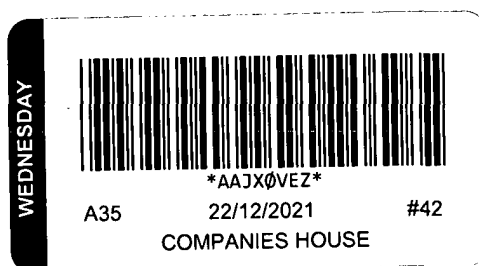

P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020



P&O PROPERTY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J M R Muhammad K K Shah
Registered number	00282161
Registered office	16 Palace Street London SW1E 5JQ
Independent auditor	KPMG LLP Chartered Accountants and Statutory Auditors 15 Canada Square E14 5GL

P&O PROPERTY HOLDINGS LIMITED

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P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 24 DECEMBER 2020

The directors present their report and the audited financial statements of P&O Property Holdings Limited (the 'Company'), for the year ended 24 December 2020.

Business review

The principal activity of the Company is investment in property and other group companies.

The Company's financial statements for the year summarise the property and other income.

The Company has been reviewing the corporate rationalisation of its subsidiaries. As a result, a number of dormant companies have been voluntarily liquidated and struck off where permissible.

Future developments

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Results

The profit for the year, after taxation, amounted to £29,333 (2019 - loss £318,000).

The directors do not recommend the payment of a dividend (2019: £NIL).

Principal risks and uncertainties

Impairment of investments in subsidiaries

The financial performance of subsidiary undertakings may affect their carrying value. The carrying value of these investments is monitored regularly for indications of impairment.

Going concern

Notwithstanding net current asset/liabilities of £139.0 million as at 31 December 2020 (2019: £109.7 million) and a Profit/(loss) for the year ended amounting to £29.3 million (2019: £ (0.3) million), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the anticipated impact of COVID-19 the Company will have sufficient funds, through funding from parent company, Istithmar Building FZE, to meet its liabilities as they fall due for that period. The day-to-day expenses of the company are settled by and recharged through the inter-company account by a fellow group company, P&O Property Accounts Limited.

Istithmar Building FZE and P&O Property Accounts Limited have indicated their intention to continue to make available such funds as are needed by the company for the period covered by the forecasts to enable the Company to meet its liabilities as and when they fall due. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

P&O PROPERTY HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 24 DECEMBER 2020**

Going concern (continued)

The directors also note that the principal purpose of the Company is to be an investment holding company. The directors note that the group of which the Company is a part of is actively looking to sell the freehold interest of the site known as Millennium Park at Cromwell Road Grimsby currently held by Millennium Park (Grimsby) Limited. In case of sale of the said site, the directors will assess the future operations of the Company which may include liquidating the Company. The Company also has other subsidiaries but they are winding down their trade and are in the process of being liquidated.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the Directors consider that the possibility of sale of free hold interest of Millennium Park, which could result in the company having no ongoing trading activity, represents a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern and, therefore, to continue realising its assets and discharging its liabilities in normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Directors

The directors who served during the year were:

J M R Muhammad
K K Shah

Qualifying third party indemnity provisions

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties.

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the Directors' report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

P&O PROPERTY HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 24 DECEMBER 2020**

Independent auditor's

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J M R Muhammad
Director

Date: 16 December 2021

Registered Office 16 Palace Street, London SW1E 5JQ

P&O PROPERTY HOLDINGS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 24 DECEMBER 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&O PROPERTY HOLDINGS LIMITED

Opinion

We have audited the financial statements of P&O Property Holdings Limited ("the company") for the year ended 24 December 2020 which comprise the Profit & Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3.2 to the financial statements which indicates that the group of which the Company is a part of is actively looking to sell the freehold interest of the site known as Millennium Park at Cromwell Road Grimsby currently held by Millennium Park (Grimsby) Limited. In case of sale of the said site, the Company will no longer have a trading activity. These events and conditions, along with the other matters explained in note 3.2, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Istithmar Building FZE's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&O PROPERTY HOLDINGS LIMITED (continued)

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and infrequently used accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&O PROPERTY HOLDINGS LIMITED (continued)

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Omar Ali (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf,
London
E14 5GL
16 December 2021

P&O PROPERTY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2020

	Note	2020 £000	2019 £000
Turnover		-	-
Cost of sales		-	(273)
Gross loss		-	(273)
Administrative expenses		(339)	(45)
Operating loss	6	(339)	(318)
Income from investment	5	29,672	-
Profit/(loss) on ordinary activities before tax		29,333	(318)
Tax on loss on ordinary activities	8	-	-
Profit/(loss) for the financial year		29,333	(318)

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

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

P&O PROPERTY HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 24 DECEMBER 2020**

	Note	2020 £000	2019 £000
Profit/(loss) for the financial year		29,333	(318)
Total comprehensive Income/(expense) for the year		29,333	(318)

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

P&O PROPERTY HOLDINGS LIMITED
REGISTERED NUMBER: 00282161

BALANCE SHEET
AS AT 24 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	9	11,042	11,042
		11,042	11,042
Current assets			
Debtors	10	139,328	109,873
Cash at bank and in hand	11	6	6
		139,334	109,879
Creditors: amounts falling due within one year	12	(298)	(176)
Net current assets		139,036	109,703
Total assets less current liabilities		150,078	120,745
Net assets		150,078	120,745
Capital and reserves			
Called up share capital	13	32,256	32,256
Share premium account		318	318
Other reserves		120,794	120,794
Profit and loss account		(3,290)	(32,623)
Total equity		150,078	120,745

The Company's financial statements on pages 8 to 23 have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 23 were approved and authorised for issue by the board of directors and were signed on its behalf by:



J M R Muhammad
Director

Date: 16 December 2021

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

P&O PROPERTY HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 24 DECEMBER 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 25 December 2019	32,256	318	120,794	(32,623)	120,745
Comprehensive income for the year					
Profit for the financial year	-	-	-	29,333	29,333
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	29,333	29,333
Total transactions with owners	-	-	-	-	-
At 24 December 2020	32,256	318	120,794	(3,290)	150,078

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

P&O PROPERTY HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 24 DECEMBER 2019**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 25 December 2018	32,256	318	120,794	(32,305)	121,063
Comprehensive income for the year					
Loss for the financial year	-	-	-	(318)	(318)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(318)	(318)
Total transactions with owners	-	-	-	-	-
At 24 December 2019	32,256	318	120,794	(32,623)	120,745

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

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2020

1. General information

P&O Property Holdings Limited (the 'Company') principal activity is investment in property and other group companies.

The Company is a wholly owned subsidiary of Istithmar P&O Estates (UK) Limited.

The Company is a private company limited by shares and is organised in the United Kingdom. The address of its registered office is 16 Palace Street, London SW1E 5JQ.

2. Statement of compliance

The individual financial statements of P&O Property Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flow, on the basis that it is a qualifying entity for the small company exemption.
- (ii) the non-disclosure of key management personnel compensation in total.
- (iii) a reconciliation of the number of shares outstanding at the beginning and end of the period.
- (iv) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020**

3. Summary of significant accounting policies (continued)

3.2 Going concern

Notwithstanding net current asset/liabilities of £139.0 million as at 31 December 2020 (2019: £109.7 million) and a Profit/(loss) for the year ended amounting to £29.3 million (2019: £ (0.3) million), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the anticipated impact of COVID-19 the Company will have sufficient funds, through funding from parent company, Istithmar Building FZE, to meet its liabilities as they fall due for that period. The day-to-day expenses of the company are settled by and recharged through the inter-company account by a fellow group company, P&O Property Accounts Limited.

Istithmar Building FZE and P&O Property Accounts Limited have indicated their intention to continue to make available such funds as are needed by the company for the period covered by the forecasts to enable the Company to meet its liabilities as and when they fall due. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors also note that the principal purpose of the Company is to be an investment holding company. The directors note that the group of which the Company is a part of is actively looking to sell the freehold interest of the site known as Millennium Park at Cromwell Road Grimsby currently held by Millennium Park (Grimsby) Limited. In case of sale of the said site, the directors will assess the future operations of the Company which may include liquidating the Company. The Company also has other subsidiaries but they are winding down their trade and are in the process of being liquidated.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the Directors consider that the possibility of sale of free hold interest of Millennium Park, which could result in the company having no ongoing trading activity, represents a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern and, therefore, to continue realising its assets and discharging its liabilities in normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020**

3. Summary of significant accounting policies (continued)

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Income from investments

Income from investments is recognised when the right to receive payment is established.

3.4 Valuation of investments

Investments are stated at cost less any provision for impairment. Impairment losses are recognised in the Profit and loss account in the period in which they arise. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

During the year amounts written off relating to impairment of investments or dissolution.

3.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 25 December 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2020

3. Summary of significant accounting policies (continued)

3.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

3.8 Creditors

Short term creditors are measured at the transaction price.

3.9 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

3.10 Taxation

Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.11 Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Related party

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020**

3. Summary of significant accounting policies (continued)

3.13 Consolidated financial statements

The Company is a wholly owned subsidiary of Istithmar P&O Estates (UK) Limited. The smallest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is Istithmar Building FZE. The largest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is the ultimate parent company Dubai World. The consolidated financial statements of both groups are available on request. Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

4. Critical accounting judgements and estimation uncertainty

There were no critical accounting judgements and estimation uncertainty during the year.

5. Income from investment

	2020	2019
	£000	£000
Dividend income from subsidiary	29,672	-

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020**

6. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	45	45

(a) The Company's business is organised and revenue generated wholly in the United Kingdom.

(b) The basis of charging intra-group interest is agreed between the parties from time to time.

(c) Audit fee for the year was £26,000 (2019 - £24,000). The Company bore audit fees on behalf of all companies in the Istithmar P&O Estates (UK) Limited group for 2019.

(d) Intra-group management charges relate to the services of an employee based in the Czech Republic on secondment.

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	1	2
	1	2

The Company has no employees other than the directors, who did not receive any remuneration (2019: £ NIL).

No Director received any emoluments during the year for services to the Company. The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from their respective Group company employer to the qualifying services they provide to the Company. The Company is also of the opinion any allocation would be immaterial.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020

8. Tax on loss on ordinary activities

	2020 £000	2019 £000
UK corporation tax credit on loss for the financial year	-	-
Total current tax	-	-

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before tax	29,333	(318)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	5,573	(60)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	51
Income not taxable for tax purposes	(12)	-
Exempt distribution income	(5,638)	-
Group relief	(229)	(373)
Transfer pricing adjustments	306	382
Total tax charge for the year	-	-

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, and the UK deferred tax asset as at 31 December 2020 has been calculated based on this rate. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

Unrecognised deferred tax

A deferred tax asset of £4.03m (2019: £4.0m) has not been recognised in respect of short-term timing differences and tax losses. This asset is unrecognised as there is uncertainty as to whether there will be suitable profits and gains available for offset in the future.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2020

9. Investments

	Investments in subsidiary companies £000
Cost	
At 25 December 2019	35,791
At 24 December 2020	<u>35,791</u>
Impairment	
At 25 December 2019	24,749
At 24 December 2020	<u>24,749</u>
Net book value	
At 24 December 2020	<u><u>11,042</u></u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company has been reviewing the corporate rationalization of its subsidiaries. As a result, a number of dormant companies have been voluntarily liquidated and struck off where permissible.

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Investments (continued)

Principal subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Cheverell Estates Limited	16 Palace St SW1E 5JQ	Development of building projects	Ordinary	100%
P&O Developments Limited	16 Palace St SW1E 5JQ	Development of building projects	Ordinary	100%
Millennium Park (Grimsby) Limited	16 Palace St SW1E 5JQ	Development of building projects	Ordinary	100%
Istithmar P&O Estates Limited	16 Palace St SW1E 5JQ	Activities of head offices	Ordinary	100%
P&O Estates Limited	16 Palace St SW1E 5JQ	Service organisation	Ordinary	100%
P&O Properties Limited	16 Palace St SW1E 5JQ	Management of real estate on a fee or contract basis	Ordinary	100%
P&O Property Accounts Limited	16 Palace St SW1E 5JQ	Banks	Ordinary	100%
P&O Agency Services Limited	16 Palace St SW1E 5JQ	Non-trading company	Ordinary	100%
Regent Quarter Limited	16 Palace St SW1E 5JQ	Development of building projects	Ordinary	100%
Ridgecross Limited	16 Palace St SW1E 5JQ	Construction of commercial buildings	Ordinary	100%

All companies are wholly owned, have 24 December or 31 December year ends, are incorporated in Great Britain and registered in England and Wales, and operate mainly in the country of incorporation.

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. Debtors

	2020 £000	2019 £000
Trade debtors	189	189
Amounts owed by group undertakings	139,053	109,615
Other debtors	86	69
	139,328	109,873

There are no debtors falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

11. Cash at bank and in hand

	2020 £000	2019 £000
Cash at bank and in hand	6	6
	6	6

12. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	116	116
Other creditors	56	15
Accruals and deferred income	126	45
	298	176

There are no creditors falling due after one year.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Called up share capital

	2020	2019
	£000	£000
Authorised		
80,000,000 (2019 - 80,000,000) Ordinary shares of £0.50 each	40,000	40,000
Allotted, called up and fully paid		
64,512,794 (2019 - 64,512,794) Ordinary shares of £0.50 each	32,256	32,256

14. Related party transactions

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

15. Parent undertaking and controlling party

The immediate parent undertaking at 24 December 2020 is Istithmar P&O Estates (UK) Limited, a company incorporated in the United Kingdom.

The smallest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is Istithmar Building FZE, a company incorporated in Dubai. The consolidated financial statements of this group are available on request from P.O. Box 17000, Dubai, United Arab Emirates.

The largest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is the ultimate parent company Dubai World. The consolidated financial statements of this group are available on request from P.O. Box 17000, Dubai, United Arab Emirates.