

Company Registration No. 10009711 (England and Wales)

ARK ESTATES SPRING PARK LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

ARK ESTATES SPRING PARK LIMITED

COMPANY INFORMATION

Directors	H T Owen A J Pettit D McDonald Dr P T Singh
Secretary	I S Perryment
Company number	10009711
Registered office	Spring Park Westwells Road Hawthorn Corsham Wiltshire SN13 9GB
Independent auditors	PricewaterhouseCoopers CI LLP 37 Esplanade St Helier Jersey JE1 4XA

ARK ESTATES SPRING PARK LIMITED

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ARK ESTATES SPRING PARK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Principal activities

The principal activity of the company is the ownership, development and leasing of data centres.

Business review

Ark Estates Spring Park Limited owns the Spring Park site, which had 41.68 MW (2021: 28.18 MW) of built capacity as of 30 June 2022, split across 5 buildings, with a further 13.5MW under construction.

Key performance indicators

Financial indicators

The Board of Directors are therefore pleased to report the following financial results:

	2022 (£)	2021 (£)	Change (£)	% Change
Property income	24,276,555	20,848,731	3,427,824	+16.44%
Operating profit	16,797,400	15,787,066	1,010,334	+6.40%
Interest payable	(32,555,991)	(23,481,878)	(9,074,113)	(38.64)%
Profit/(Loss) for year	35,580,262	6,314,611	29,265,651	+463.46%
Investment property	576,400,000	494,600,348	81,799,652	+16.54%
Total equity	71,391,129	714,929	70,676,200	+9,885.76%

Non-financial indicators

Alongside the financial performance, the key performance indicators of the Company include;

- MW capacity (built, contracted and available)
- contract term
- build costs
- delivering in accordance with build programmes
- maintaining operational excellence
- stakeholder (customer and supplier) satisfaction scores

In addition, the group will continue to build out new facilities on its existing sites, and through its related undertakings at additional sites in and around London – Union Park, Longcross Park and Alliance Park – to meet the growing demand for colocation and cloud data centres.

In March 2022 Ark Estates Holdings Limited (parent company of Ark Estates Spring Park Limited) secured a new £700m loan facility with a bank syndicate to provide additional funding for the development of data centre facilities. As of 30 June 2022, Ark Estates Holdings Limited had utilised £620m of that facility.

The business plan of Ark is built around a long-term strategy and significant progress has been made during the year to 30 June 2022. During the current reporting period the group has secured new long-term contracts with customers from both public and private sectors across multiple industries including UK Government, Financial Services, Telecommunications, Cloud Providers and IT. The sales pipeline remains strong and further growth is expected through Ark's existing customers, framework agreements and new customers. The Board of Directors believe that the Company's position within the marketplace remains strong, and we look forward to further expansion in 2023.

ARK ESTATES SPRING PARK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Principal risks, uncertainties and dependencies

Principal risks faced by the Company are identified and monitored through a regular process that is reviewed by the Senior Leadership Team and presented to the Board of Directors. Principal risks include, but are not limited to;

- Operational risks from a power or cooling outage or a security breach. The Company places a primary focus on preventative measures and controls to address these risks through its design and construction of the facilities and operation of robust accredited processes and regular maintenance programmes. Additionally, the Company undertakes regular exercises, involving our employees, customers and supply chain, across multiple scenarios to test the application and robustness of its procedures.
- Performance in an increasingly competitive marketplace is continually monitored. The Company engages proactively with its customers, both existing and prospective, to understand their requirements and has continuously progressed innovation in data centre design and construction to meet those needs and drive efficiencies.
- Uncertainty of current economic conditions may impact supply arrangements, although this is largely mitigated by entering into fixed priced contracts for the construction of the data centres and ensuring critical supplies are available when needed.

The Company manages these risks on an ongoing basis, and the Board of Directors believe that the Company's offering within the marketplace remains strong, and that it is well positioned to continue its growth.

Potential transaction

During the year the partners of Ark Capital Partners I LP ("the LP"), the ultimate parent undertaking of the Company, commenced a sales process of Ark Mideo Limited and all its subsidiaries (the "AML Group"). Ark Mideo Limited is a 100% subsidiary of the LP. The Company is a 100% subsidiary within the AML Group. As at the date of this report, whilst discussions are ongoing, no sale agreement has been reached with any interested parties. Further details are provided in note 1 to the financial statements.

Post balance sheet events

No events have occurred since the balance sheet date, which significantly affect the Company.

On behalf of the board

H T Owen

Director

30 March 2023

ARK ESTATES SPRING PARK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Results and dividends

The results for the year are set out on page 10.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2021: nil).

Directors

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

H T Owen

A J Pettit

D McDonald

Dr P T Singh

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Material uncertainty related to going concern in respect of potential sale

The directors are satisfied that under its current ownership the Company can call on sufficient group financial facilities and support from their shareholders to meet working capital requirements, finance the capital commitments disclosed in Note 17 and enable them to meet other obligations and commitments as they fall due. At 30 June 2022 the Company had net current liabilities of £306,016,748. This position included current liabilities owed to the parent undertaking, Ark Estates Holdings Limited, of £289,156,077 (see Note 10). As disclosed in Note 11, under a long-term working capital facility provided by the ultimate parent undertaking, the Company has access to liquidity and sufficient undrawn working capital to be able to continue to finance all liabilities and commitments as they fall due.

During the year the partners of Ark Capital Partners I LP ("the LP"), the ultimate parent undertaking of the Company, commenced a sales process of Ark Midco Limited and all its subsidiaries (the "AML Group"). Ark Midco Limited is a 100% subsidiary of the LP. The Company is a 100% subsidiary within the AML Group. As at the date of approval of the financial statements, whilst discussions are ongoing, no sale agreement has been reached with any interested parties. Therefore the directors cannot be certain that a transaction will occur in the Company's going concern period, nor of the consequences of any such transaction on the Company's ability to continue as a going concern as based on all known factors the directors cannot reasonably know the financing arrangements, proposed structure, or operating intentions of a prospective purchaser going forward.

ARK ESTATES SPRING PARK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Material uncertainty related to going concern in respect of potential sale (continued)

As many of the potential impacts following a transaction completing are significant and are outside the control of the current directors, this creates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern if the transaction completes. That said, the directors cannot perceive a situation where any transaction would conclude with a party without the means and intent to continue to operate the Company's business on a sound financial footing. The directors have concluded to prepare the financial statements on a going concern basis based on their assessment of the ability of the Company to meet its liabilities and obligations for the foreseeable future, but to also disclose the presence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern caused by the potential completion of the transaction described above.

Independent auditors

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers CI LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Companies Act 2006 ("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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, 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;
- 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. The directors confirm that they have complied with these responsibilities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business and the principal risks and uncertainties it faces.

ARK ESTATES SPRING PARK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Statement of disclosure to auditor

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.

On behalf of the board

H T Owen

Director

30 March 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Ark Estates Spring Park Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. During the year the partners of Ark Capital Partners I LP ("the LP"), the ultimate parent undertaking of the company, commenced a sales process of Ark Midco Limited and all its subsidiaries (the "AML Group"). The company is a 100% subsidiary within the AML Group. As at the date of this audit report, whilst discussions are ongoing, no sale agreement has been reached with any interested parties. Therefore the directors cannot be certain that a transaction will occur in the company's going concern period, nor of the consequences of any such transaction on the company's ability to continue as a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

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

- enquiring with the management of the company and the directors as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- checking the minutes of meetings of the board of directors for matters relevant to the audit;
- testing the disclosures made in the financial statements, as well as in the Directors' report, for compliance with the requirements of the Companies Act 2006;
- for the valuation of investment property, enquiring and inspecting documentation regarding: the choice of valuation model compared to alternative models; any adjustments made to inputs used; the basis for discounts and yield rates applied; we engaged our auditor's internal valuation expert to critique and challenge the work performed and assumptions used by the directors to determine fair value; and considering these judgements in light of available independent sources, our understanding of the investment property and our industry knowledge;
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of any business rationale for any significant or unusual transactions identified as being outside the normal course of business.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Ian Tait (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
30 March 2023

ARK ESTATES SPRING PARK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	£	£
Property income		24,276,555	20,848,731
Property expenses		(7,203,446)	(4,720,000)
Gross profit		17,073,109	16,128,731
Administrative expenses		(275,709)	(341,665)
Operating profit		16,797,400	15,787,066
Interest receivable and similar income	5	-	2
Interest payable and similar expenses	6	(32,555,991)	(23,481,878)
Change in fair value of investment property	7	68,451,804	21,424,003
Profit before taxation		52,693,213	13,729,193
Taxation	8	(17,112,951)	(7,414,582)
Profit and total comprehensive income for the financial year		35,580,262	6,314,611

The notes on pages 13 to 23 form part of these financial statements.

ARK ESTATES SPRING PARK LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investment property	9	576,400,000		494,600,348	
Current assets					
Cash at bank and in hand		10,402		224,240	
Creditors: amounts falling due within one year	10	(306,027,150)		(251,451,110)	
Net current liabilities		(306,016,748)		(251,226,870)	
Total assets less current liabilities		270,383,252		243,373,478	
Creditors: amounts falling due after more than one year	11	(174,464,590)		(235,243,967)	
Provisions for liabilities					
Deferred tax liability	12	24,527,533		7,414,582	
		(24,527,533)		(7,414,582)	
Net assets		71,391,129		714,929	
Capital and reserves					
Called up share capital	13	62,067,627		100	
Equity reserve	14	-		50,699,089	
Profit and loss account		9,323,502		(49,984,260)	
Total equity		71,391,129		714,929	

The notes on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

H T Owen
Director

Dr P T Singh
Director

Company Registration No. 10009711

ARK ESTATES SPRING PARK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

		Called up share capital	Equity reserve	Profit and loss account	Total equity
	Notes	£	£	£	£
Balance at 1 July 2020		100	26,277,314	(56,298,871)	(30,021,457)
Year ended 30 June 2021:					
Result and total comprehensive expense for the year		-	-	6,314,611	6,314,611
Other movement	14	-	24,421,775	-	24,421,775
Balance at 30 June 2021		100	50,699,089	(49,984,260)	714,929
Year ended 30 June 2022:					
Profit and total comprehensive income for the year		-	-	35,580,262	35,580,262
Issue of share capital	13	62,067,527	-	-	62,067,527
Other movement	14	-	(26,971,589)	-	(26,971,589)
Equity reserve transfer	14	-	(23,727,500)	23,727,500	-
Balance at 30 June 2022		62,067,627	-	9,323,502	71,391,129

The notes on pages 13 to 23 form part of these financial statements.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Ark Estates Spring Park Limited is a private company limited by shares incorporated in England and Wales. The registered office is Spring Park, Westwells Road, Hawthorn, Corsham, Wiltshire, SN13 9GB.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include investment property and certain financial instruments at fair value. The principal accounting policies adopted have been applied consistently in the current and prior year. These are set out below.

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

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ark Estates Holdings Limited. These consolidated financial statements are available from Companies House.

1.2 Material uncertainty related to going concern in respect of potential sale

The directors are satisfied that under its current ownership the Company can call on sufficient group financial facilities and support from their shareholders to meet working capital requirements, finance the capital commitments disclosed in Note 17 and enable them to meet other obligations and commitments as they fall due. At 30 June 2022 the Company had net current liabilities of £306,016,748. This position included current liabilities owed to the parent undertaking, Ark Estates Holdings Limited, of £289,156,077 (see Note 10). As disclosed in Note 11, under a long-term working capital facility provided by the ultimate parent undertaking, the Company has access to liquidity and sufficient undrawn working capital to be able to continue to finance all liabilities and commitments as they fall due.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Material uncertainty related to going concern in respect of potential sale (continued)

During the year the partners of Ark Capital Partners I LP ("the LP"), the ultimate parent undertaking of the Company, commenced a sales process of Ark Midco Limited and all its subsidiaries (the "AML Group"). Ark Midco Limited is a 100% subsidiary of the LP. The Company is a 100% subsidiary within the AML Group. As at the date of approval of the financial statements, whilst discussions are ongoing, no sale agreement has been reached with any interested parties. Therefore the directors cannot be certain that a transaction will occur in the Company's going concern period, nor of the consequences of any such transaction on the Company's ability to continue as a going concern as based on all known factors the directors cannot reasonably know the financing arrangements, proposed structure, or operating intentions of a prospective purchaser going forward.

As many of the potential impacts following a transaction completing are significant and are outside the control of the current directors, this creates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern if the transaction completes. That said, the directors cannot perceive a situation where any transaction would conclude with a party without the means and intent to continue to operate the Company's business on a sound financial footing. The directors have concluded to prepare the financial statements on a going concern basis based on their assessment of the ability of the Company to meet its liabilities and obligations for the foreseeable future, but to also disclose the presence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern caused by the potential completion of the transaction described above.

1.3 Property income

Property income is the total amount receivable by the company from the rental of its data centre buildings during the period, excluding VAT.

1.4 Property expenses

Property expenses includes those costs directly attributable to the maintenance, security, running and fit out of data centres located at Spring Park. Costs are recognised in the period to which they relate, exclusive of VAT.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in comprehensive income or expense.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in comprehensive income or expense.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Judgements, estimates and assumptions have been made in relation to the valuation of the company's investment property (see note 9) and in relation to interest rates when calculating the fair value of intercompany loans (see notes 11 and 14). The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ARK ESTATES SPRING PARK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****3 Auditor's remuneration**

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	28,750	47,800
For other services		
Other taxation services	35,750	84,000

4 Employees

There were no employees during the year (2021: none).

No directors' remuneration was paid in either the current year or prior year. The directors are remunerated by other group undertakings for which no allocations are made to the company. Please refer to Note 19 for related party transactions.

5 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	-	2

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to parent undertaking (see note 10)	11,492,387	10,487,817
Interest payable to related undertakings (see note 11)	21,063,604	12,994,061
	32,555,991	23,481,878

7 Change in fair value of investment property

	2022	2021
	£	£
Fair value gains		
Changes in the fair value of investment property	68,451,804	21,424,003

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

8 Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	17,112,951	7,414,582

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	52,693,213	13,729,193
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	10,011,710	2,608,547
Tax effect of expenses that are not deductible in determining taxable profit	6,185,638	1,874,891
Gains not taxable	(13,005,842)	(4,070,561)
Tax effect of utilisation of tax losses not previously recognised	-	(367,416)
Group relief	(2,978,412)	-
Permanent capital allowances in excess of depreciation	(213,094)	(45,461)
Effect of revaluations of investments	17,112,951	7,414,582
Taxation charge for the year	17,112,951	7,414,582

9 Investment property

	2022 £	2021 £
Fair value		
At 1 July	494,600,348	391,126,229
Additions	13,347,848	82,050,116
Revaluations	68,451,804	21,424,003
At 30 June	576,400,000	494,600,348

ARK ESTATES SPRING PARK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****9 Investment property****(Continued)**

Investment property represents data centres at Spring Park. The value reported includes both completed data centres, as well as new buildings under construction. The investment property has been revalued as at 30 June 2022 at fair value by the directors with reference to market-based evidence and expected future cash flows derived from the assets. An independent professional valuation of the completed data centres was carried out by a RICS qualified valuer as at 30 June 2022 and this was taken into consideration in the directors' assessment of the fair value. The valuation methodology used to establish the value of the investment property includes a number of assumptions. These include but are not limited to: occupancy rates, contracted and uncontracted income forecasts, operational costs, capital replacement costs, discount rates and exit yields. The total finance costs capitalised within investment property are £226,079 (2021: £226,079).

If the investment property was stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2022	2021
	£	£
Cost	513,014,018	499,666,170

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	802,756	1,284,246
Amounts owed to parent undertaking	289,156,077	233,041,981
Amounts owed to fellow group undertakings	13,425,991	14,522,079
Taxation and social security	719,967	839,460
Other creditors	1,844,079	1,689,343
Accruals and deferred income	78,280	74,001
	306,027,150	251,451,110

Amounts owed to parent undertaking are unsecured, have no fixed date of repayment and are repayable on demand. Interest is payable at 4.5% (2021: 4.5%) per annum (see Note 6).

Amounts owed to parent undertaking are unsecured, have no fixed date of repayment and are repayable on demand.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

11 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to related undertakings	174,464,590	235,243,967

Amounts owed to related undertakings are owed to subsidiaries of Ark Capital Partners I LP Inc., the ultimate parent of Ark Estates Spring Park Limited, and are repayable in full on 30 September 2024. Interest is payable at 8.4% (2021: 5%) per annum and the above balance represents the fair value of the future interest expense and principal repayment. On 16 June 2022 62,067,527 ordinary shares of £1 each were issued at par in exchange for a decrease in amounts owed to related undertakings (see note 13).

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Revaluations	24,527,533	7,414,582
Movements in the year:		2022 £
Liability at 1 July 2021		7,414,582
Charge to profit or loss		17,112,951
Liability at 30 June 2022		24,527,533

No deferred tax has been recognised at either 30 June 2022 or 30 June 2021 in relation to carried forward losses or capital allowances. This is due to the uncertainty and judgement associated with both the estimation of the financial value, as well as uncertainty around the timing of when such assets would be utilised.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

13 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	62,067,627	100	62,067,627	100

On 16 June 2022 62,067,527 ordinary shares of £1 each were issued at par in exchange for a decrease in amounts owed to related undertakings (see note 11).

14 Equity reserve

The Company has recognised intercompany loan arrangements of £174,464,590 (2021: £235,243,967) which are not repayable on demand. These arrangements are presented in Note 11, which illustrates the fair value of the interest and principal payments over the term of the loan.

The equity reserve of £Nil (2021: £50,699,089) represents the legal value of the intercompany loan arrangements that is not reflected within the value presented in Note 11. On 1 July 2021 there was a transfer between the equity reserve and the profit and loss account to reflect that the interest rate charged on the loan increased to market rate.

15 Financial commitments and guarantees

The assets of the Company have been pledged as security against a bank loan held by Ark Estates Holdings Limited, which is the Company's immediate parent company, also controlled by Ark Capital Partners I LP Inc. For full details of the bank loan, please refer to the financial statements of Ark Estates Holdings Limited available at Companies House.

16 Operating lease commitments

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	21,702,725	21,985,200
Between two and five years	57,644,805	60,180,726
In over five years	45,412,468	54,473,973
	<u>124,759,998</u>	<u>136,639,899</u>

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022	2021
	£	£
Investment property development expenditure	33,134,057	34,807,319

18 Events after the reporting date

There have been no post balance sheet events requiring disclosure in the notes to the financial statements.

19 Related party transactions

During the year property management fees of £200,000 (2021: £200,000) were charged by Revcap Advisors Limited. The director A J Pettit is also a director of Revcap Advisors Limited.

20 Control

The immediate parent company is Ark Estates Holdings Limited, a company registered in England and Wales, and the ultimate parent undertaking is Ark Capital Partners I LP Inc., a limited partnership registered in the Isle of Man. The limited partnership is controlled by its partners.

Ark Estates Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2022. The consolidated financial statements of Ark Estates Holdings Limited are available from Companies House.

Ark Capital Partners I LP Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2022. The consolidated financial statements of Ark Capital Partners I LP Inc. are available from its general partner Goshawk GP Limited, First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.