Registration number: 115787

Broadgate REIT Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2022

Broadgate REIT Limited

Contents

Broadgate REIT Limited

Directors' Report for the Year Ended 31 March 2022

The directors present their annual report on the affairs of Broadgate REIT Limited ("the Company") and its subsidiaries (together "the Group"), together with the audited consolidated financial statements for the year ended 31 March 2022.

Incorporation

Broadgate REIT Limited is incorporated in Jersey under the Companies (Jersey) Law 1991. On 24 March 2015 the Company's shares were admitted to the official list of the Channel Islands Securities Exchange Authority Limited ("CISE") which was rebranded in March 2017 as The International Stock Exchange ("TISE").

Broadgate REIT Limited is resident in the United Kingdom and is qualified as a UK real estate investment trust ("REIT").

Principal activity

The principal activity of the Group and its subsidiaries is that of property investment in the United Kingdom.

Directors of the group

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

N Cahoon

M Cosgrave (resigned 14 June 2021)

D Nigam (resigned 28 October 2021)

D Lockyer

H Shah

D Richards

G Noblett (appointed 28 October 2021)

T Stroh (appointed 14 June 2021)

None of the directors hold any direct personal interest in the shares of the Company. Each director is, however, connected with one or other of the two shareholders of the Company for the purposes of the listing rules of the TISE and is therefore considered to be interested in the shares held by such shareholder.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards as issued by the IASB.

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 the financial statements, the directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for ensuring that the financial statements comply with The Companies (Jersey) Law, 1991 and safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as the directors are aware, there is no relevant audit information of which the company’s auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

Broadgate REIT Limited

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

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.

Directors' confirmations
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.

Results for the year
The Group made a profit after tax of £281m (2021: £112m loss after tax). Net profit has increased due to upward property valuations totalling £218m. Group revenue for the year to 31 March 2022 was £243m, an increase from £225m in the prior year. This is mainly due to 100 Liverpool Street having completed in September 2020, and therefore the current period includes a full year of rental income from the property, as well as positive leasing activity across the campus, including Braze at Exchange House.

Dividends
The Company declared dividends in respect of the year ended 31 March 2022 totalling £69m (2021: £44m). PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate (currently 20%). All dividends were settled in cash.

Risk Management
The general risk environment in which the Group 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 elements of the UK retail market and macro-economic headwinds through rising inflation. That said the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity across the Group, rents stabilising and improved rental collection rates.

However 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 Group's financial statements, owing to the nature of the Group's UK focused operations and limited exposure to Ukrainian and Russian markets and businesses. Additionally, the external valuers also consider there to be no current evident impact of the conflict on the UK property sector. The Directors and the external valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Group operates.

See note 14 for the principal risks of the Group.

Environmental matters
The Group 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 Group 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 Group'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 Group has discussed the impact of climate change with the external valuers who value the investment and development properties of the Group.

Broadgate REIT Limited

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

Subsequent events
Details of subsequent events since the Balance Sheet date, if any, are contained in note 17.

Going concern
The Group finances its operations by a mixture of equity, debt and loans provided by shareholders. Whilst the Group is in a net current liability position, this is principally as a result of shareholder loans which have no predetermined repayment date and are therefore treated as current liabilities. The directors have received letters of support from the shareholders confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements. In preparing these financial statements the directors have considered the headroom on debt service covenants and reviewed the forecast cash flows of the Group.

As a consequence of this the Directors feel that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Group has 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.

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 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.

Secretary
The secretary of the Company during the year ended 31 March 2022 and subsequently was British Land Company Secretarial Limited.

17.05.2022
Approved by the Board on .... and signed on its behalf by:

DocuSigned by:
Hursh Shah
923512BDC4694A4... ....

Director

Independent auditors' report to the members of Broadgate REIT Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Broadgate REIT Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the company financial statements have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and company Statements of Financial Position as at 31 March 2022; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated and company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows 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 group 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.

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated group balances in support of the group audit opinion.

Key audit matters

- Valuation of investment and development properties (group)
- Taxation (group)

Materiality

- Overall group materiality: £50,020,000 (2021: £47,740,000) based on 1% of total assets.
- Overall company materiality: £32,558,000 (2021: £34,640,000) based on 1% of total assets.
- Performance materiality: £37,515,000 (2021: £35,055,000) (group) and £24,419,000 (2021: £25,980,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of investments is a new key audit matter this year. Covid-19, which was a key audit matter last year, is no longer included because of the limited impact it has had on the group and company's business and operations. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment and development properties (group) Refer to Notes to the financial statements – Note 2 (Accounting policies), Note 3 (Critical accounting judgement and key sources of estimation uncertainty) and Note 9 (Investment properties). The group's investment property portfolio includes mainly offices and some retail properties in London. The total property portfolio valuation for the group was £4,829 million as at 31 March 2022 (2021: £4,501 million). The valuations were carried out by third party valuers Cushman & Wakefield (the "Valuers"). The Valuers were engaged by the directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. *Assessing the Valuers' expertise and objectivity* We assessed the Valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised. *Assumptions and estimates used by the Valuers* We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We obtained details of each property held by the group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisal and assessed the reasonableness of the valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit.

	We spoke with the Valuers to discuss and challenge their approach to the valuations, the key assumptions and their rationale behind the more significant valuation movements during the year. Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Valuers and obtained evidence to support explanations received. The valuation commentaries provided by the Valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We observed that alternative assumptions had been considered and evaluated by management and the Valuers, before determining the final valuation. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence. *Information and standing data* We performed testing on the standing data in the group's information systems concerning the valuation process. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the Valuers by management. For operating properties, we agreed tenancy information to supporting evidence on a sample basis. For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers was also consistent with the group's records for example by inspecting original construction contracts. For developments, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared with supporting evidence. We agreed the amounts per the valuation reports to the accounting records and the financial statements. We have no issues to report in respect of this work.
Taxation (group) Refer to the Notes to the financial statements - Note 3 (Critical accounting judgements and key sources of estimation uncertainty) and Note 8 (Taxation).The REIT regime grants companies tax exempt status provided the REIT meets the rules within the regime. The rules are complex and the tax exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the group's profit becoming subject to tax. The group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests.	We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules. We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the group's annual REIT compliance tests. We used our knowledge of tax circumstances and, by reading relevant correspondence between the group and Her Majesty's Revenue & Customs and the group's external tax advisors, we are satisfied that the assumptions and judgements used by the group in determining the tax provisions are reasonable. We have no issues to report in respect of this work.
Valuation of Investments in subsidiaries (company) Refer to the Notes to the financial statements – Note 10 (Investments). The company has investments in subsidiaries of £2,004 million (2021: £2,004 million). The Company's accounting policy for investments is to hold them at the lower of cost less any impairment and the underlying net asset value of the investment. Impairment of the loans is calculated in accordance with IFRS 9, where expected credit losses are considered to be the excess of the Company's interest in a subsidiary over the subsidiary's fair value. Investments in subsidiaries are assessed for impairment in line with IAS 36. Given the inherent judgement and complexity in assessing both the carrying value of a subsidiary, this was identified as a key audit matter. The primary determinant and key judgement within the fair value of each subsidiary is the value of the investment property held by each investee. As such it was over this area that we applied the most focus and audit effort.	We obtained the Directors' impairment assessment for the recoverability of investments and loans held in subsidiaries as at 31 March 2022. We assessed the accounting policy for investments in subsidiaries to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We verified that the methodology used by the Directors in arriving at the carrying value of each subsidiary, was compliant with FRS 101. We identified the key judgement within the requirement for impairment of the investments in subsidiaries to be the underlying valuation of investment property held by the subsidiaries. For details of our procedures over investment property valuations please refer to the related Group key audit matter above. We have no issues to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's properties are spread across a number of subsidiaries with the group financial statements being a consolidation of these entities. All of the work was carried out by the group audit team to ensure sufficient coverage and appropriate audit evidence for our opinion on the group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	£50,020,000 (2021: £47,740,000).	£32,558,000 (2021: £34,640,000).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	A key determinant of the group’s value is direct property investments. Due to this, the key area of focus in the audit is the valuation of investment and development properties. On this basis, and consistent with the prior year, we set an overall group materiality level based on total assets.	The company’s main activity is the investment in subsidiaries. Given this, and consistent with the prior year, we set an overall company materiality level based on total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £37,515,000 (2021: £35,055,000) for the group financial statements and £24,419,000 (2021: £25,980,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2,501,000 (group audit) (2021: £2,337,000) and £1,627,000 (company audit) (2021: £1,732,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 group's and 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 group's and 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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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 group's and 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 group or 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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010 and the Jersey Financial Services Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies (Jersey) Law 1991. 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, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties (see related key audit matters). 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 group's and company's litigation register in so far as it related to non-compliance with laws and regulations and fraud
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee
- Review of tax compliance with the involvement of our tax specialists in the audit
- 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;
- 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

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 Article 113A of the Companies (Jersey) Law 1991 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 (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sandra Dowling
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
17 May 2022

Broadgate REIT Limited

Consolidated Income Statement for the Year Ended 31 March 2022

	Note	2022 £ m	2021 £ m
Revenue	4	**243**	225
Cost of sales		**(99)**	(97)
Gross profit		**144**	128
Administrative expenses		**(6)**	(6)
Operating profit		**138**	122
Revaluation of investment properties	9	**218**	(173)
Profit/(loss) on ordinary activities before interest and taxation		**356**	(51)
Finance income	5	**13**	-
Finance costs	5	**(88)**	(61)
Profit/(loss) on ordinary activities before tax		**281**	(112)
Taxation	8	**-**	-
Profit/(loss) for the financial year		**281**	(112)

The above results were derived from continuing operations.

Broadgate REIT Limited

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

	2022 £ m	2021 £ m
Profit/(loss) for the year	**281**	(112)
Total comprehensive income/(expense) for the year	281	(112)

The notes on pages 19 to 38 form an integral part of these financial statements.

Broadgate REIT Limited

(Registration number: 115787)
Consolidated Statement of Financial Position as at 31 March 2022

	Note	31 March 2022 £ m	31 March 2021 £ m
Non-current assets			
Investment properties	9	**4,829**	4,501
Other non-current financial assets	11	**30**	-
		4,859	4,501
Current assets			
Trade and other receivables	12	**17**	13
Cash and cash equivalents		**126**	160
		143	173
Current liabilities			
Trade and other payables	13	**(88)**	(94)
Loans and borrowings	14	**(848)**	(998)
		(936)	(1,092)
Net current liabilities		**(793)**	(919)
Total assets less current liabilities		**4,066**	3,582
Non-current liabilities			
Loans and borrowings	14	**(1,567)**	(1,295)
Net assets		**2,499**	2,287
Equity			
Share capital	15	**19**	19
Share premium	15	**1,431**	1,431
Merger reserves		**(1,076)**	(1,076)
Retained earnings		**2,125**	1,913
Total equity		**2,499**	2,287

Approved by the Board on 17.05.2022 and signed on its behalf by:

DocuSigned by:
Hursh Shah
923512BDC4694A4...

Director

Broadgate REIT Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £ m	Share premium £ m	Merger reserves £ m	Retained earnings £ m	Total equity £ m
Balance at 1 April 2020	19	1,431	(1,076)	2,067	2,441
Loss for the year	-	-	-	(112)	(112)
Total comprehensive income for the year	-	-	-	(112)	(112)
Dividends in the year	-	-	-	(44)	(44)
Balance at 31 March 2021	19	1,431	(1,076)	1,913	2,287
Balance at 1 April 2021	**19**	**1,431**	**(1,076)**	**1,913**	**2,287**
Profit for the year	**-**	**-**	**-**	**281**	**281**
Total comprehensive income for the year	**-**	**-**	**-**	**281**	**281**
Dividends in the year	**-**	**-**	**-**	**(69)**	**(69)**
Balance at 31 March 2022	**19**	**1,431**	**(1,076)**	**2,125**	**2,499**

The notes on pages 19 to 38 form an integral part of these financial statements.

Broadgate REIT Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £ m	2021 £ m
Cash flows from operating activities			
Cash generated from operations	(a)	**130**	121
Interest paid		**(59)**	(61)
Net cash flows from operating activities		**71**	60
Cash flows from investing activities			
Development and other capital expenditure		**(109)**	(144)
Indirect taxes in respect of investing activities		**(2)**	2
Net cash flows used in investing activities		**(111)**	(142)
Cash flows from financing activities			
(Decrease)/increase in shareholder loans		**(143)**	139
Decrease in secured bonds		**(115)**	(10)
New "Green" loan		**398**	-
Premium costs on early repayment of secured bonds		**(25)**	-
Dividends paid		**(69)**	(44)
Decrease in drawn down liquidity facility		**(40)**	(52)
Net cash flows from financing activities		**6**	33
Net decrease in cash and cash equivalents		**(34)**	(49)
Net decrease in cash and cash equivalents		**(34)**	(49)
Cash and cash equivalents at the beginning of year		**160**	209
Cash and cash equivalents at the end of the year		**126**	160

(a) Cash generated from operations

	2022 £ m	2021 £ m
Operating profit	**138**	122
Spreading of tenant incentives and guaranteed rent increases	**(3)**	(10)
Movement in operating debtors	**(12)**	4
Movement in operating creditors	**7**	5
Cash generated from operations	**130**	121

Broadgate REIT Limited

(Registration number: 115787)
Company Statement of Financial Position as at 31 March 2022

	Note	31 March 2022 £ m	31 March 2021 £ m
Assets			
Non-current assets			
Investments	10	**2,004**	2,004
		2,004	2,004
Current assets			
Trade and other receivables	12	**1,251**	1,458
Cash and cash equivalents		**-**	2
		1,251	1,460
Current liabilities			
Trade and other payables	13	**(5)**	(2)
Shareholder loans	14	**(845)**	(988)
		(850)	(990)
Net current assets		**401**	470
Total assets less current liabilities		**2,405**	2,474
Net assets		**2,405**	2,474
Equity			
Share capital	15	**19**	19
Share premium	15	**1,431**	1,431
Retained earnings		**955**	1,024
Total equity		**2,405**	2,474

Approved by the Board on 17.05.2022 .... and signed on its behalf by:

DocuSigned by:
Hursh Shah
923512BDC4894A4... ....

Director

Broadgate REIT Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £ m	Share premium £ m	Retained earnings £ m	Total £ m
Balance at 1 April 2020	19	1,431	1,069	2,519
Loss for the year	-	-	(1)	(1)
Total comprehensive expense for the year	-	-	(1)	(1)
Dividends in the year	-	-	(44)	(44)
Balance at 31 March 2021	19	1,431	1,024	2,474

	Share capital £ m	Share premium £ m	Retained earnings £ m	Total £ m
Balance at 1 April 2021	**19**	**1,431**	**1,024**	**2,474**
Profit for the year	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Dividends in the year	**-**	**-**	**(69)**	**(69)**
Balance at 31 March 2022	**19**	**1,431**	**955**	**2,405**

Broadgate REIT Limited

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

1 General information

The Company is a public limited company limited by share capital. The Company is incorporated and domiciled in Jersey under the Companies (Jersey) Law 1991. The address of its registered office is 13-14 Esplanade, St Helier, Jersey, JE1 1BD.

2 Accounting policies

Statement of compliance
The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Summary of accounting policies
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
The Group financial statements have been prepared in accordance with the applicable reporting frame work as issued by IASB, and Companies (Jersey) Law 1991.

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

The consolidated financial statements include the accounts of Broadgate REIT Limited and all subsidiaries. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Company financial statements
The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) as issued by the Financial Reporting Council.

The Company continues to make amendments where necessary in order to comply with Companies (Jersey) Law and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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

(a) The requirements of IAS 1 to provide a Statement of Cash flows for the year;

(b) The requirements of IAS 1 to provide a statement of compliance with IFRS;

(c) The requirements of IAS 1 to disclose information on the management of capital;

(d) The requirements of 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;

(e) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(f) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;

2 Accounting policies (continued)

(g) The requirements of IFRS 7 to disclose financial instruments; and

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

Adoption of new and revised standards

During the year no new accounting standards were adopted by the Company or the consolidated Group.

Going concern

The Group finances its operations by a mixture of equity, debt and loans provided by shareholders. Whilst the Group is in a net current liability position, this is principally as a result of shareholder loans which have no predetermined repayment date and are therefore treated as current liabilities. The directors have received letters of support from the shareholders confirming that they do not intend to call for repayment of these loans within twelve months of the signing of these financial statements. In preparing these financial statements the directors have considered the headroom on debt service covenants and reviewed the forecast cash flows of the Group.

As a consequence of this the Directors feel that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Group has 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.

Revenue recognition

Revenue comprises rental income, surrender premia and service charge income.

Rental income and surrender premia are recognised in accordance with IFRS 16 Leases.

For leases where a single payment is received to cover both rent and service charge, the service charge component is separated out and reported as service charge income.

Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Contingent rents, being those lease payments that are not fixed at the inception of the lease, including for example turnover rents, are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

Concessions granted to tenants where rent has been reduced or waived for a specified period are accounted for as lease modifications. Concessions granted to tenants which allow the deferral of rent payments to the Group are not accounted for as lease modifications on the basis there is no change to the consideration or scope of the lease.

Surrender premia for the early termination of a lease are recognised as revenue when the amounts become contractually due, net of dilapidations and non-recoverable outgoings relating to the lease concerned.

The Group applies the five-step-model as required by IFRS 15 in recognising its service charge income.
Service charge income is recognised as revenue in the period to which it relates.

2 Accounting policies (continued)

Cost of Sales
All costs of sales are charged against revenue on an accruals basis. These are mostly made up of property related and service charge expenses arising from renting properties to tenants.

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

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

Deferred tax assets and liabilities are net off against each other in the consolidated balance sheet when they relate to income taxes levied by the same tax authority on different taxable entities which intend to either settle current tax assets and liabilities on a net basis.

Investment property
Properties are externally valued at the balance sheet date. The cost of properties in the course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as a development property on practical completion.

The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Investments
Fixed asset investments, including investments in subsidiaries and associates, are stated at the lower of cost and the underlying net asset value of the investments.

Leases
In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

2 Accounting policies (continued)

Financial assets and liabilities
Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the Group calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Other investments include investments classified as amortised cost and investments classified as fair value through profit or loss. Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate. Investments classified as fair value through profit or loss are initially recorded at fair value and are subsequently externally valued on the same basis at the balance sheet date. Any surplus or deficit arising on revaluing investments classified as fair value through profit or loss is recognised in the capital and other column of the income statement.

The lease liability associated with investment property which is held under a lease, is initially calculated as the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost, unwinding as finance lease interest accrues and lease payments are made.

Debt instruments are stated at their net proceeds on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to maturity, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the income statement when they occur.

Derivatives are initially recognised and remeasured at fair value on the balance sheet. Changes in the fair value of derivatives are recorded directly in the income statement.

Cash equivalents are limited to instruments with a maturity of less than three months.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements and estimates that affect the financial statements.

The general risk environment in which the Group 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 across the Group's segments, rents stabilising, improved rental collection rates and footfall and sales in retail parks returning close to, and in some cases above, pre-pandemic levels.

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 Group's financial statements owing to the nature of the Group'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 Group operates.

Key sources of estimation uncertainty:

- Valuation of properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuation of the Group's property portfolio are inherently subjective, as they are based upon valuer assumptions and estimations, that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate. Further details on the valuers assumptions, estimates and associated key unobservable inputs sensitivity disclosures, have been provided in Note 9.

  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 Group and Company financial statements. The following items are ongoing areas of accounting judgement, however, the Directors do not consider these accounting judgements to be critical, and significant accounting judgement has not been required for any of these items in the financial year.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

- REIT status: Broadgate REIT Limited is a Real Estate Investment Trust (REIT) and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.
- Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements in the legal documents for both acquisitions and disposals. Management consider each transaction separately and, when considered appropriate, seek independent accounting advice.

Broadgate REIT Limited

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

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2022 £ m	2021 £ m
Rent receivable	**171**	159
Surrender premia	**1**	3
Service charge income	**73**	64
Spreading of tenant incentives and guaranteed rent increases	**(2)**	(1)
	243	225

5 Finance income and finance costs

Group	2022 £ m	2021 £ m
Finance income		
Revaluation gain/(loss) on derivatives	**12**	-
Interest income	**1**	-
Total finance income	**13**	-
Finance costs		
Interest on secured bonds and Green loans	**(62)**	(60)
Premium costs on early repayment of secured bonds	**(25)**	-
Other loans	**(1)**	(1)
Total finance costs	**(88)**	(61)
Net finance costs	**(75)**	(61)

In the year ended 31 March 2022, a premium of £24.9m was paid in relation to a partial redemption of Bonds, in relation to releasing 100 Liverpool Street from Broadgate securitisation. See note 14 for details.

6 Auditors' remuneration

	2022 £	2021 £
Fees payable to Company's auditors (PricewaterhouseCoopers LLP) :		
- audit of Company's financial statements	**40,356**	34,686
- audit of Company's subsidiary financial statements	**177,500**	148,534
- audit related assurance services	**34,853**	33,380
	252,709	216,600

Audit related assurance services are for the provision of the interim review.

Broadgate REIT Limited

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

7 Employees and directors' remuneration

No director received any remuneration for services to the Company in either year.

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

Directors' remuneration is borne by the joint venture partners for which no apportionment or recharge is made.

8 Taxation

Tax charged in the income statement

	2022 £ m	2021 £ m
Current taxation		
UK corporation tax	**-**	-
Total current income tax	-	-
Tax reconciliation		
Profit/(Loss) on ordinary activities before taxation	**281**	(112)
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 19% (2021 : 19%)	**(53)**	(21)
Effects of:		
REIT exempt income and gains	**53**	21
Total tax charge	**-**	-

Broadgate REIT Limited converted to UK REIT status on 25 March 2015. From this date onwards all property income and gains are exempt from corporation tax.

Broadgate REIT Limited

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

9 Investment properties

Group	Development £m	Freehold £m	Long leasehold £m	Short leasehold £m	Total £ m
Fair value					
1 April 2021	**188**	**34**	**4,279**	**-**	**4,501**
Additions	**32**	**1**	**55**	**-**	**88**
Movements in lease incentives and contracted rent uplift balances	**-**	**-**	**23**	**-**	**23**
Revaluation gain/(deficit) included in consolidated Income Statement	**75**	**(1)**	**143**	**-**	**217**
31 March 2022	**295**	**34**	**4,500**	**-**	**4,829**

Fair value					
1 April 2020	755	36	3,748	-	4,539
Additions	47	-	55	-	102
Movements in lease incentives and contracted rent uplift balances	23	-	10	-	33
Revaluation deficit included in consolidated Income Statement	(18)	(2)	(153)	-	(173)
Reclassifications*	(619)	-	619	-	-
31 March 2021	188	34	4,279	-	4,501

*100 Liverpool Street reached practical completion during September 2020. During the year ended 31 March 2021, the property was reclassified from development to long leasehold to reflect its completed status. Development commenced at 1 Broadgate during the year ended 31 March 2021.

Broadgate REIT Limited

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

9 Investment properties (continued)

Group	Development £m	Freehold £m	Long leasehold £m	Short leasehold £m	Total £ m
Analysis of cost and valuation					
31 March 2022					
Cost	**220**	**35**	**4,357**	**-**	**4,612**
Revaluation	**75**	**(1)**	**143**	**-**	**217**
Net book value	**295**	**34**	**4,500**	**-**	**4,829**
31 March 2021					
Cost	755	36	3,882	2	4,675
Cost reclassification	(570)	-	570	-	**-**
Revaluation	-	(2)	(170)	(2)	(174)
Revaluation reclassification	3	-	(3)	-	**-**
Net book value	188	34	4,279	-	4,501

The different valuation method levels are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 ‘Fair Value Measurement’. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For those reasons, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Some of the inputs to the valuations are defined as "unobservable" by IFRS 13 and the significant inputs are analysed in the table below.

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 and 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. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the “residual method” of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

Properties were valued as at 31 March 2022 by Cushman & Wakefield. Properties valued at £3,413m (2021: £4,086m) were charged to secure the borrowings of Broadgate Financing PLC. Properties valued at £893m were charged during the year to secure the borrowings of Broadgate (PHC 3) Limited.

9 Investment properties (continued)

Information about fair value measurements using unobservable inputs (Level 3):

	Valuation at 31 March 2022 £m	Valuation technique	ERV per sq ft Weighted average £	Equivalent yield Weighted average %
Investment properties	4,829	Investment methodology & Residual Site valuation method (Developments only)	60	4.3

	Valuation at 31 March 2021 £m	Valuation technique	ERV per sq ft Weighted average £	Equivalent yield Weighted average %
Investment properties	4,501	Investment methodology & Residual Site valuation method (Developments only)	59	4.4

The table below shows the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the year ended 31 March 2022

Fair value 31 March 2022 £m	+5% ERV £m	-5% ERV £m	-25bps NEY £m	+25bps NEY £m	-5% costs £m	+5% costs £m
4,829	253	(254)	405	(361)	37	(37)

Fair value 31 March 2021 £m	+5% ERV £m	-5% ERV £m	-25bps NEY £m	+25bps NEY £m	-5% costs £m	+5% costs £m
4,501	115	(115)	(159)	179	18	(18)

All other factors being equal:
- a higher equivalent yield or discount rate would lead to a decrease in the valuation
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value
- an increase in the costs to complete would lead to a decrease in the valuation

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

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.

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

Group	2022 £ m	2021 £ m
Less than one year	**147**	129
Between one and five years	**472**	474
Greater than five years	**475**	579
Total	**1,094**	1,182

10 Investments

Summary of the company investments

	Investment in subsidiaries £m	Total £m
Underlying net asset value of investment		
1 April 2021	**2,004**	**2,004**
31 March 2022	**2,004**	**2,004**
Underlying net asset value of investment		
1 April 2020	2,004	2,004
31 March 2021	2,004	2,004

Broadgate REIT Limited

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

10 Investments (continued)

Principal subsidiaries

The Group comprises a large number of companies so has taken advantage of exemption under TISE Listing Rule 7.6.2.4 in providing information only in relation to subsidiary undertakings whose results or financial position, in the opinion of directors, principally affect the financial statements. The wholly owned subsidiaries are:

Subsidiary	Principal activity	Interest	Country
Bluebutton Developer Company (2012) Limited	Property Developer	100%	United Kingdom
Bluebutton Developer (2FA) Ltd	Property Developer	100%	United Kingdom
Bluebutton Properties Limited*	Holding company	100%	Jersey
British Land Broadgate 2005 Limited	Holding company	100%	United Kingdom
Broadgate Property Holdings Limited	Holding company	100%	United Kingdom
PHC 3 Parent Limited	Holding company	100%	United Kingdom
Bluebutton Properties UK Limited*	Property Investment	100%	United Kingdom
201 Bishopsgate Limited	Property Investment	100%	United Kingdom
Bluebutton (12702) Limited	Property Investment	100%	United Kingdom
Bluebutton Circle Retail PHC 2013 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 11) 2005 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 14) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 15a) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 15b) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 15c) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 16) 2005 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 2) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 3) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 5) 2005 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 5) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 6) 2005 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 7) Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 8) 2008 Limited	Property Investment	100%	United Kingdom
Broadgate (PHC 9) Limited	Property Investment	100%	United Kingdom
Broadgate PHC 2010 Limited	Property Investment	100%	United Kingdom
Broadgate Eldon Properties Limited	Property Investment	100%	United Kingdom
Broadgate Financing PLC	Funding	100%	United Kingdom
Broadgate (Funding) 2005 Limited	Funding	100%	United Kingdom
Broadgate (Lending) Limited	Short term funding	100%	United Kingdom
Broadgate (Cash Management) Limited	Cash management	100%	United Kingdom

*Directly owned subsidiaries

With the exception of Bluebutton Developer Company (2012) Limited and Parent PHC 3 Limited, which are new in the year, there have been no changes from the prior year.

The registered address for companies registered in the United Kingdom is York House, 45 Seymour Street, London, W1H 7LX.

The registered address for companies registered in Jersey is 26 New Street, St Helier, Jersey, JE2 3RA.

Broadgate REIT Limited

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

11 Other non-current financial assets

	Group	
	31 March 2022 £ m	31 March 2021 £ m
Non-current financial assets		
Restricted cash	**17**	-
Interest rate derivative asset	**13**	-
	30	-

The amount related to interest rate derivative asset of £13m (2021: £nil) is categorised as Level 2 in the fair value hierarchy as defined by IFRS 13. The fair value hierarchy levels are defined in Note 9.

12 Trade and other receivables

	Group		Company	
	31 March 2022 £ m	31 March 2021 £ m	31 March 2022 £ m	31 March 2021 £ m
Trade and other debtors	**22**	16	**-**	-
Provisions for bad debts	**(9)**	(12)	**-**	-
Amounts due from related parties	**1**	-	**1,251**	1,458
Prepayments	**3**	7	**-**	-
VAT	**-**	2	**-**	-
	17	13	**1,251**	1,458

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

13 Trade and other payables

	Group		Company	
	31 March 2022 £ m	31 March 2021 £ m	31 March 2022 £ m	31 March 2021 £ m
Trade payables	**8**	7	**-**	**-**
Accruals and deferred income	**63**	70	**-**	**-**
Amounts due to related parties	**-**	1	**-**	**1**
Taxation payable	**4**	3	**-**	**-**
Other payables	**13**	13	**5**	**1**
	88	94	**5**	**2**

Broadgate REIT Limited

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

14 Loans and borrowings

	Group 31 March 2022 £ m	31 March 2021 £ m
Secured on the assets of the Group		
Class A2 4.949% Bonds due 2031	**-**	79
Class A3 4.851% Bonds due 2033	**144**	175
Class A4 4.821% Bonds due 2036	**399**	400
Class B 4.999% Bonds due 2033	**365**	365
Class C2 5.098% Bonds due 2035	**192**	196
	1,100	1,215
£420m Floating Rate Green Loan due 2026	**418**	-
Total	**1,518**	1,215
Other borrowings of the Group		
Term loan	**52**	92
Shareholder loans	**845**	988
	897	1,080
Gross debt of the Group	**2,415**	2,295
Cash and short-term deposits	**(126)**	(160)
Net debt	**2,289**	2,135

14 Loans and borrowings (continued)

Reconciliation of movement in net debt to cash flow statement

	2021 £m	Cash flow £m	Non-cash £m	2022 £m
Per cash flow statement:				
Cash and short-term deposits	(160)	34	-	(126)
Secured bonds	1,215	(115)	-	1,100
Shareholder loans	988	(143)	-	845
Term loan	92	(40)	-	52
Green loan	-	398	20	418
	2,135	134	20	2,289

	2020 £m	Cash flow £m	Non-cash £m	2021 £m
Per cash flow statement:				
Cash and short-term deposits	(209)	49	-	(160)
Secured bonds	1,225	(10)	-	1,215
Shareholder loans	849	139	-	988
Term loan	144	(52)	-	92
	2,009	126	-	2,135

Maturity analysis of net debt of the Group

	31 March 2022 £ m	31 March 2021 £ m
Repayable within one year and on demand	848	998
Due within one to two years	3	11
Due within two to five years	547	112
Due in more than five years	1,017	1,172
	1,567	1,295
Gross debt of the Group	2,415	2,295
Cash and short-term deposits	(126)	(160)
Net debt of the Group	2,289	2,135

14 Loans and borrowings (continued)

At 31 March 2022, 100% of the secured bonds were fixed (2021: 100%). The bonds issued are due from 2005 and expected to be repaid by 2033. Legal repayment is required by 2036. The bonds are secured on properties of the Group valued at £3,413m (2021: £4,086m). The weighted average interest rate of the bonds is 4.93% (2021: 4.93%). The weighted average maturity of the bonds is 8.9 years (2021: 9.5 years).

A notice was issued to Bondholders on 3 June 2021 for the redemption in full of the Class A2 4.949% Bonds, and partial redemption of the Class A3 4.851% Bonds, totalling £107m principal amount of bonds alongside a premium of £24.9m (see note 4). These Bonds were redeemed on the Interest Payment Date falling on 5 July 2021.

On 30 June 2021, the Group completed the refinance of 100 Liverpool Street which raised a new £420m 5 year ‘Green Loan’ secured by the property. As part of the refinance, 100 Liverpool Street was released from the Broadgate securitisation alongside the redemption of £107m of bonds.

The £420m green loan is at a floating rate of interest and matures in June 2026. The loan is partially hedged with interest rate caps and swaps. At 31 March 2022 the average interest rate of the loan, including the effect of these derivatives, was 1.8%.

Comparison of market values and book values and fair value hierarchy

The table below provides a comparison of market value and book value along with the classification per the fair value hierarchy. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		2022		**2021**	
	Level	**Market value £m**	**Book value £m**	**Market value £m**	**Book value £m**
Secured bonds	2	**1,265**	**1,100**	1,454	1,215
Green loan	2	**420**	**418**	-	-
Term loan	2	**52**	**52**	92	92
		1,737	**1,570**	1,546	1,307

The fair values of the bonds have been established by obtaining quoted market prices from brokers. The green loan and the term loan have been valued assuming they could be renegotiated at contracted margins.

The fair value of the shareholder loans is approximately equal to the book value.

Broadgate REIT Limited

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

14 Loans and borrowings (continued)

Risk Management

Capital risk management:
The Group finances its operations by a mixture of equity, public debt issues and loans provided by shareholders to support the property strategy of the Group.

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due from 2005 and expected to be repaid by 2033. Legal repayment is required by 2036. Including debt amortisation 65% of the total third party borrowings are due for payment after 5 years (2021: 89%).

The Group aims to ensure that potential debt providers understand the business and a transparent approach is adopted with lenders so they can understand the level of their exposure within the overall context of the Group.

Details of bond covenants are outlined in the bonds publicly available Offering Circular.

Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Cash and deposits at 31 March 2022 amounted to £126m (2021: £160m) and are placed with financial institutions with A or better credit ratings. At 31 March 2022, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits was £68m (2021: £59m). This represents 1.36% (2021: 1.26%) of gross assets.

In order to manage credit risk, management regularly reviews the credit rating of credit counterparties and monitors all amounts that are owed to the Group.

Liquidity risk:
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the Group has resources to pay future liabilities as they fall due.

The following table presents a maturity profile of the contracted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal flows.

					2022
	Within one year £m	One to two years £m	Two to five years £m	Over five years £m	Total £m
Bonds	3	3	129	965	1,100
Green loan	-	-	420	-	420
Interest payable	66	70	184	230	550
Shareholder loans	845	-	-	-	845
Term loan	-	-	-	52	52
	914	73	733	1,247	2,967

14 Loans and borrowings (continued)

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m	2021 Total £m
Bonds	11	11	113	1,080	1,215
Interest payable	60	59	171	289	579
Term loan	-	-	-	92	92
Shareholder loans	988	-	-	-	988
	1,059	70	284	1,461	2,874

15 Share capital and share premium

Allotted, called up and fully paid shares

	31 March 2022 No. m	£ m	31 March 2021 No. m	£ m
Ordinary shares of £1 each	19	19	19	19
Share Premium of £1 each	1,431	1,431	1,431	1,431
	1,450	1,450	1,450	1,450

Net asset value per share at 31 March 2022 was £132 (2021: £120).

16 Capital Commitments

The Group had capital commitments contracted as at 31 March 2022 of £403m (2021: £98m).

17 Subsequent events

There have been no subsequent events since 31 March 2022.

18 Controlling parties

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.

Broadgate REIT Limited is the largest group for which group accounts are available and which include the company.

19 Related party transactions

Related party disclosures noted below are in respect of transactions between the Group and its related parties as defined by International Accounting Standard 24.

During the year, British Land Property Management Limited received £4,138,927 (2021: £3,580,483) for asset management services, and £792,065 (2021: £780,879) for administration services, provided to Bluebutton Properties UK Limited. British Land Property Management Limited is a wholly owned subsidiary of The British Land Company PLC. The British Land Company PLC is the ultimate parent company of BL Bluebutton 2014 Limited which owns 50% of the share capital of the Company.

During the year, Broadgate (PHC 15a) Limited received £3,891,834 (2021: £3,420,016) from Storey Spaces Limited under management agreements. In addition, £4,706,606 (2021: £3,268,359) of fees were incurred under the same management agreement. Storey Spaces Limited is a wholly owned subsidiary of The British Land Company PLC.

During the year, Broadgate (PHC 15b) Limited incurred £nil (2021: £2,837,068) of fees with Storey Spaces Limited under management agreements.

During the year, Broadgate (PHC 15c) Limited incurred £912,451 (2021: £945,026) of fees with Storey Spaces Limited under management agreements.

During the year Bluebutton Developer Company (2012) Limited incurred £nil (2021: £nil) of development fees with British Land Property Management Limited.

During the year, the Company recharged £14,925 (2021: £82,951) of administration expenses borne by the Group on behalf of Euro Bluebell LLP, holder of 50% of the share capital of the Company, to Euro Clover Private Limited, a wholly owned subsidiary of Euro Bluebell LLP.