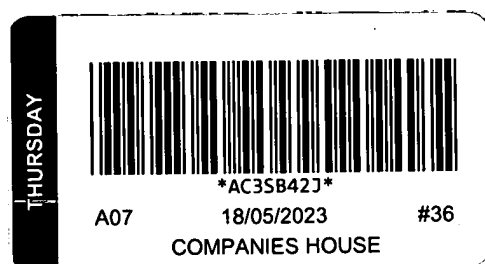


# ALTUM

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**REGISTERED NUMBER: 07316457**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **Contents**

	<b>Page</b>
Officers and registered office	2
Strategic report	3
Directors' report	6
Independent auditor's report	8
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the audited financial statements	15

**BLUEBUTTON (5 BROADGATE) UK LIMITED  
OFFICERS AND REGISTERED OFFICE  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Directors**

Andrew John Muscat (appointed 21 December 2022 and resigned 27 February 2023)  
Steve Xuereb (appointed on 27 February 2023)  
Katharine Eirwen Hynard (appointed 9 August 2022)  
Alistair James Seaton (appointed 28 November 2022)  
James Scott Lyon (appointed 11 March 2022 and resigned on 28 November 2022)  
Michael Robert Coulton (appointed and resigned 27 May 2022)  
Edmond Wai Leung Ho (resigned 11 March 2022)  
Gerald Lai Chee Ma (resigned 11 March 2022)  
Jonathan Theodore Miller (resigned 11 March 2022)  
Eirene Yeung (resigned 11 March 2022)  
Andrew James Meyrick (appointed 11 March 2022 and resigned 21 April 2022)  
James Michael Boyd (appointed 11 March 2022 and resigned on 28 November 2022)

**Secretary**

Altum Secretaries Limited (formerly known as LGL Secretaries Limited)  
First Floor  
Liberation House  
Castle Street  
St Helier  
Jersey JE1 1GL

**Registered Office**

One Curzon Street  
London  
England  
W1J 5HD

**Bankers**

Barclays Bank Plc  
13 Library Place  
St Helier  
Jersey  
JE4 8NE

Lloyds Bank Plc  
PO Box 72  
City Office  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 0LS

**Independent auditor**

Deloitte LLP  
2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

**BLUEBUTTON (5 BROADGATE) UK LIMITED  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present the strategic report of Bluebutton (5 Broadgate) UK Limited (the "Company") for the year ended 31 December 2022.

**Principal activities and business review**

The principal activity of the Company is property holding. The Company owns the completed property, 5 Broadgate, London comprising office accommodation occupied by a single tenant.

The Company made a profit for the year of £80.511 million (2021: £80.488 million) and paid distributions of £299.425 million (2021: £74 million). The Company shows a net asset position of £500.264 million (2021: £719.178 million).

The directors are satisfied with the level of business and year-end financial position of the Company.

The expected future developments of the Company are determined by the strategy of Stonecutter Investments Limited and its subsidiaries ("the Group"). There are no developments outside of the Company's current operations planned.

**Review of the business and future developments**

The Company owns a completed property known as 5 Broadgate comprising office accommodation occupied by a single tenant on a 20 year lease without a break clause and is due to expire in June 2035.

The valuation was prepared in accordance with the the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards (the "Red Book").

The property was valued on 31 December 2022, at £1.048 billion (2021: £1.0775 billion) by Knight Frank LLP, independent valuers.

Due to the long term nature of the leases, the Company will continue to lease the property to the current tenant. Although Bluebutton HoldCo 5 Broadgate (Jersey) Limited, the immediate holding company, was acquired by Broadgate Five (Jersey) Holdings Limited on 11 March 2022, this change in ownership is not expected to affect the future operations of the Company.

**Key performance indicators ("KPIs")**

The property comprises of office accommodation occupied by a single tenant on a 20 year lease without a break clause and is due to expire in June 2035.

**Rent review**

The rent is subject to annual upwards only increases in line with the all items index of retail prices (subject to maximum of 4% in any one year).

**Market value**

During the year, the market value of the property has decreased by £25.507 million (2021: Increase by £77.555 million) due to the existing property market conditions and increase in yields compared to prior year.

Given the straight forward nature of the business, the Company's directors are of the opinion that no additional KPIs are necessary for an understanding of the development, performance or position of the business.

**S.172 Statement**

As far as directors are aware, all legal requirements under section 172 of the Companies Act 2006 have been complied with during the year and up to the date of signing the accounts

The statement of Actions and responsibilities of the Board below has been produced with regard to the matters set out in section 172(1)(a) to (f) of Companies Act 2006, as listed below:

- The likely consequences of any decision in the long term (approving the strategic direction and values);
- The interests of the Company's employees, if any;
- The desirability of the Company maintaining a reputation for high standards of business conduct;
- The need to foster the Company's business relationships with suppliers, customers and others;

- The impact of the Company's operations on the community and the environment; and
- The need to act fairly as between members of the Company.

The Company is committed to pursuing leading governance practices as appropriate.

#### **Actions and responsibilities of the Board**

The Board is responsible for and makes key decisions on the following areas.

- **Approving the strategic direction and values, with consideration of the likely consequences in the long term.**

The Board is responsible to the shareholders for the strategic direction of the Company in both the short and long term and seeks to balance the best interests of the Company with the objective of enhancing shareholder value.

The long term primary objectives which reflect the strategic value of the Company to be a top performing property investment holding company with regard to safety and customer satisfaction. The Board ensure they are aware of how well the Company is performing in these areas through the review of the operations and discussions with senior management during board meetings.

Each year the Board reviews senior management's proposals of performance targets of the Company over the next five years, with reference to the strategic direction of the Company. If appropriate, the Board agrees these targets as the budget for the following financial year (short term objectives).

- **Interests of the Company's employees**

The Company does not currently have any employees, and the operations are managed by senior management of related parties.

- **Maintaining a reputation for high standards of business conduct**

As a Company we believe that we are trusted by our stakeholders and have a good reputation for high standards of professionalism within the business we conduct. As part of this, the Board has oversight of and actively monitors the strong control environment managed by senior management to ensure a high standard of business conduct is met and the reputation of the company is maintained.

- **Maintaining relationships with key suppliers, customers and others**

The Board is focused on maintaining strong relationships with the Company's suppliers, customers and other key stakeholders to ensure this is to the benefit of all parties. All contracts with suppliers and service providers, as well as rental leases, rent review memoranda and deeds of variations with customers are approved by directors, having first been reviewed by the legal department and other members of the senior management team. Payments to suppliers and service providers are authorised by directors and are made on a timely basis. The directors also review any feedback or requests made by suppliers, customers and other key stakeholders upon receipt.

- **Monitoring the impact of the Company: environmental matters and community impact**

Stakeholder engagement is very important to the Company and is encouraged by the Board.

In the current financial year the Company has continued to engage with customers and key stakeholders to consider new proposals and the potential impact and benefits of the customer and the local communities. Some of these findings have fed into the Company's business plan for the next five years.

The Company's environmental impact and carbon footprint is an area which the Board encourages senior management to look at, particularly the use of technology to reduce business meeting travel and physical documents.

- **Maintenance of the need to act fairly between members of the Company**

The Company is a wholly-owned subsidiary of Bluebutton HoldCo 5 Broadgate (Jersey) Limited hence only has one member. The fiduciary duties of the Board include the promotion of the Company's success and ensuring the interests of the member are appropriately protected.

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Principal risks and uncertainties**

The Company is part of a large property investment group, Stonecutter Investments Limited which is a Real Estate Investment Trust ("REIT") which was admitted to The International Stock Exchange ("TISE").

As such, the fundamental underlying risks for this Company are those of the property group as discussed below.

The Company's activity is within the real estate market focusing on the ownership of quality assets in the UK. The Company is exposed to specific industry risks which are similar to any commercial marketplace and are denominated by supply and demand like a major tenant becoming insolvent causing significant loss in rental income. The Company has reduced its risk in the rental market by performing ongoing reviews of the financial status of the tenant. The Company is also exposed to credit risk where the tenant will not meet the obligations under an operating lease leading to financial loss.

This risk is managed by requiring the tenant to pay rent in advance and the credit quality of the tenant is assessed at the time of entering into a lease agreement and through the process of ongoing monitoring.

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 contractors with strong covenants; and
- Environmental and health and safety policies.

These opportunities also represent risks, the most significant being changes 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 Company's activities also expose it to a number of financial risks, including credit risk, interest rate risk and liquidity risk. The Company is primarily financed by debt and equity, with liquidity risk managed through intergroup assets and a long-term bank loan of £605 million. Interest rate risk is managed through derivative instruments using interest rate swaps and the credit risk is managed through the assessment of recoverability of balances.

All intercompany balances are deemed recoverable. The recovery of the investments held in the balance sheet is a risk but based on the underlying cash flow forecasts the directors deem this risk to be low.

**By the order of the board**

  
Steve Xuereb (May 11, 2023 14:13 GMT+1)

**Steve Xuereb**  
**11 May 2023**

**BLUEBUTTON (5 BROADGATE) UK LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their annual report and the audited financial statements (the "financial statements") of Bluebutton (5 Broadgate) UK Limited (the "Company") for the year ended 31 December 2022.

**Incorporation**

The Company was incorporated in the United Kingdom on 15 July 2010, as a private limited company under the Companies Act 2006 (The "Company Law").

**Going concern**

At 31 December 2022, the Company had net current assets of £0.118 million (2021: net current liabilities of £328.73 million). The net current liability position in the prior year was primarily due to the £480 million bank loan that fell due for repayment within 12 months. This bank loan was repaid in full on 11 March 2022 after the Company entered into a 5-year £605 million term loan with Lloyds Bank plc, thereby restoring the Company to a net current assets position.

The directors have reviewed the Company's working capital and cash flow requirements and do not currently anticipate material disruption or impact to business, particularly as the tenant has credit rating of A-1 from Standard and Poor (for short term debt) and continues to pay rent on time and the Company continues to comfortably satisfy the loan to value and interest cover covenants relating to the £605 million term loan. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

**Climate risk**

5 Broadgate holds energy performance rating B valid until 18 July 2026.

**Directors**

The directors who acted during the year and subsequently are set out on page 2.

None of the directors had any interests in the shares of the Company during the year. 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 year. During the financial year and up to 11 March 2022, directors' and officers' liability insurance and qualifying third party indemnity were provided to the directors of the Company by another company within the CK Asset Holdings Group. The CK Asset Holdings Group is defined as CK Asset Holdings Limited and its subsidiaries. From 11 March 2022 onwards, directors' and officers' liability and qualifying third party indemnity have been provided to the directors of the Company by Stonecutter Investments Limited, the current ultimate parent company as disclosed in note 19. A summary of how the directors have fostered the Company's business relationships with suppliers, customers and others, including on the principal decisions taken by the Company during the financial year may be found in the Strategic Report.

**Subsequent events**

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

**Future development**

Due to the long term nature of the leases, the Company will continue to lease the property to the current tenant. Although Bluebutton HoldCo 5 Broadgate (Jersey) Limited, the immediate holding company, was acquired by Broadgate Five (Jersey) Holdings Limited on 11 March 2022, this change in ownership is not expected to affect the future operations of the Company.

**Disclosure of information to the independent 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 auditor is aware of that information.

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

**BLUEBUTTON (5 BROADGATE) UK LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Statement of directors' responsibilities with regard to the financial statements**

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure 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 judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that they have complied with the above requirements in preparing the financial statements.


**Secretary**

The secretary who acted during the year and subsequently is shown on page 2.

**Independent auditor**

Deloitte LLP ("Deloitte") have indicated their willingness to continue in office.

**By order of the Board**

  
Steve Xuereb (May 11, 2023 14:13 GMT+1) .....

**Steve Xuereb**

**Date: 11 May 2023**



## **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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- 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 101 "Reduced Disclosure 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**

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.

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 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.

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including valuations specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to be in management's incentive to manipulate the assumptions used by the external valuer in their estimation of the fair value of the investment property. Our specific procedures performed to address it are described below:

- We have used internal property valuation experts to challenge and benchmark the key yield assumption used in the valuation against industry data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions 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 has 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 misstatements in the strategic report or the directors' report.

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

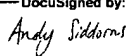
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

DocuSigned by:  
  
 CA52DA0164774B5...

Andy Siddorns FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

11 May 2023

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		31 December 2022 £000	31 December 2021 £000
	Notes		
<b>Revenue</b>			
Rental income		41,262	40,161
Other property income		2,053	1,943
Other property operating expenses		<u>(2,428)</u>	<u>(1,969)</u>
<b>Net rental income</b>		<b>40,887</b>	<b>40,135</b>
<b>Expenses</b>			
Administration expenses		(80)	(13)
Legal and professional fees	5	<u>(404)</u>	<u>(48)</u>
<b>Operating profit</b>		<b>40,403</b>	<b>40,074</b>
<b>Other operating gains/ (losses)</b>			
Net (loss)/ gain from fair value adjustment on investment property	8	(25,507)	77,555
Gain on derivative financial instrument	10	<u>53,681</u>	<u>-</u>
<b>Profit before interest and taxation</b>		<b>68,577</b>	<b>117,629</b>
<b>Finance income/(expense)</b>			
Finance income	6	551	122
Finance costs	6	<u>(16,960)</u>	<u>(10,733)</u>
<b>Profit before tax</b>		<b>52,168</b>	<b>107,018</b>
Taxation	7	28,343	(26,530)
<b>Total comprehensive Income for the year</b>		<b><u>80,511</u></b>	<b><u>80,488</u></b>


All the items dealt with in arriving at the total comprehensive income for the year relate to continuing operations.


The notes on pages 15 to 29 are an integral part of these financial statements

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		31 December 2022 £000	31 December 2021 £000
	Notes		
<b>Fixed assets</b>			
Investments	9	18	18
Investment property	8	1,048,000	1,077,500
Derivative financial instruments	10	53,681	-
		<b>1,101,699</b>	<b>1,077,518</b>
<b>Current assets</b>			
Shareholder loan interest receivables	12	-	58
Shareholders' loan receivable	12	-	150,000
Trade and other receivables	13	15,941	4,455
Cash and cash equivalents	11	16	13,674
		<b>15,957</b>	<b>168,187</b>
<b>Current liabilities</b>			
Loan interest payable	14	(2,332)	(70)
Deferred income		(10,449)	(10,047)
Loans payable	14	-	(479,884)
Trade and other payables	16	(3,058)	(6,915)
		<b>(15,839)</b>	<b>(496,916)</b>
<b>Net current assets/ (liabilities)</b>		<b>118</b>	<b>(328,729)</b>
<b>Total assets less current liabilities</b>		<b>1,101,817</b>	<b>748,789</b>
<b>Non current liabilities</b>			
Loan payable	14	(601,553)	-
Deferred tax payable		-	(29,611)
<b>Total net assets</b>		<b>500,264</b>	<b>719,178</b>
<b>Capital and reserves</b>			
Share capital	15	-	235,719
Share premium account		-	18,000
Revaluation reserve		478,585	-
Retained earnings		21,679	465,459
<b>Equity shareholders' funds</b>		<b>500,264</b>	<b>719,178</b>

The financial statements of Bluebutton(5 Broadgate) UK Limited (registration no. 07316457) on pages 12 to 29 were approved and authorised for issue by the board of directors on 11 May 2023 and were signed on its behalf by:

  
Steve Xuereb (May 11, 2023 14:13 GMT+1)  
Steve Xuereb

  
Alistair James Seaton (May 11, 2023 14:17 GMT+1)  
Alistair James Seaton

The notes on pages 15 to 29 are an integral part of these financial statements

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		Share capital £000	Share premium £000	Fair value reserve £'000	Retained earnings £000	Total £000
<b>Balance at 1 January 2021</b>		235,719	-	-	458,971	694,690
Total comprehensive Income for the year		-	-	-	80,488	80,488
Issue of share capital		-	18,000	-	-	18,000
Dividends	18	-	-	-	(74,000)	(74,000)
<b>Balance at 31 December 2021</b>		<b>235,719</b>	<b>18,000</b>	<b>-</b>	<b>465,459</b>	<b>719,178</b>
<b>Balance at 1 January 2022</b>		235,719	18,000	-	465,459	719,178
Reduction of share capital		(274,081)	(18,000)	-	292,081	-
Transfer to fair value reserve *		-	-	488,773	(488,773)	-
Issue of bonus shares		38,362	-	(38,362)	-	-
Total comprehensive Income for the year		-	-	28,174	52,337	80,511
Dividends	18	-	-	-	(299,425)	(299,425)
<b>Balance at 31 December 2022</b>		<b>-</b>	<b>-</b>	<b>478,585</b>	<b>21,679</b>	<b>500,264</b>

\*In the current reporting period, the portion of retained earnings that is attributable to unrealised gains on the fair value adjustment of investment property and the derivative financial instrument has been classified separately into a separate fair value reserve in the statement of changes in equity.

The notes on pages 15 to 29 are an integral part of these financial statements

## **1 GENERAL INFORMATION**

Bluebutton 5 Broadgate UK Limited (the "Company") was incorporated in United Kingdom on 15 July 2010. The address of its registered office of the Company is disclosed on page 2.

The Company is a wholly owned subsidiary of Bluebutton HoldCo 5 Broadgate (Jersey) Limited. CK Asset Holdings Limited was the ultimate parent company, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. On 11 March 2022, the Company was indirectly acquired by Broadgate Five (Jersey) Holdings Limited, a company incorporated in Jersey, Channel Islands. Broadgate Five (Jersey) Holdings Limited is wholly-owned subsidiary company of Stonecutter Investments Limited ("SIL"). The Company became part of the Stonecutter Investments Limited REIT structure on the same day.

## **2 BASIS OF PREPARATION**

### **Statement of compliance**

The financial statements have been prepared on a going concern basis 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 financial statements are presented in Pound Sterling (£'000).

In preparation of these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("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, Stonecutter Investments Limited.

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

- (a) The requirements of IAS 7 to provide a Statement of Cash flows for the year;
- (b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (c) The requirements of IAS 1 to disclose information on the management of capital;
- (d) The requirements of paragraph 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;
- (e) 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;
- (f) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (g) The requirements of IFRS 7 to disclose financial instruments; The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs;
- (h) The requirements of IAS 36 in relation to cash generating units which contain goodwill or an intangible asset with an indefinite useful life; and
- (i) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.



## **2 BASIS OF PREPARATION (continued)**

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 Stonecutter Investments Limited. The group accounts of Stonecutter Investments 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 401 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. Changes in the financial reporting framework applicable for accounting periods beginning on or after 1 January 2022 do not have a material impact on the Company's financial statements.

### **Going concern**

At 31 December 2022, the Company has net current assets of £0.118 million (2021: net current liabilities of £328.73 million). The net current liability position in previous year is primarily due to the £480 million bank loan that fell due for repayment within 12 months. This bank loan was repaid in full on 11 March 2022 after the Company entered into a 5-year £605 million term loan with Lloyds Bank plc, thereby restoring the Company to a net current assets position.

The directors have reviewed the Company's working capital and cash flow requirements and do not currently anticipate material disruption or impact to business, particularly as the tenant continues to pay rent on time and the Company continues to comfortably satisfy the loan to value and interest cover covenants relating to the £605 million term loan. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

## **3 ACCOUNTING POLICIES**

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **(a) Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention, as adjusted for the fair valuation of investment property, investment and derivative instruments and they are presented in Pound Sterling being the currency of the primary economic environment in which the Company operates (i.e. its functional currency).

### **(b) Foreign currency translation**

The functional currency and presentation currency of the Company is Pound Sterling.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### **3 ACCOUNTING POLICIES (continued)**

#### **(c) Investment property**

Investment property comprises completed property, property under construction or re-development held to earn rentals or for capital appreciation or both, and property held for sale.

Investment property is initially measured at cost including directly attributable acquisition costs, which include transfer taxes and professional fees for legal services, etc. to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment property is stated at fair value. The fair values are based on market values, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise.

Investment property is derecognised when it has been disposed of. Gains and losses on the disposal of investment property are calculated as the difference between net disposal proceeds and the carrying value of the property in the previous full period financial statements plus subsequent costs, or, if acquired in the current period, the difference between net disposal proceeds and cost. Gains and losses on disposal are recognised in the statement of comprehensive income in the period in which the disposal occurred.

#### **(d) Impairment - Financial assets**

The Company recognises an allowance for ECL on all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages: 12-month credit losses and lifetime credit losses.

For rent receivables, the Company applies the general approach in calculating ECLs and allocates 12-month credit losses on initial recognition and thereafter as long as there is no significant deterioration in credit risk. If there has been a significant increase in credit risk on an individual or collective basis, then the Company will recognise lifetime ECL.

#### **(e) Trade and other receivables**

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost. Provision is made in accordance with the impairment policy above.

#### **(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

#### **(g) Equity instruments**

Ordinary shares are classified as equity. Equity instruments issued are recognised at the proceeds received, net of incremental costs directly attributable to the issue.

#### **(h) Financial liabilities**

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

#### **(i) Trade and other payables**

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost.

### 3 ACCOUNTING POLICIES (continued)

#### (j) Finance costs

Finance costs are recognised using the effective interest method.

#### (k) Derivative instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in other comprehensive income.

#### (l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

#### (m) Revenue recognition

##### (i) Rental income

Rental income from investment property, except for contingent rental income, is recognised on a straight-line basis over the term of the lease.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancelable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option to continue the lease.

##### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

##### (iii) Service charges and expenses

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the directors consider that the Company acts as principal in this respect.

#### (n) Other expenses

Other expenses are accounted for on an accruals basis.

#### (o) Income tax

##### *Current tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and it establishes provisions where appropriate.

The Company is part of a group which is a REIT and accordingly the Group, including the Company is exempt from tax on both rental profits and chargeable gains from its UK property rental business provided certain conditions are met, however it is subject to corporation tax in the UK on profits of its residual business.

#### **4 USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Critical judgements in applying accounting policies**

There are no critical judgments which are expected to have a significant effect on the amounts recognised in the financial statements.

##### **Critical accounting estimates and assumptions**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Valuations of property*

Investment property are stated at fair value as at the date of the statement of financial position. The fair value of completed investment property is determined by the directors taking into account valuations from independent real estate valuation experts with relevant recognised industry qualifications using recognised valuation techniques. This typically involves the adoption of the investment method of valuation with the main inputs such as rent and yield being based upon evidence from recent transactions involving assets in similar locations and with similar characteristics to the Company's assets.

The valuers also consider in their valuations likely refurbishments and/or fit out costs for unlet investment property.

For the valuations of the investment property based in the UK, it is market practice for valuers to assume an element of void costs and lease incentives on expiry of leases on the expectation that the current tenants will not extend their leases or will not extend their leases with the same terms.

## **5 LEGAL AND PROFESSIONAL FEES**

	<b>31 December 2022 £'000</b>	<b>31 December 2021 £'000</b>
Investment advisory expenses	226	-
Audit fees	16	27
Tax advisory fees	17	(10)
Valuation fees	35	7
Other professional fees	<u>110</u>	<u>24</u>
	<b><u>404</u></b>	<b><u>48</u></b>

Non-audit fees paid to Deloitte LLP is £19,500 (2021: £nil). The Company had no employees during the year 2022 (2021: nil).

## **6 FINANCE INCOME AND FINANCE COSTS**

### **FINANCE INCOME**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
Bank and other interest income	19	6
Shareholder loan interest income	532	58
Interest on corporate tax refund	<u>-</u>	<u>58</u>
	<b><u>551</u></b>	<b><u>122</u></b>

### **FINANCE COSTS**

	<b>2022 £000</b>	<b>2021 £000</b>
Debt arrangement fees	855	-
Bank loan interest expense	16,105	70
Shareholder loan interest expense	<u>-</u>	<u>10,663</u>
	<b><u>16,960</u></b>	<b><u>10,733</u></b>

**BLUEBUTTON (5 BROADGATE) UK LIMITED**  
**NOTES TO THE AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7 TAXATION**

The Company's ultimate parent company is registered as a UK REIT and accordingly income and capital gains from qualifying activities are exempt from UK Corporation Tax with effect from 11 March 2022 before which the Company's profit are taxed at an effective rate of 19% (2021:19%).

	2022 £000	2021 £000
<b>Current taxation</b>		
Income tax	1,268	4,688
Deferred tax	<u>(29,611)</u>	<u>21,842</u>
	<b><u>(28,343)</u></b>	<b><u>26,530</u></b>
<b>Reconciliation of tax charge</b>		

	2022 £000	2021 £000
Profit before tax	<u>52,168</u>	<u>107,018</u>
Tax using the Company's domestic tax rate at 19% (2021:19%)	9,912	20,334
Net revaluation gains which are not subject to tax	(5,353)	-
Capital allowances	-	(974)
Reversal of deferred tax liabilities	(29,611)	-
REIT profit not subject to tax	(3,291)	-
Expenses not deductible for tax purposes	-	64
Effect of change in tax rate	<u>-</u>	<u>7,106</u>
Total tax charge reported in the statement of comprehensive income	<b><u>(28,343)</u></b>	<b><u>26,530</u></b>

**Deferred Tax**

Increase in fair value of investment property recognised for deferred tax calculation	-	77,555
Deferred tax on increase in fair value of investment property at 25%	-	19,389
Deferred tax balance increase from 19% to 25%	-	2,453
Reversal of deferred tax liability	<u>(29,611)</u>	<u>-</u>
Deferred tax charge recognised at 0% (2021: 25%)	<b><u>(29,611)</u></b>	<b><u>21,842</u></b>

During the year, the Company has derecognised the deferred tax liability of £29,611,117 (2021:£nil) in the statement of comprehensive income after the acquisition by SIL (see note 1) and forming part of the REIT structure on the same day.

The directors take professional advice as and when required on the tax position of the Company and do not consider that any additional material liabilities will arise and accordingly, no provision has been made for contingent tax liabilities in these financial statements.

## 8 INVESTMENT PROPERTY

	31 December 2022 £000	31 December 2021 £000
Balance brought forward	1,077,500	985,500
Additions during the year	-	18,000
Net (loss)/gain from fair value adjustment on investment property	(25,507)	77,555
Lease incentives and rent review	(3,993)	(3,555)
<b>Balance carried forward</b>	<b>1,048,000</b>	<b>1,077,500</b>

The property is a single tenanted office block valued at £1,048,000,000 (2021: £ 1,077,500,000).

### b) Measurement of fair value

#### Fair value hierarchy

The fair value of the investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and having recent experience in the location and category of the property being valued. The Company uses the following hierarchy to categorise into three levels, the inputs to valuation techniques to measure fair value:

- Level 1 inputs comprise unadjusted quoted prices in active markets for identical assets and liabilities that the Company can access at the measurement date;
- Level 2 inputs comprise other observable inputs not included within Level 1 of the fair value hierarchy; and
- Level 3 inputs comprise unobservable inputs (including the Company's own data), which are adjusted, if necessary, to reflect the assumptions market participants may use in the circumstances.

In determining the appropriate class of investment property, the Company has considered the nature, characteristics and risks of its property as well as the level of the fair value hierarchy within which the fair value measurements are categorised.

The following factors have been applied to determine the appropriate class:

- The real estate segment (commercial office)
- The geographical location (UK)
- The level of the fair value hierarchy (Level 3)

There were no transfers into Level 3 nor any transfers out of Level 3 during the year. There are no assets classified as Level 1 or Level 2 in the fair value hierarchy.

The fair value was arrived at on the basis of the valuation carried out by Knight Frank LLP (2021: Colliers International Valuation UK LLP), independent valuers not related to the Company.

The valuation was prepared in accordance with the the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards (the "Red Book").

The Company leases out its investment property under operating leases with lease terms of 20 years, with a 15 year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Company, as they relate to property which is in a location that has constantly increased in value over the last 5 years. The Company did not identify any indications that this situation will change.

## 8 INVESTMENT PROPERTY (continued)

Maturity analysis of operating lease payments:

	31 December 2022 £'000	31 December 2021 £'000
Year 1	46,091	44,318
Year 2	46,091	44,318
Year 3	46,091	44,318
Year 4	46,091	44,318
Year 5	46,091	44,318
Year 6 and onwards	298,642	376,702
Total	<u>529,097</u>	<u>598,292</u>

## 9 INVESTMENTS

	Ordinary shares in subsidiaries £'000	Participating interest £'000	Total £'000
<b>Investments at cost</b>			
1 January 2022	258,215	4	258,219
31 December 2022	<u>258,215</u>	<u>4</u>	<u>258,219</u>
<b>Provision for underlying net asset change</b>			
1 January 2022	(258,198)	(3)	(258,201)
31 December 2022	<u>(258,198)</u>	<u>(3)</u>	<u>(258,201)</u>
<b>Net value</b>			
1 January 2022	17	1	18
31 December 2022	<u>17</u>	<u>1</u>	<u>18</u>
	Ordinary shares in subsidiaries £'000	Participating interest £'000	Total £'000
<b>Investments at cost</b>			
1 January 2021	258,215	4	258,219
31 December 2021	<u>258,215</u>	<u>4</u>	<u>258,219</u>
<b>Provision for underlying net asset change</b>			
1 January 2021	(258,198)	(3)	(258,201)
31 December 2021	<u>(258,198)</u>	<u>(3)</u>	<u>(258,201)</u>
<b>Net value</b>			
1 January 2021	17	1	18
31 December 2021	<u>17</u>	<u>1</u>	<u>18</u>



## 9 INVESTMENTS (continued)

	Country of incorporation	Principal activity	31 December 2022 %	31 December 2021 %
<b>Direct ownership</b>				
4 Broadgate 2010 Limited	UK	Non-trading	100	100
6 Broadgate 2010 Limited	UK	Non-trading	100	100

The Company has investments in the above subsidiaries, unless noted otherwise the registered address of each company is One, Curzon Street, London, England, W1J 5HD, United Kingdom. The Company has taken advantage of the exemption under Financial Reporting Standards ("FRS") 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.

The Company holds a 11% 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.

## 10 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022 Assets £'000	31 December 2021 Assets £'000
<b>Derivative carried at fair value</b>		
Interest rate swap	53,681	-
	<b>53,681</b>	<b>-</b>

The Company does not apply hedge accounting in accordance with IFRS 9. Interest rate swap is used to fix the interest payments of variable debt instrument.

On 11 March 2022, the Company entered into an interest rate swap agreement with Lloyds Bank Plc for an amount of £605,000,000 which will be terminated on 10 June 2027. The fixed rate agreed is 1.894% and the floating rate option is GBP-SONIA

### Measurement of fair value

The fair value of the derivative instrument is determined by external, independent valuer, having appropriate recognised professional qualifications at the end of the each reporting period.

The fair value gains on derivative financial instruments amount to £53,680,776 (2021:£nil).

The following table gives information about how the fair value of the instrument is determined:

	Strike rate	Key rate	Index
Valutaion inputs	1.89400%	4.06454%	GBP-SONIA Compounding w/ -5 day Lookback

## **11 CASH AND CASH EQUIVALENTS**

	<b>31 December 2022 £'000</b>	<b>31 December 2021 £'000</b>
Cash and cash equivalents	<u>16</u>	<u>13,674</u>
	<b><u>16</u></b>	<b><u>13,674</u></b>

## **12 SHAREHOLDERS' LOAN RECEIVABLE**

	<b>31 December 2022 £'000</b>	<b>31 December 2021 £'000</b>
Bluebutton HoldCo 5 Broadgate (Jersey) Limited	<u>-</u>	<u>150,000</u>
	<b><u>-</u></b>	<b><u>150,000</u></b>

The loan was unsecured at an interest rate of 1.4% per annum and it was repaid in full on 4 April 2022.

Interest receivables at the year end is £ nil (2021: £57,534)

On 30 March 2022, Company declared £271,418,616 of dividends and this was settled on 4 April 2022 via the offset the £150 million loan to Bluebutton HoldCo 5 Broadgate (Jersey) Limited and £121 million loan to Broadgate Five (Jersey) Holdings Limited.

## **13 TRADE AND OTHER RECEIVABLES**

	<b>At 31 December 2022 £000</b>	<b>At 31 December 2021 £000</b>
Trade receivables	24	-
Income tax receivable	370	4,337
Other receivables	<u>15,547</u>	<u>118</u>
	<b><u>15,941</u></b>	<b><u>4,455</u></b>

Other receivables include cash held by property agents.

## 14 LOAN PAYABLES

	31 December 2022 £000	31 December 2021 £000
<b>Current liabilities</b>		
<i>Loan from Lloyds Bank Plc</i>		
Loan interest payable	2,332	70
<i>Loan from MUFG Bank Ltd</i>		
Principal	-	480,000
Financing fees to be amortised	-	(116)
	<b>-</b>	<b>479,884</b>
<b>Non-current liabilities</b>		
<i>Loan from Lloyds Bank Plc</i>		
Principal	605,000	-
Financing fees to be amortised	(3,447)	-
	<b>601,553</b>	<b>-</b>

During the year, Company repaid the loan of £480 million borrowed from MUFG Bank Ltd. Interest was repayable monthly at interest rate of SONIA reference rate plus a margin, no assets had been pledged as security and the loan was guaranteed by CK Asset Holdings Limited. Although the loan fell due for repayment on 16 December 2022, it was repaid in full on 11 March 2022.

The Company entered into loan facility agreement with Lloyds Bank Plc for the amount of £605,000,000 which is secured against the property. The net cash received is only £600,824,008 as the balance of £4,175,992 paid as the loan arrangement fee. The loan is due for repayment during June 2027. Interest is accrued at a fixed rate of 1.3% plus GBP Sonia per annum and is repayable on 15 February, 15 May, 15 August and 15 November in each calendar year. The main financial covenants for the loan are projected interest cover at least 175% and LTV not to exceed 62.5%.

The Company hedges a portion of the loan for interest rate risk using an interest rate swap exchanging fixed interest rate for variable interest rate. The outstanding balance is adjusted for fair value movement in the hedged risk, being movements in the GBP-SONIA rate. The cumulative fair value adjustment to the loan is £53,680,776 (2021:nil).

## 15 SHARE CAPITAL

	31 December 2022 £'000	31 December 2021 £'000
<b>Allotted, paid and called up</b>		
At 31 December 2022: £235,718,935 ordinary shares of £1 each	235,719	235,719
Bonus shares issued- 38,362,761 ordinary shares of £1 each	38,363	-
Reduction of share capital- 274,081,695 shares £ 1 each	(274,082)	-
<b>At 31 December 2022: 1 ordinary share of £1 (2021: 235,718,935 ordinary shares of £1 each)</b>	<b>-</b>	<b>235,719</b>

On 11 March 2022, the Company was indirectly acquired by Broadgate Five (Jersey) Holdings Limited, a company incorporated in Jersey, Channel Islands. Broadgate Five (Jersey) Holdings is wholly-owned subsidiary company of Stonecutter Investments Limited.

## **15 SHARE CAPITAL (continued)**

Capital restructuring exercise was executed during March 2022 that resulted in the Company having just one ordinary £1 share issued, allotted, called up and fully paid and the share premium account reduced to £nil as at 23 March 2022.

On 22 March 2022, the Company converted a portion of its revaluation reserves into distributable reserves via a bonus issue of 38,362,761 ordinary shares of £1 each. On 23 March 2022, the Company's share capital was reduced (including the bonus issue of new shares) as well as its existing c.£274 million share capital and c.£18 million share premium.

The combined capital restructuring exercise resulted in the Company having just one ordinary £1 share issued, allotted, called up and fully paid and the share premium account reduced to £nil as at 23 March 2022.

Each ordinary share, which includes a fraction of a share, ranks pari passu and proportionately with a whole share of the same class. Each ordinary share allows the holder one vote.

## **16 TRADE AND OTHER PAYABLES**

	31 December 2022 £000	31 December 2021 £000
Trade Payables	512	-
VAT payable	2,290	2,382
Other accruals	142	35
Due to related parties (note 19)	<u>114</u>	<u>4,498</u>
	<u><b>3,058</b></u>	<u><b>6,915</b></u>

Amounts due to related parties are unsecured, interest free and repayable on demand.

## **17 DIRECTORS AND EMPLOYEES**

Refer to related party note 19 for details of corporate service fee paid to Altum Trustees Limited.

## **18 DIVIDENDS**

	31 December 2022 £'000	31 December 2021 £'000
Total value of dividends declared and paid	<u>299,425</u>	<u>74,000</u>

On 30 March 2022, the Company declared £271,418,616 of dividends and this was settled on 4 April 2022 via the offset the £150,000,000 loan to Bluebutton HoldCo 5 Broadgate (Jersey) Limited and £121,000,000 loan to Broadgate Five (Jersey) Holdings Limited.

The dividend paid before share reduction on 23 March 2022 is £8,980,000 (£0.04 per share) and after share reduction is £290,444,616 (£290.444 million per share). For the year 2021, the dividend paid was £74,000,000 (£0.031 per share).

## **19 RELATED PARTIES**

### **Parent and ultimate controlling party**

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

CK Asset Holdings Limited was the ultimate parent company, 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, Ugland 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 were consolidated, can be obtained from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Bluebutton HoldCo 5 Broadgate (Jersey) Limited was acquired by Broadgate Five (Jersey) Holdings Limited on 11 March 2022, and the ultimate parent company is now Stonecutter Investments Limited, a REIT that is listed on TISE. The registered office of Stonecutter Investments Limited is 1st Floor Liberation House, Castle Street JE1 1GL, St Helier, Jersey.

The consolidated financial statements of SIL, which is both the largest and smallest group into which the financial results of the Company are consolidated, are publicly available on TISE.

The Company has taken advantage of the exemption set out in paragraph 8(k) of FRS 101 from disclosing related party transactions within the Group.

### **Identity of related parties**

#### *Key management personnel*

Altum Trustees Limited ("Altum") provides administration services and Altum Secretaries Limited, a subsidiary of Altum Trustees Limited, also provides secretarial services to the Company. Fees paid to Altum disclosed below.

#### *Other related parties*

LaSalle Investment Management Limited ("LaSalle"), a Company incorporated in the United Kingdom, provides investment advisory services to the Company.

Jones Lang LaSalle Limited ("JLL"), a company incorporated in the United Kingdom, provides property management services to the Company.

### **Related party transactions and balances**

#### *Transactions with key management personnel and compensation*

Included in administration expenses is £28,611 charged by Altum Trustees Limited (2021: £nil) in respect of secretarial and administration services to the Company.

#### *Transactions with other related parties*

LaSalle as investment advisors have charged the following fees to the Company in respect of the year

	At 31 December 2022 £'000	At 30 December 2021 £'000
Advisory fees which are included in legal and professional fees	226	-

LaSalle provides directors services to the Company. The directors did not receive or waive any emoluments in respect of their services to the Company in the current and previous year.

JLL has charged the Group £16,151 (2021: £nil) in the year relating to property management services.

## **19 RELATED PARTIES (continued)**

The Company had the following amounts payable, included in trade and other payables:

	<b>31 December 2022 £'000</b>	<b>31 December 2021 £'000</b>
JLL	9	-
Lasalle	62	-
Altum	1	-
6 Broadgate 2010 Limited	14	15
4 Broadgate 2010 Limited	28	30
CK Steel (UK) Limited	-	4,414
Bluebutton HoldCo 5 Broadgate	-	15
Great East Resources Ltd	-	24
	<b>114</b>	<b>4,498</b>

The Company had a £150 million loan given to Bluebutton HoldCo 5 Broadgate (Jersey) Limited at an interest rate of 1.4% per annum. This loan was repaid in full on 4 April 2022. Interest income recognised in the statement of comprehensive income for the year is £532,192 (2021: £57,534) and interest receivables as of year end is £ nil (2021: £ 57,534).

## **20 EVENTS AFTER THE REPORTING YEAR**

On 27 February 2023, the Company declared a dividend of £6,304,000.

There have been no other events since the statement of financial position date which require adjustment to or disclosure in these financial statements.