

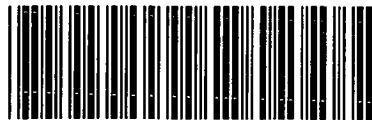
Registration number: 09069182

Drake Circus Centre Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022

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Drake Circus Centre Limited

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Drake Circus Centre 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

Drake Circus Centre Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group").

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 9, the company's turnover of £16,188,548 has increased by £794,594 compared with turnover of £15,393,954 in the prior year.

Loss on ordinary activities before taxation is £56,895,072 compared to a loss on ordinary activities before taxation of £74,413,823 in the prior year. The main drivers for this were the impairment of investments (c.£41m) and the loss on revaluation (c.£18m) as stated below.

The impairment of investments in the year was £41,113,901 (2021: impairment/write back of £nil). This was based upon the underlying net asset value compared to the carrying value of investments held as detailed in the accounting policies of the company on page 15. Details of the movement can be found in note 10 to the company's balance sheet.

The revaluation of investment properties in the year was a deficit of £17,744,407 (2021: deficit of £72,533,346).

The Balance Sheet on page 11 shows that the company's financial position at the year end has, in net liability terms, decreased compared with the prior year.

The value of investment properties held as at 31 March 2022 has decreased by 16.7% from 31 March 2021 as shown in note 9 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 9 to the company's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The company is a subsidiary of The British Land Company PLC. The company's strategy is the same as the group's strategy - to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them.

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.

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

For more information also see The British Land Company PLC group annual report.

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report.

Drake Circus Centre 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 company'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 and political risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements.

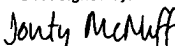
The company has no third party debt and no associated third party interest rate exposure.

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 which in turn will directly impact the degree of certainty around the carrying value of investments in subsidiaries.

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 and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Company operates.

26.09.2022

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

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Jonty McNuff

Director

Drake Circus Centre 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:

S M Barzycki (resigned 18 March 2022)

P S Macey

J C McNuff

N M Webb

J D Taylor (appointed 18 March 2022)

A Bunting (appointed 18 March 2022)

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and 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 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.

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

Environmental matters

Across the group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies. The group's full sustainability report is available online at:

www.britishland.com/sustainability/reporting/latest-reporting

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.

Drake Circus Centre Limited

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

Going Concern

The Balance Sheet shows that the Company has net current liabilities in excess of the principal creditor which is the ultimate parent company. The parent company has agreed to support this subsidiary to enable it to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The Balance Sheet also shows that the Company has net liabilities, where the principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital. The going concern of the Company is therefore dependent on the going concern of the Group. The Directors feel that the Group is well placed to manage its business risks successfully despite the current economic climate as detailed in pages 109 and 175 of the annual report.

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

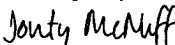
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of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

Reappointment of independent auditors

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

26.09.2022

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

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Jonty McNuff

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAKE CIRCUS CENTRE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Drake Circus Centre Limited ("the Company") for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice)

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAKE CIRCUS CENTRE LIMITED (CONTINUED)

Other information (continued)

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the qualifying 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 qualifying Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAKE CIRCUS CENTRE LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

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

- We gained an understanding using our general commercial and sector experience and through discussion with the Directors and other senior management of the legal and regulatory framework applicable to the Limited Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud;
- We enquired of management and the Directors as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- We performed our own checks of compliance with relevant areas identified which included financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, health & safety and anti-money laundering;
- We communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit;
- We agreed the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- We reviewed Board meeting minutes and enquired of the Directors and management as to the risks of non-compliance and any instances thereof;
- We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment property;
- In relation to the risk of management override of internal controls, we undertook procedures to review journal entries processed during and subsequent to the year end and evaluated whether there was a risk of material misstatement due to fraud; and
- We designed audit procedures to respond to 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.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAKE CIRCUS CENTRE LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 29 September 2022

BDO LLP is a limited liability Company registered in England and Wales (with registered number OC305127).

Drake Circus Centre Limited**Profit and Loss Account for the Year Ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	4	16,188,548	15,393,954
Cost of sales		<u>(6,039,019)</u>	<u>(9,881,099)</u>
Gross profit		10,149,529	5,512,855
Administrative expenses		<u>(2,827,533)</u>	<u>(2,295,891)</u>
Operating profit		7,321,996	3,216,964
Revaluation of investment properties	9	<u>(17,744,407)</u>	<u>(72,533,346)</u>
Impairment of investments	10	<u>(41,113,901)</u>	-
Loss on ordinary activities before interest and taxation		(51,536,312)	(69,316,382)
Interest payable and similar expenses	5	<u>(5,358,760)</u>	<u>(5,097,441)</u>
Loss on ordinary activities before taxation		(56,895,072)	(74,413,823)
Taxation	8	<u>-</u>	<u>-</u>
Loss for the year		<u>(56,895,072)</u>	<u>(74,413,823)</u>

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 13 to 22 form an integral part of these financial statements.

Drake Circus Centre Limited

Statement of Comprehensive Income for the Year Ended 31 March 2022

	2022 £	2021 £
Loss for the year	<u>(56,895,072)</u>	<u>(74,413,823)</u>
Total comprehensive expense for the year	<u><u>(56,895,072)</u></u>	<u><u>(74,413,823)</u></u>

The notes on pages 13 to 22 form an integral part of these financial statements.

Drake Circus Centre Limited

(Registration number: 09069182)

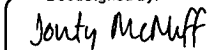
Balance Sheet as at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Fixed assets			
Investment properties	9	87,100,000	104,600,000
Investments	10	<u>3,886,101</u>	<u>2</u>
		<u>90,986,101</u>	<u>104,600,002</u>
Current assets			
Debtors	11	<u>3,067,675</u>	<u>2,171,707</u>
		3,067,675	2,171,707
Creditors due within one year	12	<u>(137,228,192)</u>	<u>(263,051,053)</u>
Net current liabilities		<u>(134,160,517)</u>	<u>(260,879,346)</u>
Net liabilities		<u>(43,174,416)</u>	<u>(156,279,344)</u>
Capital and reserves			
Share capital	13	170,000,100	100
Profit and loss account		<u>(213,174,516)</u>	<u>(156,279,444)</u>
Total shareholders' deficit		<u>(43,174,416)</u>	<u>(156,279,344)</u>

26.09.2022

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

DocuSigned by:



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Jonty McNuff

Director

The notes on pages 13 to 22 form an integral part of these financial statements.

Drake Circus Centre Limited**Statement of Changes in Equity for the Year Ended 31 March 2022**

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2020	100	(81,865,621)	(81,865,521)
Loss for the year	-	(74,413,823)	(74,413,823)
Total comprehensive expense for the year	-	(74,413,823)	(74,413,823)
Balance at 31 March 2021	100	(156,279,444)	(156,279,344)
 Balance at 1 April 2021	100	(156,279,444)	(156,279,344)
Loss for the year	-	(56,895,072)	(56,895,072)
Total comprehensive expense for the year	-	(56,895,072)	(56,895,072)
Shares issued	170,000,000	-	170,000,000
Balance at 31 March 2022	170,000,100	(213,174,516)	(43,174,416)

The notes on pages 13 to 22 form an integral part of these financial statements.

Drake Circus Centre 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 international 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 investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements in accordance with Companies Act 2006 Section 400, because it is included in the group financial statements of The British Land Company PLC.

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

Drake Circus Centre Limited

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

2 Accounting policies (continued)

- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

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

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.

Going Concern

The Balance Sheet shows that the Company has net current liabilities in excess of the principal creditor which is the ultimate parent company. The parent company has agreed to support this subsidiary to enable it to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The Balance Sheet also shows that the Company has net liabilities, where the principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital. The going concern of the Company is therefore dependent on the going concern of the Group. The Directors feel that the Group is well placed to manage its business risks successfully despite the current economic climate as detailed in pages 109 and 175 of the annual report.

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.

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.

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).

Drake Circus Centre Limited

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

2 Accounting policies (continued)

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company'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 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 and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Company operates.

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****3 Critical accounting judgements and key sources of estimation uncertainty (continued)****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.

Critical accounting adjustments

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:

	2022	2021
	£	£
Rental income from investment property	12,728,167	11,453,725
Service charge income	3,460,381	3,940,229
	<u>16,188,548</u>	<u>15,393,954</u>

5 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable on amounts owed to group companies	5,358,760	5,097,441
	<u>5,358,760</u>	<u>5,097,441</u>

6 Auditors' remuneration

Audit fees of £2,125 (2021: £3,000) were paid to BDO LLP in the current year, and in the prior year, in respect of the audit of the financial statements for the year ended 31 March 2022.

No non-audit fees (2021: £nil) were paid to BDO LLP in the current year, and in the prior year.

7 Staff costs

No director (2021: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made.

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

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****8 Taxation**

	2022 £	2021 £
Current taxation		
UK corporation tax	-	-
Tax charge in the profit and loss account	-	-
	2022 £	2021 £
Tax reconciliation		
Loss on ordinary activities before taxation	(56,895,072)	(74,413,823)
Tax on loss on ordinary activities at UK corporation tax rate of 19% (2021: 19%)	(10,810,064)	(14,138,626)
Effects of:		
REIT exempt income and gains	(485,332)	286,459
Decrease in fair value of property & investments	11,183,078	13,781,336
Expenses not allowable	112,318	70,831
Total tax charge	-	-

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.

9 Investment properties

	£
Fair value	
1 April 2021	104,600,000
Additions	406,202
Lease incentive movements	(161,795)
Revaluation	(17,744,407)
31 March 2022	87,100,000

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****9 Investment properties (continued)**

	£
Fair value	
1 April 2020	176,400,000
Additions	(525,039)
Lease incentive movements	1,258,385
Revaluation	<u>(72,533,346)</u>
31 March 2021	<u>104,600,000</u>
Analysis of cost and valuation	
31 March 2022	
Cost	276,479,289
Valuation	<u>(189,379,289)</u>
Net book value	<u>87,100,000</u>
31 March 2021	
Cost	276,234,880
Valuation	<u>(171,634,880)</u>
Net book value	<u>104,600,000</u>

At 31 March 2022 the book value of freehold investment properties owned by the company was £87,100,000 (2021: £104,600,000).

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.

Properties were valued to fair value at 31 March 2022 by CBRE LLP external valuers, 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.

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****9 Investment properties (continued)**

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:

	31 March 2022 £	31 March 2021 £
Leases less than one year	6,815,384	8,667,227
Leases between one and five years	13,228,756	15,864,552
Leases greater than five years	<u>5,865,861</u>	<u>7,201,208</u>
	<u>25,910,001</u>	<u>31,732,987</u>

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****10 Investments**

	Shares in subsidiaries £	Total £
Underlying net asset value of investment		
1 April 2021	2	2
Additions	45,000,000	45,000,000
Impairment of investments	(41,113,901)	(41,113,901)
31 March 2022	<u>3,886,101</u>	<u>3,886,101</u>
Underlying net asset value of investment		
1 April 2020	2	2
31 March 2021	<u>2</u>	<u>2</u>
Provision for underlying net asset change		
31 March 2022	-	-
Provision for underlying net asset change		
1 April 2020	(315,935,799)	(315,935,799)
Write back of investments	315,935,799	315,935,799
31 March 2021	-	-
At cost		
31 March 2022	<u>3,886,101</u>	<u>3,886,101</u>
31 March 2021	<u>2</u>	<u>2</u>

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

Subsidiary	Principal activity	Interest	Country
Drake Circus Leisure Limited	Property Investment	100%	United Kingdom
Drake Property Holdings Limited	Property Holding	100%	United Kingdom
Drake Property Nominee (No. 1) Limited	Dormant	100%	United Kingdom
Drake Property Nominee (No. 2) Limited	Dormant	100%	United Kingdom

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

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****11 Debtors**

	31 March 2022 £	31 March 2021 £
Trade debtors	4,744,274	5,704,288
Provision for impairment of trade debtors	<u>(3,272,182)</u>	<u>(4,017,246)</u>
Net trade debtors	1,472,092	1,687,042
Amounts due from related parties	709,653	-
Accrued income	41,581	19,196
Prepayments	595,163	418,694
Other debtors	46,775	46,775
VAT	<u>202,411</u>	<u>-</u>
	<u>3,067,675</u>	<u>2,171,707</u>

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

12 Creditors due within one year

	31 March 2022 £	31 March 2021 £
Trade creditors	1,863,976	384,344
Accrued expenses	2,385,387	2,150,097
Amounts due to related parties	132,919,777	260,013,631
Social security and other taxes	1,356	445,285
Other creditors	<u>57,696</u>	<u>57,696</u>
	<u>137,228,192</u>	<u>263,051,053</u>

Amounts due to related parties relate to amounts owed to group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

Drake Circus Centre Limited**Notes to the Financial Statements for the Year Ended 31 March 2022
(continued)****13 Share capital****Allotted, called up and fully paid shares**

	No.	31 March 2022 £	No.	31 March 2021 £
Ordinary shares of £1 each	170,000,100	170,000,100	100	100

During the year, the company allotted 170,000,000 ordinary shares with a nominal value of £1 each.

14 Capital commitments

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

15 Contingent liabilities

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

16 Subsequent events

There have been no significant events since the year end.

17 Parent and ultimate parent undertaking

The immediate parent company is British Land In Town Retail Limited.

The British Land Company PLC is the smallest and largest group for which group financial statements are available and which include the company. The ultimate holding company and controlling party is 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.