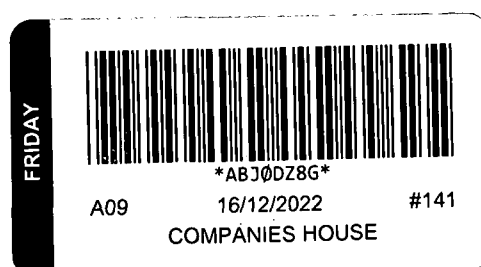


Registration number: 08530701

# Bluebutton Circle Retail PHC 2013 Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022



**Bluebutton Circle Retail PHC 2013 Limited**

**Contents**

|                                   |          |
|-----------------------------------|----------|
| Strategic Report                  | 1 to 2   |
| Directors' Report                 | 3 to 4   |
| Independent Auditors' Report      | 5 to 7   |
| Profit and Loss Account           | 8        |
| Statement of Comprehensive Income | 9        |
| Balance Sheet                     | 10       |
| Statement of Changes in Equity    | 11       |
| Notes to the Financial Statements | 12 to 22 |

**Bluebutton Circle Retail PHC 2013 Limited**

**Strategic Report for the Year Ended 31 March 2022**

The directors present their Strategic Report for the year ended 31 March 2022.

**Business review and principal activities**

Bluebutton Circle Retail PHC 2013 Limited ("the company") is a wholly owned subsidiary of Bluebutton Properties UK Limited and operates as a constituent of Broadgate REIT Limited group of companies ("the group"). Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

The company's principal activity is property investment in the United Kingdom (UK).

As shown in the company's Profit and Loss Account on page 8, the company's turnover of £2,979,947 has increased £296,845 compared with turnover of £2,683,102 in the prior year due to a reduction in letting activity.

Profit before taxation is £1,567,980 compared to a loss before taxation of £11,857,183 in the prior year. This is due to a higher downward revaluation of Investment Property during the prior year.

The revaluation of investment properties in the year was a deficit of £849,411 (2021: deficit of £12,473,111).

Dividends of £nil (2021: £nil) were paid in the year.

The Balance Sheet on page 10 shows that the company's financial position at the year end has, in net assets terms, increased compared with the prior year.

The company holds the investment properties Broadgate Circle and 5 Finsbury Avenue. The value of investment properties held as at 31 March 2022 has decreased by 0.5% from 31 March 2021 as shown in note 8 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 8 to the company's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The expected future developments of the company are determined by the strategy of the group.

**Key performance indicators**

The directors measure how the group, of which this company is a member, is delivering its strategy through the key performance indicators.

The Board of the group uses total return to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year dividend.

**Bluebutton Circle Retail PHC 2013 Limited**

**Strategic Report for the Year Ended 31 March 2022 (continued)**

**Principal risks and uncertainties**

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

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

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

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

The group's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The financial risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements.

The company is financed by loans from Bluebutton Properties UK Limited. There is no interest charged on this. The company has no third party debt.

The general risk environment in which the Company operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year with a stabilisation in rents, improved rental collection and footfall and sales returning close to, and in some cases above, pre-pandemic levels. The improvement in the general risk environment will directly impact the degree of certainty around the valuation of investment properties at year end.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Company's financial statements owing to the nature of the Company's UK focused operations. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector.

Approved by the Board on 12.12.2022 and signed on its behalf by:

DocuSigned by:



.....9235172BDC4694A4.....

Hursh Shah

Director

**Bluebutton Circle Retail PHC 2013 Limited**

**Directors' Report for the Year Ended 31 March 2022**

The directors present their report and the audited financial statements for the year ended 31 March 2022.

**Directors of the company**

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

H Shah

D Richards

D I Lockyer

**Directors' responsibilities statement**

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Environmental matters**

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment including the safe disposal of manufacturing waste, recycling and reducing energy consumption.

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

**Bluebutton Circle Retail PHC 2013 Limited**

**Directors' Report for the Year Ended 31 March 2022 (continued)**

**Going Concern**

The Balance Sheet shows that the Company has net current liabilities. This is due to amounts owed to other subsidiaries within the group. The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due. The directors have received letters of support from the shareholders of Bluebutton Properties UK Limited, the parent company, confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements.

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

**Subsequent Events**

Details of significant events since the Balance Sheet date, if any, are contained in note 16.


**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of independent auditors**

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

Approved by the Board on 12.12.2022 and signed on its behalf by:

DocuSigned by:  
  
923512B0C4B94X4...

Hursh Shah

Director

# Independent auditors' report to the members of Bluebutton Circle Retail PHC 2013 Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Bluebutton Circle Retail PHC 2013 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2022; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements

does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and; in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

### **Auditors' responsibilities for the audit of the financial statements**

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

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

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



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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
12 December 2022

**Bluebutton Circle Retail PHC 2013 Limited****Profit and Loss Account for the Year Ended 31 March 2022**

|                                      | Note | 2022<br>£               | 2021<br>£           |
|--------------------------------------|------|-------------------------|---------------------|
| <b>Turnover</b>                      | 4    | <b>2,979,947</b>        | 2,683,102           |
| Cost of sales <sup>1</sup>           |      | <u>(562,556)</u>        | <u>(2,067,174)</u>  |
| <b>Operating profit</b>              |      | <b>2,417,391</b>        | 615,928             |
| Revaluation of investment properties | 8    | <u>(849,411)</u>        | <u>(12,473,111)</u> |
| <b>Profit/(loss) before taxation</b> |      | <b>1,567,980</b>        | (11,857,183)        |
| Taxation                             | 7    | <u>-</u>                | <u>-</u>            |
| <b>Profit/(loss) for the year</b>    |      | <u><b>1,567,980</b></u> | <u>(11,857,183)</u> |

<sup>1</sup> Included within cost of sales is a credit relating to provision for impairment of tenant debtors, accrued income and tenant incentives of £423,896 (2021: charge of £714,751), disclosed in further detail in note 10.

Turnover and results were derived from continuing operations within the United Kingdom. The company has only one class of business, that of property investment in the United Kingdom (UK).

The notes on pages 12 to 22 form an integral part of these financial statements.

**Bluebutton Circle Retail PHC 2013 Limited**

**Statement of Comprehensive Income for the Year Ended 31 March 2022**

|   | <b>2022</b><br><b>£</b>        | <b>2021</b><br><b>£</b>           |
|---|--------------------------------|-----------------------------------|
| Profit/(loss) for the year                        | <u><b>1,567,980</b></u>        | <u><b>(11,857,183)</b></u>        |
| Total comprehensive income/(expense) for the year | <u><u><b>1,567,980</b></u></u> | <u><u><b>(11,857,183)</b></u></u> |

The notes on pages 12 to 22 form an integral part of these financial statements.

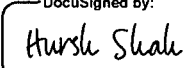
**Bluebutton Circle Retail PHC 2013 Limited**

(Registration number: 08530701)

**Balance Sheet as at 31 March 2022**

|                                  | Note | 31 March<br>2022<br>£ | 31 March<br>2021<br>£ |
|----------------------------------|------|-----------------------|-----------------------|
| <b>Fixed assets</b>              |      |                       |                       |
| Investment properties            | 8    | 57,050,000            | 57,350,000            |
| Investments                      | 9    | <u>3</u>              | <u>3</u>              |
|                                  |      | <u>57,050,003</u>     | <u>57,350,003</u>     |
| <b>Current assets</b>            |      |                       |                       |
| Debtors                          | 10   | <u>40,070,433</u>     | <u>30,610,052</u>     |
|                                  |      | 40,070,433            | 30,610,052            |
| Creditors due within one year    | 11   | <u>(74,760,682)</u>   | <u>(67,168,281)</u>   |
| <b>Net current liabilities</b>   |      | <u>(34,690,249)</u>   | <u>(36,558,229)</u>   |
| <b>Net assets</b>                |      | <u>22,359,754</u>     | <u>20,791,774</u>     |
| <b>Capital and reserves</b>      |      |                       |                       |
| Called up share capital          | 12   | 800,000               | 800,000               |
| Profit and loss account          |      | <u>21,559,754</u>     | <u>19,991,774</u>     |
| <b>Total shareholders' funds</b> |      | <u>22,359,754</u>     | <u>20,791,774</u>     |

Approved by the Board on 12.12.2022 and signed on its behalf by:

DocuSigned by:  
  
 923512BOC4694A4.....  
 Hursh Shah  
 Director

The notes on pages 12 to 22 form an integral part of these financial statements.

**Bluebutton Circle Retail PHC 2013 Limited****Statement of Changes in Equity for the Year Ended 31 March 2022**

|  | <b>Share capital<br/>£</b> | <b>Profit and loss<br/>account<br/>£</b> | <b>Total<br/>£</b>    |
|--|----------------------------|--|-----------------------|
| <b>Balance at 1 April 2020</b>           | 800,000                    | 31,848,957                               | <b>32,648,957</b>     |
| Loss for the year                        | -                          | (11,857,183)                             | <b>(11,857,183)</b>   |
| Total comprehensive expense for the year | -                          | (11,857,183)                             | <b>(11,857,183)</b>   |
| <b>Balance at 31 March 2021</b>          | <b>800,000</b>             | <b>19,991,774</b>                        | <b>20,791,774</b>     |
| <br><b>Balance at 1 April 2021</b>       | <br>800,000                | <br>19,991,774                           | <br><b>20,791,774</b> |
| Profit for the year                      | -                          | 1,567,980                                | <b>1,567,980</b>      |
| Total comprehensive income for the year  | -                          | 1,567,980                                | <b>1,567,980</b>      |
| <b>Balance at 31 March 2022</b>          | <b>800,000</b>             | <b>21,559,754</b>                        | <b>22,359,754</b>     |

The notes on pages 12 to 22 form an integral part of these financial statements.

**Bluebutton Circle Retail PHC 2013 Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022**

**1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:  
York House  
45 Seymour Street  
London  
W1H 7LX

**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Standards in conformity with the requirements of the Companies Act 2006. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

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

**Summary of disclosure exemptions**

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

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

**Bluebutton Circle Retail PHC 2013 Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)**

**2 Accounting policies (continued)**

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 17.

**Going concern**

The Balance Sheet shows that the company has net current liabilities. This is due to amounts owed to other subsidiaries within the group. The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due. The directors have received letters of support from the shareholders of Bluebutton Properties UK Limited, the parent company, confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements.

As a consequence of this, the directors feel that the company can continue to trade for the foreseeable future and is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is appropriate.

**Adoption status of relevant new financial reporting standards and interpretations**

In the current financial year the Company has adopted a number of minor amendments to standards effective in the year, none of which have had a material impact on the Company.

These amendments include IFRS 16 - Covid-19 Related Rent Concessions, and amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

**Turnover**

*Rental income from investment property*

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Service charge income is recognised on an accruals basis in line with the service being provided.

**Bluebutton Circle Retail PHC 2013 Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)**

**2 Accounting policies (continued)**

**Taxation**

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

**Investment properties**

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

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

**Investments**

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

**Debtors**

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The Company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

**Creditors**

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

**Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.



**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****3 Critical accounting judgements and key sources of estimation uncertainty**

In applying the Group's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

The general risk environment in which the Company operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity, rents stabilising and improved rental collection rates.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Company's financial statements owing to the nature of the Company's UK focused operations. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector.

**Key sources of estimation uncertainty**

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

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances. The loss rates attributed to each credit risk rating for tenant incentives tends to be lower than that attributed to lease debtors on the basis that the associated credit risk on these balances, which relate to the tenant's future lease liabilities, is lower than that associated to tenant debtors outstanding as a result of Covid-19.

**Critical accounting judgements**

The directors do not consider there to be any other critical accounting judgements in the preparation of the Company financial statements.

**4 Turnover**

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

|  | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Rental income from investment property | 2,153,586        | 1,781,832        |
| Service charge income                  | 826,361          | 901,270          |
|  | <b>2,979,947</b> | <b>2,683,102</b> |

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****5 Auditors' remuneration**

A notional charge of £6,200 (2021: £4,998) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2022. Actual amounts payable to PricewaterhouseCoopers LLP are paid by Bluebutton Properties UK Limited.

No non-audit fees (2021: £nil) were paid to PricewaterhouseCoopers LLP.

**6 Staff costs**

No director (2021: nil) received any remuneration for services to the company in either year.

Average number of employees, excluding directors, of the company during the year was nil (2021: nil).

**7 Taxation**

|   | 2022<br>£ | 2021<br>£    |
|---|-----------|--------------|
| <b>Current taxation</b>   |           |              |
| UK corporation tax  | -         | -            |
| Tax charge in the profit and loss account   | -         | -            |
|   | 2022<br>£ | 2021<br>£    |
| <b>Tax reconciliation</b>   |           |              |
| Profit/(loss) on ordinary activities before taxation                                      | 1,567,980 | (11,857,183) |
| Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 19% (2021: 19%) | 297,916   | (2,252,865)  |
| <b>Effects of:</b>  |           |              |
| REIT exempt income and gains  | (318,831) | 39,597       |
| Capital allowances  | (146,065) | (162,440)    |
| Decrease in fair value of property & investments  | 161,388   | 2,369,891    |
| Expenses not allowable  | 5,592     | 5,817        |
| <b>Total tax charge</b>   | -         | -            |

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

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****8 Investment properties**

|                                       | £                   |
|---------------------------------------|---------------------|
| <b>Fair value</b>                     |                     |
| 1 April 2021                          | 57,350,000          |
| Lease incentive movements             | 549,411             |
| Revaluation                           | <u>(849,411)</u>    |
| 31 March 2022                         | <u>57,050,000</u>   |
| <b>Fair value</b>                     |                     |
| 1 April 2020                          | 68,700,000          |
| Lease incentive movements             | 1,118,283           |
| Additions                             | 4,828               |
| Revaluation                           | <u>(12,473,111)</u> |
| 31 March 2021                         | <u>57,350,000</u>   |
| <b>Analysis of cost and valuation</b> |                     |
| <b>31 March 2022</b>                  |                     |
| Cost                                  | 41,776,656          |
| Valuation                             | <u>15,273,344</u>   |
| <b>Net book value</b>                 | <u>57,050,000</u>   |
| <b>31 March 2021</b>                  |                     |
| Cost                                  | 41,227,245          |
| Valuation                             | <u>16,122,755</u>   |
| <b>Net book value</b>                 | <u>57,350,000</u>   |

At 31 March 2022 the book value of freehold investment properties owned by the company was £57,050,000 (2021: £57,350,000).

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

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****8 Investment properties (continued)**

Properties were valued to fair value at 31 March 2022 by Cushman & Wakefield, independent valuers not connected with the Company, in accordance with the RICS Valuation - Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

In preparing their valuations during the pandemic lockdown periods in 2020/21, our valuers had considered the impact of concessions agreed with tenants at the relevant balance sheet date, which mainly related to rent deferrals and rent-free periods, on valuations, primarily of retail assets. With the lifting of lockdown restrictions during 2021/22, the number of concessions agreed with tenants has decreased and following the cessation of the general moratorium on commercial evictions and restrictions on commercial rent arrears recovery on 25 March 2022, the valuers have assumed that rental income will be received, unless there are specific concession agreements in place. The valuers have also given consideration to occupiers in higher risk sectors, and those assumed to be at risk of default, in determining the appropriate yields to apply.

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

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

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would.

Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

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

|                                   | <b>31 March<br/>2022<br/>£</b> | <b>31 March<br/>2021<br/>£</b> |
|-----------------------------------|--------------------------------|--------------------------------|
| Leases less than one year         | <b>2,452,650</b>               | 2,144,939                      |
| Leases between one and five years | <b>7,597,972</b>               | 7,224,415                      |
| Leases greater than five years    | <b>5,918,273</b>               | 7,328,505                      |
|                                   | <b><u>15,968,895</u></b>       | <b><u>16,697,859</u></b>       |

**9 Investments**

|   | <b>Investments in<br/>Associates<br/>£</b> | <b>Total<br/>£</b> |
|---|--|--------------------|
| <b>Underlying net asset value of investment</b> |  |                    |
| 1 April 2021                                    | <b><u>3</u></b>                            | <b><u>3</u></b>    |

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****9 Investments (continued)**

|  | <b>Investments in<br/>Associates<br/>£</b> | <b>Total<br/>£</b> |
|--|--|--------------------|
| 31 March 2022                                    | <u>3</u>                                   | <u>3</u>           |
| <b>Underlying net asset value of investment</b>  |  |                    |
| 1 April 2020                                     | <u>3</u>                                   | <u>3</u>           |
| 31 March 2021                                    | <u>3</u>                                   | <u>3</u>           |
| <b>Provision for underlying net asset change</b> |  |                    |
| 31 March 2022                                    | <u>-</u>                                   | <u>-</u>           |
| 31 March 2021                                    | <u>-</u>                                   | <u>-</u>           |
| <b>At cost</b>                                   |  |                    |
| 31 March 2022                                    | <u>3</u>                                   | <u>3</u>           |
| 31 March 2021                                    | <u>3</u>                                   | <u>3</u>           |

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****9 Investments (continued)****Associates**

Details of the associates as at 31 March 2022 are as follows:

| <b>Associates</b>                  | <b>Principal activity</b> | <b>Interest</b> | <b>Country</b> |
|------------------------------------|---------------------------|-----------------|----------------|
| Broadgate South Management Limited | Estate Management         | 33%             | United Kingdom |

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

**10 Debtors**

|  | <b>31 March<br/>2022<br/>£</b> | <b>31 March<br/>2021<br/>£</b> |
|--|--------------------------------|--------------------------------|
| <b>Debtors due within one year</b>         |                                |                                |
| Trade debtors                              | <b>544,218</b>                 | 1,422,340                      |
| Provision for impairment of tenant debtors | <b>(593,461)</b>               | (1,017,357)                    |
| Amounts due from related parties           | <b>40,119,011</b>              | 29,359,417                     |
| Accrued income                             | -                              | 33,608                         |
| Prepayments                                | <b>665</b>                     | -                              |
| VAT  | -                              | 812,044                        |
|  | <b><u>40,070,433</u></b>       | <b><u>30,610,052</u></b>       |

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances.

A credit relating to provision for impairment of tenant debtors, accrued income and tenant incentives of £423,896 (2021: charge of £714,751) is included within cost of sales on the Profit and Loss statement.

**Bluebutton Circle Retail PHC 2013 Limited****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****11 Creditors due within one year**

|                                 | <b>31 March<br/>2022<br/>£</b> | <b>31 March<br/>2021<br/>£</b> |
|---------------------------------|--------------------------------|--------------------------------|
| Trade creditors                 | 152,946                        | 90,436                         |
| Accrued expenses                | 574,881                        | 560,949                        |
| Amounts due to related parties  | 73,885,122                     | 66,516,895                     |
| Social security and other taxes | 147,732                        | -                              |
| Other creditors                 | 1                              | 1                              |
|                                 | <b>74,760,682</b>              | <b>67,168,281</b>              |

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

**12 Share capital****Allotted, called up and fully paid shares**

|                            | <b>No.</b> | <b>31 March<br/>2022<br/>£</b> | <b>No.</b> | <b>31 March<br/>2021<br/>£</b> |
|----------------------------|------------|--------------------------------|------------|--------------------------------|
| Ordinary shares of £1 each | 800,000    | 800,000                        | 800,000    | 800,000                        |

**13 Capital commitments**

The total amount contracted for but not provided in the financial statements was £nil (2021: £78,609).

**14 Contingent liabilities**

The company had no contingent liabilities as at 31 March 2022 (2021: £nil).

**15 Related party transactions**

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

**16 Subsequent events**

There have been no significant events since the year end.

**Bluebutton Circle Retail PHC 2013 Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)**

**17 Parent and ultimate parent undertaking**

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate parent company is Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC. Group financial statements for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.

The parent of the largest group in which these financial statements are consolidated is Broadgate REIT Limited.

The parent of the smallest group in which these financial statements are consolidated is Bluebutton Properties UK Limited.