in the UK remained at 19% (financial year ended 31 March 2018: 19%). Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19% (financial year ended 31 March 2018: 19%).

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

9. Investment properties

| | £ |
|--|--------------------|
| At valuation | |
| 1 April 2018 | 953,275,000 |
| Additions | 380,895 |
| Lease incentives and rent review receivables | (2,517,616) |
| Revaluation of investment properties | 2,136,721 |
| | <u>953,275,000</u> |
| 31 December 2018 | <u>953,275,000</u> |
| 1 April 2017 | 996,000,000 |
| Additions | 300,602 |
| Lease incentives and rent review receivables | (3,376,924) |
| Revaluation of investment properties | (39,648,678) |
| | <u>953,275,000</u> |
| 31 March 2018 | <u>953,275,000</u> |
| Analysis of cost and valuation | |
| 31 December 2018 | |
| Cost | 534,878,702 |
| Revaluation | 418,396,298 |
| | <u>953,275,000</u> |
| Net book value | <u>953,275,000</u> |
| 31 March 2018 | |
| Cost | 582,796,038 |
| Revaluation | 370,478,962 |
| | <u>953,275,000</u> |
| Net book value | <u>953,275,000</u> |

At 31 December 2018, the book value of freehold investment properties owned by the company was £953,275,000 (financial year ended 31 March 2018: £953,275,000).

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

Properties were valued as at 31 December 2018 by Colliers International Valuation UK LLP on the basis of Market Value, in accordance with the RICS Valuation – Professional Standards 204, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

9. Investment properties (continued)

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

| | 31 December 2018 £ | 31 March 2018 £ |
|----------------------------|-----------------------|--------------------|
| Less than one year | 40,198,081 | 40,198,081 |
| Between one and five years | 160,902,456 | 160,902,456 |
| Greater than five years | 387,497,226 | 417,783,452 |
| Total | 588,597,763 | 618,883,989 |

10. Investments

| | Ordinary shares in subsidiaries £ | Participating interest £ | Total £ |
|--|---|--------------------------------|---------------|
| Investments at cost | | | |
| 1 April 2018 | 258,214,249 | 4,399 | 258,218,648 |
| 31 December 2018 | 258,214,249 | 4,399 | 258,218,648 |
| Provision for underlying net asset change | | | |
| 1 April 2018 | (258,197,925) | - | (258,197,925) |
| Impairment of fair value of investment during the period | | (3,010) | (3,010) |
| 31 December 2018 | (258,197,925) | (3,010) | (258,200,935) |
| Net assets value | | | |
| 1 April 2018 | 16,324 | 4,399 | 20,723 |
| 31 December 2018 | 16,324 | 1,389 | 17,713 |
| Investments at cost | | | |
| 1 April 2017 | 258,214,249 | 4,399 | 258,218,648 |
| 31 March 2018 | 258,214,249 | 4,399 | 258,218,648 |
| Provision for underlying net asset change | | | |
| 1 April 2017 | (258,197,925) | - | (258,197,925) |
| 31 March 2018 | (258,197,925) | - | (258,197,925) |
| Net assets value | | | |
| 1 April 2017 | 16,324 | 4,399 | 20,723 |
| 31 March 2018 | 16,324 | 4,399 | 20,723 |

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

10. Investments (continued)

The company has investments in the following subsidiaries, unless noted otherwise the registered address of each company is 3 More London Riverside, London SE1 2AQ, United Kingdom.

| Subsidiary: | Principal activity | Interest | Country |
|--------------------------|--------------------|----------|----------------|
| 4 Broadgate 2010 Limited | Non-trading | 100% | United Kingdom |
| 6 Broadgate 2010 Limited | Non-trading | 100% | United Kingdom |

The company holds a participating interest in Broadgate South Management Limited ("BSML", formerly Broadgate Circle Management Limited), a company that is engaged in estate management and the provision of property services in the United Kingdom. On 7 June 2018, BSML underwent a share capital reduction exercise which resulted in its existing 50,000 ordinary shares of £1 each, being reduced to 9 shares of £1 each. At the same time, the company's interest in BSML reduced from 17,595 shares of £1 each (25 pence paid) to 1 ordinary share of £1 (fully paid up), and an impairment of £3,010 was recognised in the nine-month period ended 31 December 2018.

11. Debtors

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------|--------------------|
| Amounts owed by group undertakings – current accounts | - | 333,349 |
| Other debtors | - | 238,222 |
| Other taxation and social security | 154,777 | 78,233 |
| | <u>154,777</u> | <u>649,804</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Creditors: amounts falling due within one year

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------|--------------------|
| Interest owed to group undertaking | 6,039,361 | - |
| Amount owed to group undertaking – current accounts | 3,485,707 | 305,634,739 |
| Accruals and deferred income | 9,479,270 | 9,325,272 |
| Other taxation and social security | 1,607,608 | 2,034,026 |
| Trade creditors | - | 14,295 |
| Corporation tax | 1,884,678 | (646) |
| | <u>22,496,624</u> | <u>317,007,686</u> |

Interest owed to group undertaking is unsecured, interest free and repayable within one month. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

13. Creditors: amount falling due after more than one year

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------|--------------------|
| Amount owed to group undertaking – shareholder's loan | 303,681,278 | - |
| Deferred tax liabilities | 351,112 | - |
| | <u>304,032,390</u> | <u>-</u> |

The amount owed to group undertaking is an unsecured loan from CK Steel (UK) Limited with rate of interest of 3.61% per annum with a final repayment date falling 7 years after the first drawdown date.

14. Called up share capital

| | 31 December 2018 £ | 31 March 2018 £ |
|---|-----------------------|--------------------|
| Issued share capital – allotted, called up and fully paid | | |
| Ordinary shares at £1.00 each | | |
| As at 31 December and 31 March: 235,718,934 shares | <u>235,718,934</u> | <u>235,718,934</u> |

15. Dividends

| | 31 December 2018 £ | 31 March 2018 £ |
|-------------------------|-----------------------|--------------------|
| Total value of dividend | 10,000,000 | 35,600,000 |
| | <u>10,000,000</u> | <u>35,600,000</u> |
| Dividend paid per share | <u>0.04</u> | <u>0.15</u> |

16. Capital commitments

The company had no capital commitments contracted as at 31 December 2018 (31 March 2018: £361,661).

17. Contingent liabilities

The company had no contingent liabilities as at 31 December 2018 (31 March 2018: £nil).

18. Related parties

During the period from 1 April 2018 to 31 December 2018, Bluebutton Property Management UK Limited recharged £200,504 (31 March 2018: £230,779) of development costs to the company.

19. Immediate and ultimate parent undertaking

The immediate parent company is Bluebutton HoldCo 5 Broadgate (Jersey) Limited. The ultimate parent company changed as of 14 June 2018 from Broadgate REIT Limited to CK Asset Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. The address of the registered office is PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. The group financial statements of CK Asset Holdings Limited, which is both the largest and smallest group into which the financial results of the Company are consolidated, can be obtained from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Bluebutton (5 Broadgate) UK Limited

Notes to the financial statements (continued)

For the period from 1 April 2018 to 31 December 2018

20. Subsequent events

Subsequent to 31 December 2018, aggregate interim 2019 dividends of £35,033,000 were declared by the company.