

King's Cross

Company Registration No. 08136668

KC (B2&B4) GP Limited

Directors' Report and Financial Statements

For the year ended 31 March 2022

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King's Cross

KC (B2&B4) GP Limited

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King's Cross

KC (B2&B4) GP Limited

Directors' report

The directors present their directors' report and the unaudited financial statements of KC (B2&B4) GP Limited ("the Company") for the year ended 31 March 2022.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

The principal activity of the Company is to act as the General Partner of KC (B2&B4) Limited Partnership (No. LP015093) ("the Limited Partnership"), whose principal activity is the investment in two buildings on the King's Cross Estate, known as One and Two Pancras Square.

Results

The results for the year are set out on page 2.

Directors

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

W J L Colthorpe (*appointed 1 April 2021*)
R M Evans
A Gibbs
M B Lightbound
D J G Partridge
N P Searl

Audit

For the financial year ended 31 March 2022, the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board



R M Evans
Director

27 September 2022

Registered office:
4 Stable Street
London
N1C 4AB

KC (B2&B4) GP Limited

Statement of Comprehensive Income for the year ended 31 March 2022

		31 March 2022	31 March 2021
	Note	£	£
Rental income		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit		-	-
Income from investment in associate		1,071	531
Fair value movement of financial instruments	4	517	20,105
Profit for the year		1,588	20,636
Other comprehensive income		-	-
Total comprehensive income		1,588	20,636

All amounts derive from continuing operations.

The notes on pages 4 to 7 form part of these financial statements.

King's Cross

KC (B2&B4) GP Limited

Balance Sheet for the year ended 31 March 2022

		2022	2021
	Notes	£	£
Non-current assets			
Investment in associate	4	20,622	20,105
Current assets			
Debtors	5	1,603	532
Total assets		<u>22,225</u>	<u>20,637</u>
Capital and reserves			
Called up share capital	6	1	1
Retained earnings		<u>22,224</u>	<u>20,636</u>
Shareholders' funds		<u>22,225</u>	<u>20,637</u>

The notes set out on pages 4 to 7 form part of these financial statements.

The Company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006 for the year ended 31 March 2022.

No member of the Company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The directors acknowledge their responsibilities for complying with the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

These financial statements of KC (B2&B4) GP Limited (Company No: 08136668) were approved by the Board of Directors on 27 September 2022 and signed on their behalf by:



R M Evans
Director

KC (B2&B4) GP Limited

Notes to the financial statements (continued) for the year ended 31 March 2022

1. Accounting policies

Company information

The Company is a private company limited by shares incorporated in England and Wales. The registered office is 4 Stable Street, London, N1C 4AB.

(a) Basis of preparation

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in £ sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £. The financial statements have been prepared under the historical cost convention, except for the remeasurement of certain assets.

The principal accounting policies adopted are set out below.

(b) Going concern

The Directors consider that the Company will be able to meet all of its current liabilities as they fall due for at least the twelve months following the date of these financial statements. The Directors therefore conclude that the Company has adequate resources to continue in existence for the foreseeable future and thus it is appropriate to prepare these financial statements on a going concern basis.

(c) Investments in associate

Investments in associate are recognised at fair value through profit and loss. The investment is measured initially at its transaction price, and then remeasured to fair value each reporting date. Changes in fair value are recognised are recognised through profit or loss.

The fair value of the Company's investment in the Limited Partnership is estimated to be equal to the Company's share of the net asset value ("NAV") of the Limited Partnership, as at the statement of financial position date. The value assigned to the investment is based upon available information and does not necessarily represent amounts which might be ultimately realised.

The investment in the Limited Partnership is valued based on the latest available information for the Limited Partnership. The Company reviews the details of the reported information obtained from the Limited Partnership and considers:

- (a) the liquidity of the Limited Partnership or its underlying investments; and
- (b) the value date of the net asset value ("NAV") provided.

If necessary, the Company will make adjustments to the NAV of the Limited Partnership to obtain the best estimate of fair value.

Investment in the Limited Partnership is classified under Level 3 of the fair value hierarchy.

(d) Financial instruments

Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ('FVTPL'), which are measured at fair value.

KC (B2&B4) GP Limited

Notes to the financial statements (continued) for the year ended 31 March 2022

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each year end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They 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 to the net carrying amount on initial recognition.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2. Judgement and key sources of estimation and uncertainty

In the application of the Company's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 of the revision and future periods where the revision affects only the period, or in the period of the revision and future periods where the revision affects both current and future periods.

Investment in associate

The investment in associate is recognised at fair value through profit and loss. Certain critical accounting judgements in applying the Company's accounting policies are described in note 1 of these financial statements.

KC (B2&B4) GP Limited

Notes to the financial statements (continued) for the year ended 31 March 2022

The Company believes that critical accounting judgements have been applied in the preparation of these financial statements in respect of the valuation of the investment in the Limited Partnership, see note 4 for further details.

3. Employees

The Company did not employ any staff during the current or preceding year. None of the directors received any remuneration or other emoluments in respect of their services to the Company (2021: £nil).

4. Investment in associate

	2022 £	2021 £
At 1 April	20,105	-
Movement in the year	517	20,105
At 31 March	20,622	20,105

The investment represents a 0.01% interest in the Limited Partnership registered in England (number LP015093) under the Limited Partnership Act 1907, whose principal activity is the development and investment in two buildings on the King's Cross Estate.

The Company is deemed to have significant influence over the Limited Partnership, and this investment is recognised as an investment in associate. This investment is accounted for in line with *Section 14 Investments in Associates*, adopting the fair value through profit and loss accounting method in the Company's financial statements.

The fair value of the investment in the Limited Partnership is based on the Company's share of the net asset value of the Limited Partnership. With the absence of a quoted market, this is deemed an appropriate and recognised valuation basis for the Company's interest in the Limited Partnership.

At 31 March 2022, Cushman and Wakefield valued the investment property at £325.5 million (2021: £321.7 million). The valuation was in accordance with the appropriate sections of the RICS Valuation - Global Standards, which incorporate the International Valuation Standards and the RICS UK Valuation Standards.

5. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	1,603	531
Unpaid share capital	1	1
	1,604	532

King's Cross

KC (B2&B4) GP Limited

Notes to the financial statements (continued) for the year ended 31 March 2022

6. Share capital

	2022	2021
	£	£
Allotted and called up:		
1 ordinary share of £1	1	1

Called-up share capital represents the nominal value of shares that have been issued.

7. Ownership

The Company is 100% owned by King's Cross Central General Partner Limited ("KCCGP"). The Company's results are consolidated into this entity. KCCGP is the largest group of which the Company is consolidated into. Copies of the consolidated accounts of KCCGP can be obtained from Companies House.

King's Cross

Registered No. LP015093

KC (B2&B4) Limited Partnership

General Partner's Report and Financial Statements

For the year ended 31 March 2022



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Strategic Report

KC (B2&B4) GP Limited ("the General Partner") presents its Strategic Report of KC (B2&B4) Limited Partnership ("the Partnership") for the year ended 31 March 2022.

Fair review of the business

One and Two Pancras Square continue to be fully let and are income generating. Both buildings have had successful rent review outcomes during the year.

Principal risk and uncertainties

The Partnership and the King's Cross scheme are subject to the inherent risks which face all major regeneration projects, which are built out through one or more market cycles. Specific risks office yields and rents, construction inflation, the planning regime, occupier demand, availability of debt funding, interest and currency fluctuations.

The general risk environment in which the Partnership operates has remained heightened over the course of the financial year due to the evolving circumstances caused by the Covid-19 pandemic, combined with the backdrop of geopolitical and macroeconomic uncertainty. These circumstances have resulted in an often-changing near-term operating environment which the Partnership has navigated whilst closely following government guidelines and mitigating risk.

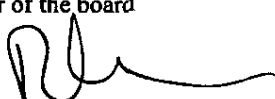
The Partnership's business resilience has been tested during the period under review and the business has responded well to the challenges presented by the impact of the pandemic. Rental concessions were given to our retail customers and we continue to closely monitor the cash collections of rents. All areas of the organisation rapidly mobilised to assess, plan, respond and mitigate the many risks presented to the business by these circumstances.

Key performance indicators

The following KPIs are used by management to monitor the Partnership:

	2022 £000	2021 £000
Rental income	16,193	12,170
Net assets attributable to partners	175,210	170,507

By order of the board



R M Evans
for and on behalf of KC (B2&B4) GP Limited

27 September 2022

General Partner's Report

The Partnership is a Limited Partnership established on 13 July 2012 and registered in England and Wales under the Limited Partnership Act 1907. The General Partner presents the annual report and the audited financial statements of the Partnership for the year ended 31 March 2022.

Principal activities

The principal activity of the Partnership is the investment in two buildings on the King's Cross Estate, known as One and Two Pancras Square. The Partnership holds these assets for investment purposes.

Results

The results for the year are set out on page 7. The Partnership generated profit for the year of £15.2 million (2021: £4.7 million). The Partnership has net assets of £175.2 million (2021: £170.5 million).

Going concern

The General Partner has considered the cash requirements of the Partnership for at least 12 months from the date of approval of the financial statements. Whilst performing this review the General Partner has taken account of the risks that the Partnership faces. The General Partner has therefore modelled a severe but plausible downside – including a reduction in and delay to receipt of rents. The results of this forecast indicate that, in that scenario, the Partnership would continue to be able to meet its obligations as they fall due and that there is sufficient headroom on the financial covenants to withstand income and value adjustments.

The General Partner considers the Partnership is well placed to manage its business risks successfully despite the current economic climate. The General Partner therefore considers the Partnership will be able to settle its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and that it is appropriate to prepare these financial statements on a going concern basis.

As disclosed in note 7, the Partnership had a loan facility in place which was due to expire within 12 months of the balance sheet date. Post year end, on 18th August 2022, the wider King's Cross Central Limited Partnership Group (including KC (B2&B4) Limited Partnership ("KC (B2&B4) LP") (the "Group") successfully completed a new, single loan facility of c £1bn which is secured by a number of investment assets on the King's Cross estate. The initial loan term is 2 years (extendable up to 5 years at the borrower's option only) with a capped all-in interest rate of 4.1% up to 22 April 2024. This refinancing has consolidated existing loans and eliminated all existing 2022 and 2023 financing expiries on commercial assets.

The General Partner therefore considers the Partnership will be able to settle its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and that it is appropriate to prepare these financial statements on a going concern basis.

Statement of disclosure to the auditor

The General Partner at the date of approval of this report confirms that:

- so far as it is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- as a General Partner it has taken all steps that ought to have been taken in order to make it aware of any relevant audit information, and has established that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act

Auditor

KPMG LLP were appointed as auditors to the partnership and in accordance with section 485 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



R M Evans
for and on behalf of KC (B2&B4) GP Limited
4 Stable Street, London, N1C 4AB

27 September 2022

Statement of General Partner's responsibilities in respect of the Strategic report, the General Partner's report and the financial statements

The General Partner is responsible for preparing the Strategic Report, General Partner's Report and the financial statements in accordance with applicable law regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the General Partner 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 Qualifying Partnership and of the profit or loss of the Qualifying Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- assess the Qualifying Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Qualifying Partnership or to cease operations, or have no realistic alternative but to do so.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Qualifying Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Qualifying Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to Qualifying Partnerships by The Partnerships (Accounts) Regulations 2008. 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 Qualifying Partnership and to prevent and detect fraud and other irregularities.

Independent auditor's report to the partners of KC (B2&B4) Limited Partnership

Opinion

We have audited the financial statements of KC (B2&B4) Limited Partnership ("the Qualifying Partnership") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of Changes in Amounts Attributable to Partners and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Qualifying Partnership's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to Qualifying Partnerships by The Partnerships (Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Qualifying Partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The General Partner has prepared the financial statements on the going concern basis as they do not intend to liquidate the Qualifying Partnership or to cease its operations, and as they have concluded that the Qualifying Partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the General Partner's conclusions, we considered the inherent risks to the Qualifying Partnership's business model and analysed how those risks might affect the Qualifying Partnership's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the General Partner's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Qualifying Partnership's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Qualifying Partnership will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of General Partner as to the Qualifying Partnership's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of Partners meetings.
- Using analytical procedures to identify any usual or unexpected relationships.
- Considering performance targets and incentives for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent auditor's report to the partners of KC (B2&B4) Limited Partnership

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investment property valuation.

We did not identify any additional fraud risks.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Qualifying Partnership's income primarily arises from operating lease contracts with fixed, or highly predictable, periodic payments.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries with specific or no description, those posted by specific users, duplicate and missing journal entries, and post-closing journal entries.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the General Partner (as required by auditing standards) and discussed with the General Partner the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Qualifying Partnership is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Qualifying Partnership is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, recognising the nature of the Qualifying Partnership's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the General Partner and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

General Partner's report

The General Partner is responsible for the General Partner's report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the General Partner's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in that report;

Independent auditor's report to the partners of KC (B2&B4) Limited Partnership

- in our opinion the information given in the General Partner's report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' 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 these respects.

General Partner's responsibilities

As explained more fully in their statement set out on page 3, the General Partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Qualifying Partnership'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 they either intend to liquidate the Qualifying Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Qualifying Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Qualifying Partnership'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 Qualifying Partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Kelly (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square

London

E14 5GL

28 September 2022

KC (B2&B4) Limited Partnership

King's Cross

Statement of comprehensive income for the year ended 31 March 2022

	<i>Note</i>	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Rental income		16,193	12,170
Property overheads		(307)	(250)
Other revenue		189	39
Other overheads		(189)	(39)
Gross profit		15,886	11,920
Administrative expenses	3	(1,372)	(1,370)
Operating profit		14,514	10,550
Revaluation of investment properties	5	4,510	(2,211)
Finance costs	4	(3,747)	(3,682)
Profit for the year		15,277	4,657
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of cash flow hedges		606	352
Total comprehensive income		15,883	5,009

All activities during the current and prior years are derived from continuing operations.

The notes set out on pages 10 to 16 form part of these financial statements.

KC (B2&B4) Limited Partnership

Balance Sheet as at 31 March 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Investment property	5	315,647	310,017
		<u>315,647</u>	<u>310,017</u>
Current assets			
Debtors	6	10,832	11,737
Cash at bank and in hand		4,868	4,163
		<u>15,700</u>	<u>15,900</u>
Total assets		<u>331,347</u>	<u>325,917</u>
Creditors: amounts falling due within one year	7	(156,137)	(3,900)
Creditors: amounts falling due after more than one year	8	-	(151,510)
		<u>(156,137)</u>	<u>(155,410)</u>
Total liabilities		<u>(156,137)</u>	<u>(155,410)</u>
Net assets		<u>175,210</u>	<u>170,507</u>
Partners' Accounts			
Current account		174,604	170,507
Hedging reserve		606	-
		<u>175,210</u>	<u>170,507</u>
Partner's Interests		<u>175,210</u>	<u>170,507</u>

The notes set out on pages 10 to 16 form part of these financial statements.

These financial statements of KC (B2&B4) Limited Partnership (LP015093) were approved and authorised for issue by the General Partner on 27 September 2022.



R M Evans
for and on behalf of
KC (B2&B4) GP Limited

KC (B2&B4) Limited Partnership**King's Cross****Statement of Changes in Amounts Attributable to Partners
for the year ended 31 March 2022**

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Partner's Accounts at the beginning of the year	170,507	177,844
Total comprehensive income attributable to Partner during the year	15,277	4,657
Change in fair value of hedging instruments	606	352
Partners' accounts advanced in the year	(470)	7,611
Distributions	(10,710)	(19,957)
	<hr/>	<hr/>
Partner's Accounts at the end of the year	175,210	170,507
	<hr/>	<hr/>

The notes set out on pages 10 to 16 form part of these financial statements.

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

1 ACCOUNTING POLICIES

Partnership information

The Partnership is a limited partnership registered in England and Wales under the Limited Partnership Act 1907. The registered office is 4 Stable Street, London, N1C 4AB.

Basis of preparation

The financial statements for the year ended 31 March 2022 are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The financial statements are prepared in £ sterling, which is the functional currency of the Partnership. Monetary amounts in these financial statements are rounded to the nearest thousand.

The financial statements are prepared on the historical cost basis, other than the revaluation of investment properties and certain financial instruments.

The accounting policies have been consistently applied to the results, assets and liabilities of the Partnership in the current and prior year.

The Partnership is a qualifying entity for the purpose of FRS 102, being a member of a group where the group prepares publicly available consolidated financial statements, including this Partnership, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Partnership has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'statement of Cashflows' – Presentation of a statement of cash flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gain/losses for each category of financial instrument; basis of determining fair values, details of hedges, hedging fair value changes recognised in the profit or loss and in other comprehensive income.

The financial statements of the Partnership are consolidated in the financial statements of King's Cross Central Limited Partnership. These consolidated accounts are available from 4 Stable Street, London, N1C 4AB.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the General Partner to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimate affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The areas where assumptions and estimates are significant is:

Investment properties

Valuation of investment properties are classified as fair value through profit or loss. The General Partner uses external professional valuers Cushman and Wakefield to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

1 ACCOUNTING POLICIES (continued)

length basis. However, the valuation of the Partnerships property portfolio classified as fair value through profit or loss are inherently subjective, as they are based upon valuer assumptions.

Going concern

The General Partner has considered the cash requirements of the Partnership for at least 12 months from the date of approval of the financial statements. Whilst performing this review the General Partner has taken account the risks that the Partnership faces (as outlined in the Risks and Uncertainties section above). The General Partner has therefore modelled a severe but plausible downside – including a reduction in and delay to receipt of rents. The General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Therefore, the General Partner continues to adopt a going concern basis in preparing the Partnership's financial statements.

As disclosed in note 7, the Partnership had a loan facility in place which was due to expire within 12 months of the balance sheet date. Post year end, on 18th August 2022, the wider King's Cross Central Limited Partnership Group (including KC (B2&B4) Limited Partnership ("KC (B2&B4) LP") (the "Group") successfully completed a new, single loan facility of c £1bn which is secured by a number of investment assets on the King's Cross estate. The initial loan term is 2 years (extendable up to 5 years at the borrower's option only) with a capped all-in interest rate of 4.1% up to 22 April 2024. This refinancing has consolidated existing loans and eliminated all existing 2022 and 2023 financing expiries on commercial assets.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value, under FRS102.

An external independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio each quarter. Any gain or loss arising from a change in fair value is recognised in profit or loss.

The fair value of investment property excludes accrued operating lease income arising from the smoothing of rental income over the lease term because the Partnership recognises this as a separate asset.

Impairment

Carrying amounts of the Partnership's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

The recoverable amount of the Partnership's receivables is calculated at the present value of expected future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

1 ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Financial assets are recognised in the company's balance sheet when the partnership becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each year-end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They 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 to the net carrying amount on initial recognition.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

1 ACCOUNTING POLICIES (continued)

Interest-bearing borrowings and derivative financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method

Derivative financial instruments are recognised at fair value. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. The gain or loss on re-measurement to fair value is recognised immediately in profit and loss unless hedge accounting is adopted. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately. Hedges are included at valuations obtained from the counterparty of the hedge.

Revenue

Rent from investment properties leased under operating leases is recognised in profit and loss on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income.

Revenue for services rendered (such as construction services and project management fees) is recognised in profit and loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No income is recognised if there are significant uncertainties regarding recovery of the consideration due or the associated costs.

Expenses

Property operating expenses and service costs for service contracts are expensed as earned.

Finance costs

All finance costs incurred in relation to investment properties and investment properties in the course of construction are expensed in the profit and loss.

Taxation

No provision is made in the financial statements for the liabilities of the partners for income or capital gains taxes since such liabilities are the responsibility of each partner.

2 PARTNERS AND STAFF

None of the partners during the year received any remuneration or other emoluments in respect of their services to the Partnership (2021: nil). The Partnership did not employ any staff during the current or preceding year.

King's Cross

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

3 OPERATING PROFIT

	2022 £	2021 £
Operating profit is stated after charging:		
Auditor's remuneration – audit of the Partnership	20,000	27,500

4 FINANCE COST

	2022 £000	2021 £000
Interest payable on bank loans	3,170	2,360
Amortisation of bank arrangement fees	577	1,322
	<u>3,747</u>	<u>3,682</u>

5 INVESTMENT PROPERTY

	2022 £000	2021 £000
At 1 April	310,017	312,164
Additions	1,120	64
Revaluation	4,510	(2,211)
At 31 March	<u>315,647</u>	<u>310,017</u>

MEASUREMENT OF FAIR VALUE

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, Cushman and Wakefield, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Partnership's investment property portfolio every three months.

The fair value measurement for investment property of £325.3 million (2021: £321.7 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The value of the lease incentives of £9.6 million (2021: £11.7 million) are not included in the investment property balance, but are separately included as a current asset (see note 6).

Valuation technique and significant observable inputs

The following table shows the valuation technique used in measuring the fair value of investment property and investment property in the course of development, as well as the significant observable inputs used.

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

<i>Property type:</i>	<i>Valuation technique:</i>	<i>Significant observable inputs:</i>	<i>Inter-relationship between observable inputs and fair value measurement:</i>
Completed properties held for investment	Income capitalisation	Commercial office and retail rental value of £72 to £88.50 psf. Equivalent yields of 4.25% to 4.40%.	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • expected market rental growth is higher/(lower) • yields are lower/(higher).

6 DEBTORS

Amounts falling due within one year:

	2022	2021
	£000	£000
Trade and other receivables	1,268	54
Lease incentives	9,564	11,683
	<u>10,832</u>	<u>11,737</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£000	£000
Accruals and deferred income	3,643	3,813
Other creditors	1,013	87
Bank debt	151,481	-
	<u>156,137</u>	<u>3,900</u>

	2022	2021
	£000	£000
Bank debt	152,375	-
Fair value of derivatives	(605)	-
Arrangement fee	(289)	-
	<u>151,481</u>	<u>-</u>

King's Cross

KC (B2&B4) Limited Partnership

Notes to the financial statements for the year ended 31 March 2022

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

The bank debt is secured over investment property with a carrying amount of £325.3 million (2020: £321.7 million) with the maturities and the amounts available set out below:

Property/Plot secured	Hedged interest rate	Maturity Date	Carrying amount		Agreed facility 2022
			31 March 2022 £000	31 March 2021 £000	
One and Two Pancras Square	2.06%	9/10/2022	152,375	152,375	152,375

The One and Two Pancras Square loan is repayable on 9 October 2022. On 18th August 2022 the loan was repaid in full and the value of the plots held by B2B4 were consolidated into a new single loan facility of c£1bn secured by a number of investment assets across the King's Cross Estate. KC B2&B4 LP is a party to this new financing agreement.

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £000	2021 £000
Bank debt	-	152,375
Fair value of derivatives	-	(352)
Arrangement fee	-	(513)
	-	151,510

9 OWNERSHIP

The sole Limited Partner is King's Cross Central Limited Partnership ("KCCLP"), a Limited Partnership established on 29 November 2007 and registered in England and Wales under the Limited Partnership Act 1907. The sole Limited Partner of KCCLP is King's Cross Central Property Trust, a unit trust established in Jersey

10 RELATED PARTIES

The Partnership's related party transactions during the current and preceding year are with its sole Limited Partner, KCCLP and KC (B2&B4) GP Limited, as disclosed in the primary financial statements and corresponding notes. At the year end the Partnership owed KC B2B4 GP Limited £1,602, these balances are disclosed in other creditors (note 7).

11 SUBSEQUENT EVENTS

Post year end, on 18th August 2022, the King's Cross Central Limited Partnership Group including KC B2 & B4 LP successfully completed a new, single loan facility of c £1bn which is secured by a number of investment assets on the King's Cross estate. The initial loan term is 2 years (extendable up to 5 years at the borrower's option only) with a capped all-in interest rate of 4.1% up to 22 April 2024. This refinancing has consolidated existing loans and eliminated all existing 2022 and 2023 financing expiries on commercial assets.