

Company Registration No. 10009711 (England and Wales)

ARK ESTATES SPRING PARK LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

ARK ESTATES SPRING PARK LIMITED

COMPANY INFORMATION

Directors	H T Owen A J Pettit D McDonald Dr P T Singh	(Appointed 7 June 2021)
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Secretary	I S Perryment
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Company number	10009711
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Registered office	Spring Park Westwells Road Hawthorn Corsham Wiltshire SN13 9GB
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Independent auditors	PricewaterhouseCoopers CI LLP 37 Esplanade St Helier Jersey JE1 4XA
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ARK ESTATES SPRING PARK LIMITED

CONTENTS

	Page(s)
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 22

ARK ESTATES SPRING PARK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

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 28.18 MW (2020: 23.68 MW) of built capacity as of 30 June 2021, split across 5 buildings, with a further 13.5KW under construction.

Key performance indicators

Financial indicators

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

	2021 (£)	2020 (£)	Change (£)	% Change
Property income	20,848,731	14,868,972	5,979,759	+40.22%
Operating profit	15,787,066	11,087,231	4,699,835	+42.39%
Interest payable	(23,481,878)	(22,496,884)	(984,994)	(4.38%)
Profit/(Loss) for year	6,314,611	(2,533,947)	8,848,558	+349.20%
Investment property	494,600,348	391,126,229	103,474,119	+26.46%
Total equity	714,929	(30,021,457)	30,736,386	102.38%

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 has acquired three additional sites in and around London – Union Park, Longcross Park and Park Royal – to meet the growing demand for colocation and cloud data centres.

In September 2019 Ark Estates Holdings Limited (parent company of Ark Estates Spring Park Limited) secured a new £450m loan facility with a bank syndicate to provide additional funding for the development of data centre facilities. As of 30 June 2021, Ark Estates Holdings Limited had utilised £450m 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 2021. 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 2022.

ARK ESTATES SPRING PARK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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 around the impact of COVID-19 on business performance. Although we have seen little impact to date and the demand for online services increases, it is possible there may be an adverse impact on the Company's forecasts. Further information is outlined below.
- Uncertainty of the final outcome over Brexit 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.

COVID-19

Despite the challenges presented by the pandemic, all of Ark's facilities have remained open for business and will continue to do so due to its long-standing business continuity plans. The Company and its partners have pro-actively and intelligently planned our reaction to the various scenarios that it may present. Those plans are the outcome of tireless work by the Company with all of our partners and clients and we are grateful for the effort and positive engagement. We will continue to execute against those plans and adapt as needed but remain confident that we can meet the challenges before us.

Post balance sheet events

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

On behalf of the board

H T Owen

Director

16 December 2021

ARK ESTATES SPRING PARK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2020: 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

S C Burrage

(Resigned 7 June 2021)

Dr P T Singh

(Appointed 7 June 2021)

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.

Going concern

The directors are satisfied that 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 debts as they fall due. At 30 June 2021 the Company had net current liabilities of £251,226,870. This position included current liabilities owed to the parent undertaking, Ark Estates Holdings Limited, of £247,564,060 (see Note 10) which will not be called within 12 months of the date of this report. Under a long-term working capital facility provided by the ultimate parent undertaking (see Note 11), the Company has access to liquidity and sufficient undrawn capital to be able to continue to finance the company's liabilities as they fall due. It is therefore the directors' view that it is appropriate to prepare the financial statements on the going concern basis.

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.

ARK ESTATES SPRING PARK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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.

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

16 December 2021

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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: Balance sheet as at 30 June 2021; Statement of Comprehensive Income and 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.

Conclusions relating to going concern

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

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 the 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 the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 30 June 2021 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 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 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 group 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 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK ESTATES SPRING PARK LIMITED

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.

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.

Lisa McClure (Senior Statutory Auditor)
for and on behalf of Pricewaterhouse Coopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
17 December 2021

ARK ESTATES SPRING PARK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	£	£
Property income		20,848,731	14,868,972
Property expenses		(4,720,000)	(3,560,000)
Gross profit		16,128,731	11,308,972
Administrative expenses		(341,665)	(221,741)
Operating profit		15,787,066	11,087,231
Interest receivable and similar income	5	2	286
Interest payable and similar expenses	6	(23,481,878)	(22,496,884)
Change in fair value of investment property	7	21,424,003	8,875,420
Profit/(loss) before taxation		13,729,193	(2,533,947)
Tax on profit/(loss)	8	(7,414,582)	-
Profit/(loss) and total comprehensive income/(expense) for the financial year		6,314,611	(2,533,947)

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

ARK ESTATES SPRING PARK LIMITED**BALANCE SHEET****AS AT 30 JUNE 2021**

		2021	2020
	Notes	£	£
Fixed assets			
Investment property	9	494,600,348	391,126,229
Current assets			
Cash at bank and in hand		224,240	390
Creditors: amounts falling due within one year	10	(251,451,110)	(421,148,076)
Net current liabilities		(251,226,870)	(421,147,686)
Total assets less current liabilities		243,373,478	(30,021,457)
Creditors: amounts falling due after more than one year	11	(235,243,967)	-
Provisions for liabilities			
Deferred tax liability	12	7,414,582	-
		(7,414,582)	-
Net assets/(liabilities)		714,929	(30,021,457)
Capital and reserves			
Called up share capital	13	100	100
Equity reserve	14	50,699,089	26,277,314
Profit and loss reserves		(49,984,260)	(56,298,871)
Total equity		714,929	(30,021,457)

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

The financial statements on pages 9 to 22 were approved by the board of directors and authorised for issue on 16 December 2021 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 2021

		Share capital	Equity reserve	Profit and loss account	Total equity
		£	£	£	£
Balance at 1 July 2019		100	27,545,724	(53,764,924)	(26,219,100)
Year ended 30 June 2020:					
Loss and total comprehensive expense for the year		-	-	(2,533,947)	(2,533,947)
Other	14	-	(1,268,410)	-	(1,268,410)
Balance at 30 June 2020		100	26,277,314	(56,298,871)	(30,021,457)
Year ended 30 June 2021:					
Profit and total comprehensive income for the year		-	-	6,314,611	6,314,611
Other	14	-	24,421,775	-	24,421,775
Balance at 30 June 2021		100	50,699,089	(49,984,260)	714,929

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

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- 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 Going concern

The directors are satisfied that 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 debts as they fall due. At 30 June 2021 the Company had net current liabilities of £251,226,870. This position included current liabilities owed to the parent undertaking, Ark Estates Holdings Limited, of £247,564,060 (see Note 10) which will not be called within 12 months of the date of this report. Under a long-term working capital facility provided by the ultimate parent undertaking (see Note 11), the Company has access to liquidity and sufficient undrawn capital to be able to continue to finance the company's liabilities as they fall due. It is therefore the directors' view that it is appropriate to prepare the financial statements on the going concern basis.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies (Continued)

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 profit or loss.

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.

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.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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 profit or loss.

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 profit or loss.

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.

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.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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.

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.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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 10, 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.

3 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	47,800	15,700
	<u> </u>	<u> </u>
For other services		
Other taxation services	84,000	-
	<u> </u>	<u> </u>

4 Employees

There were no employees during the year (2020: none) apart from the directors.

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

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2	286
	<u> </u>	<u> </u>

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6 Interest payable and similar expenses

	2021	2020
	£	£
Interest payable to parent undertaking (see note 10)	10,487,817	7,912,699
Interest payable to related undertakings (see notes 10 and 11)	12,994,061	14,584,185
	<u>23,481,878</u>	<u>22,496,884</u>

7 Change in fair value of investment property

	2021	2020
	£	£
Fair value gains		
Changes in the fair value of investment property	21,424,003	8,875,420
	<u>21,424,003</u>	<u>8,875,420</u>

8 Taxation

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	7,414,582	-
	<u>7,414,582</u>	<u>-</u>

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

	2021	2020
	£	£
Profit/(loss) before taxation	13,729,193	(2,533,947)
	<u>13,729,193</u>	<u>(2,533,947)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,608,547	(481,450)
Effect of revaluations of investments	7,414,582	-
Deferred tax movement not provided	(2,608,547)	481,450
	<u>7,414,582</u>	<u>481,450</u>
Taxation charge for the year	<u>7,414,582</u>	<u>-</u>

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Investment property

	2021	2020
	£	£
Fair value		
At 1 July	391,126,229	305,068,674
Additions	82,050,116	77,182,135
Revaluations	21,424,003	8,875,420
	<u>494,600,348</u>	<u>391,126,229</u>
At 30 June	<u>494,600,348</u>	<u>391,126,229</u>

Investment properties represents data centres at Spring Park. The value reported includes both completed data centres, as well as new buildings under construction. The investment properties have been revalued as at 30 June 2021 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 2021 and this was taken into consideration in the directors' valuation. The assets under construction at 30 June 2021 were not included in the professional valuation, and have therefore been valued by the directors using a consistent methodology. The valuation methodology used to establish the value of the investment properties 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 (2020: £226,079).

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

	2021	2020
	£	£
Cost	<u>499,666,170</u>	<u>417,616,054</u>

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,284,246	3,365,266
Amounts owed to parent undertaking	247,564,060	217,314,765
Amounts owed to related undertakings	-	137,895,996
Taxation and social security	839,460	49,524
Other creditors	1,689,343	210,522
Accruals and deferred income	74,001	62,312,003
	<u>251,451,110</u>	<u>421,148,076</u>

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

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. Interest is payable at 5% per annum and the above balance represents the fair value of the future interest expense and principal repayment. On 31 July 2020, the repayment date was extended to 30 September 2024.

11 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Amounts owed to related undertakings	<u>235,243,967</u>	<u>-</u>

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. Interest is payable at 5% per annum and the above balance represents the fair value of the future interest expense and principal repayment. On 31 July 2020, the repayment date was extended to 30 September 2024.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

12 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Revaluations	7,414,582	-
Movements in the year:		2021 £
Liability at 1 July 2020		-
Charge to profit or loss		7,414,582
Liability at 30 June 2021		7,414,582

No deferred tax has been recognised at either 30 June 2021 or 30 June 2020 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.

13 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

14 Equity reserve

The Company has recognised intercompany loan arrangements of £235,243,967 (2020: £137,895,996) which are not repayable on demand. These arrangements are presented in Notes 10 and 11, which illustrate the fair value of the interest and principal payments over the term of the loan.

The equity reserve of £50,699,089 (2020: £26,277,314) represents the legal value of the intercompany loan arrangements that is not reflected within the value presented in Notes 10 and 11. Upon final repayment of the loan a reserve transfer will take place between the equity reserve and the profit and loss reserve.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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.

16 Operating lease commitments

Lessor

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

	2021 £	2020 £
Within one year	21,985,200	15,336,682
Between two and five years	60,180,726	38,178,003
In over five years	54,473,973	46,703,390
	<u>136,639,899</u>	<u>100,218,075</u>

17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Investment property development expenditure	<u>34,807,319</u>	<u>31,261,514</u>

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 (2020: £200,000) were charged by Revcap Advisors Limited. The director A J Pettit is also a director of Revcap Advisors Limited.

ARK ESTATES SPRING PARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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 2021. 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 2021. 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.