CIB PROPERTIES LIMITED

(Registered Number: 01915885)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2021

CIB PROPERTIES LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2021

The Directors present their report and the financial statements of CIB Properties Limited ("the Company') for the year ended 31 December 2021.

Business environment

The Company is a wholly owned subsidiary of Citigroup Global Markets Europe Finance Limited ('CGMEFL', 'parent') and its principal activity is the provision of office accommodation and related facilities to Citibank, N.A. and other subsidiary undertakings of Citigroup Inc. ('Citi', 'the ultimate parent') in the United Kingdom ('the UK Group'). In pursuance of this activity, the Company from time to time acquires and disposes of interests (short and long leasehold or freehold) in land and buildings suitable for office accommodation.

The main operating lease held by the Company is that of Citigroup Centre 2 ('CGC2'), 25 Canada Square, Canary Wharf, London. The building, together with Citigroup Centre 1 ('CGC1'), 33 Canada Square, acts as Citi's EMEA headquarters and contains a significant portion of Citi's UK employee base and core business operating activities.

As at 31 December 2021, the Company also sublet 18 floors of the CGC2 building with expiration dates ranging from 2021 to 2029.

In recent years, Citi, as an organisation, has continued to make sustained efforts to consolidate office space in a systematically responsible and cost effective manner. At present, Citi's London headquarters comprise a combination of CGC1 and CGC2, however post the lease expiry of CGC1 in 2026, Citi's London headquarters will be consolidated within CGC2.

Events after the reporting period

The recent action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU and the U.K., and was followed by packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals. The Company does not have direct exposures in Russia or Ukraine and therefore, has not been directly impacted. The Company continues to monitor the potential indirect macroeconomic impacts from the tensions and conflict in order to mitigate its exposures and risks.

Going concern

The financial statements are prepared on a going concern basis. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, the forward looking cash-flows and the liquidity position of the entity, and also the implications from the pandemic ("COVID-19") outbreak.

The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. In addition, Citigroup Inc. continues to provide confirmation that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year (2020: £nil).

Directors

The Directors who held office during the year ended 31 December 2021 and since year end were:

K M Harrison-Thomas (appointed on 18 June 2021)
J R Killey (resigned on 25 March 2022)
J Warren

CIB PROPERTIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2021

Directors' indemnity

Throughout the year and at the date of this report the Company is party to a group-wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of section 236 of the Companies Act 2006.

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 101 *Reduced Disclosure Framework.*

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Stakeholder engagement statement

To ensure the most efficient and effective approach, stakeholder engagement is led by Citigroup, in particular where matters are of group-wide significance or have an impact on Citigroup's reputation.

The Company Board considers and discusses information from across the organisation to help it understand the impact on the Company's operations and the interests and views of our key stakeholders. The Board also reviews strategy and financial performance as well as information such as operational and financial risks. The Board receives this information on their scheduled or ad hoc meetings.

Using all of the above actions, the Board has an overview of engagement with stakeholders, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

CIB PROPERTIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2021

Disclosures concerning greenhouse gas ('GHG') emissions

Sustainable Operations

CIB Properties Limited, as part of Citigroup Inc., has been measuring its environmental footprint for two decades and began reporting on its direct operational impacts in 2002. In 2021, Citi continued its progress to reduce its carbon footprint by continuing to use 100% renewable electricity across its facilities globally. 2021 was a challenging year because of the Covid-19 pandemic continuing to disrupt normal operations but efforts were made to ensure that energy use was minimised on site and that carbon emissions were reduced.

To build on this success and reduce its operational footprint further, Citi is committed to the following goals for increasing its energy efficiency and reducing GHG emissions by 2025, from a 2010 baseline:

- a 45% reduction in location-based GHG emissions (CO2e)
- a 40% reduction in energy consumption and maintain 100% renewable electricity sourcing
- certifying 40% of floor area to be LEED, WELL or equivalent standard, with a focus on Citi owned building to operate at the highest level of sustainability.

In addition to these 2025 reduction targets, in March 2021 Citi announced its commitment to net zero emissions for its global operations by 2030, which will include Scope 1 and 2 emissions. At this time, we're evaluating our emissions inventory among all Scope 3 categories to determine which are material and which we will have the ability to influence. This exercise will determine the areas of our supply chain that may be included in our net zero operations emissions target.

Citi reports Scope 1, Scope 2 and Scope 3 Business Travel GHG emissions in both its Environmental Impact Report and its CDP response. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Citi's global energy consumption and GHG emissions can be found in the annual Environmental, Social and Governance Report. Citi's GHG emissions and environmental data are verified and assured by SGS, a leading third-party inspection, verification, testing and certification company.

Streamlined Energy and Carbon Reporting

The Company consumed less than 40,000 kWh of energy during the period and, as such, has not provided the disclosure required by Part 7 of Schedule 7 (disclosures concerning greenhouse gas emissions) of S.I. 2008/410.

Energy efficiency in action

The main sources of greenhouse gases from CIB Properties Limited's operations are from the running of data centres, offices and business travel of employees travelling for work. Whether undertaking new construction or renovating existing buildings, Citi prioritise efficiency and sustainability to minimise the environmental impact of its facilities. The below highlights the energy efficiency actions that were undertaken in 2021.

In the Citigroup Centre 1 and Citigroup Centre 2 buildings:

- Installation of an analytics software "building analytics' which monitors every asset in the building assessing whether it's running according to design/operational requirements and sending alerts to the engineering team on the specific asset that is not performing in line with expectations.
- The chilled water temperature was raised by 1.5 degrees
- Mothballed empty floors, isolating chilled water, tech rooms, VAV boxes and air compartment units

In the Riverdale Data Centre:

- Solar PV installed to supply energy for lighting.
- Temperature monitoring system called "Ekkosense" installed in the data hall on level 4 to monitor temperature at sever height and send feedback to the CRAC units to adjust accordingly.

DIRECTORS' REPORT
for the year ended 31 December 2021

Employees

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

Political contributions

The Company made no political contributions or incurred any political expenditure during the year (2020: £nil).

Disclosure of information to auditor

In accordance with section 418 of the Companies Act 2006 and subject to all the provisions of section 418, the Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as each is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

JWarren

J Warren
Director

13 October 2022

Incorporated in England and Wales

Registered office: Citigroup Centre , Canada Square, Canary Wharf, London, E14 5LB
Registered number: 01915885

STRATEGIC REPORT
for the year ended 31 December 2021

The Directors present the Strategic Report of CIB Properties Limited for the year ended 31 December 2021.

Overview and principal activities

Throughout the year, Citi has continued to make concerted efforts to consolidate office space in CGC2 in a systematically responsible and cost effective manner.

In 2018, the Company executed a modification and improvement of the lease terms and conditions of CGC2, resulting in a material reduction in the costs of occupying the building going forward. This reinforced Citi's long term intent to occupy and obtain all the economic benefits received under the full lease. At present, Citi's London headquarters comprise a combination of CGC1 and CGC2, however post the lease expiry of CGC1 in 2026, Citi's London headquarters will be consolidated within CGC2.

Company performance

The current year loss before tax of the Company amounted to £38 million (2020: £33.4 million). The increase in loss for the year 2021 was mainly driven by the decrease in turnover due to the decrease in the number of the tenants. The loss for the year, after taxation, amounted to £38 million (2020: £33.4 million).

Company position

The Company's net asset position decreased from a net assets position of £209.6 million in 2020, to net assets of £71.5 million in 2021.

The main driver of this decrease was the capital distribution of £100 million to the Company's shareholder and the loss recognised for the year as detailed above.

Key performance indicators

The Company's Directors consider that the financial results shown above are the key financial performance indicators for the operations of the Company.

The ultimate parent manages its operations on a divisional basis and the Company's results are included in the results of the ultimate parent. For that reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks

The principal risks facing the Company are building outages, such as accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to the Company's property or assets, which would prevent the UK employee base from effectively performing their function. Detailed processes are in place to ensure that standards are maintained in relation to all health and safety regulations. Preventative maintenance programs mitigate the inherent risk of building outages such as accidental technological failure, electrical or telecommunication outages. However, in the event of an unexpected outage, comprehensive plans exist to ensure that Citigroup can continue its normal day-to-day activities.

CIB PROPERTIES LIMITED

STRATEGIC REPORT
for the year ended 31 December 2021

Section 172 statement

Section 172(1) of the Companies Act 2006 requires each director of the Company to act in a way in which he/ she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters including:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the Company's members.

The Directors of the Company give careful consideration to the matters referred to in section 172(1) when discharging their legal duties. As a Board, we believe in taking decisions for the long-term benefit of the Company and look to safeguard the Company's reputation by upholding the highest standards of business conduct. Depending on the issue in question, the relevance of each stakeholder group and other relevant factors may vary. As such, the Board strives to understand the needs and priorities of each stakeholder group and the other factors relevant to the issue in question during its deliberations and as part of its decision-making.

The Board may seek advice about the implications of their legal duties at any time from our Company Secretary. The Company is in the process of developing series of refresher trainings for its current directors, and a comprehensive induction programme for new directors which includes training on their statutory duties.

Future outlook

The Company's strategy continues to be to take advantage of opportunities to maximise the utilisation of, and income from, its property portfolio.

By order of the Board

JWarren

J Warren
Director

13 October 2022

Incorporated in England and Wales

Registered office: Citigroup Centre London
Registered number: 01915885

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CIB PROPERTIES LIMITED

Opinion

We have audited the financial statements of CIB Properties Limited ("the Company") for the year ended 31 December 2021 which comprise the Income statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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 as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Using analytical procedures to identify any unusual or unexpected relationship.

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

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. On this audit we do not believe there is a fraud risk related to revenue recognition due to the lack of fraud risk factors identified.

We did not identify any additional fraud risk.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted without used ID, those posted and approved by the same user, manual entries with no description, journal entries made to unrelated accounts and journal entries containing key words.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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 potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, 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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CIB PROPERTIES LIMITED

Strategic report and 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 strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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:

- 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 2, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CIB PROPERTIES LIMITED

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.

Richard Pinks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Charted Accountants

15 Canada Square
London
E14 5GL

13 October 2022

CIB PROPERTIES LIMITED

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Lease income	3	18,553	28,014
Operating expenses	4	(43,390)	(48,671)
Operating loss		(24,837)	(20,657)
Interest receivable	6	10	1,128
Interest payable and similar changes	6	(13,272)	(13,918)
Loss before income tax		(38,099)	(33,447)
Income tax charge	7	—	—
Loss and total comprehensive loss for the year		(38,099)	(33,447)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2021 or 2020 other than those included in the Income Statement.

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

CIB PROPERTIES LIMITED

BALANCE SHEET
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Tangible fixed assets	8	306	317
Investment property	9	477,459	508,472
		477,765	508,789
Current assets			
Cash at bank and in hand	10	76,685	25,031
Debtors	11	18,393	159,143
		95,078	184,174
Current liabilities			
Creditors: amounts falling due within one year	12	(74,849)	(39,681)
Lease liabilities	16	(21,579)	(21,567)
Net current liabilities/assets		(1,350)	122,926
Debtors: amounts receivable after one year	11	2,392	6,770
Non-current liabilities			
Provision for liabilities	13	(239)	(239)
Lease liabilities	16	(407,079)	(428,658)
Net assets		71,489	209,588
Capital and reserves			
Called up share capital	14	8,233	8,233
Reserves	15	63,256	201,355
Shareholders' funds		71,489	209,588

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Directors and were signed on their behalf on 13 October 2022.

JWarren

J Warren
Director

Registered Number: 01915885

CIB PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital £'000	Reserves £'000	Total £'000
Balance at 1 January 2020	8,233	234,802	243,035
Loss for the year	—	(33,447)	(33,447)
At 31 December 2020	8,233	201,355	209,588
Loss for the year	—	(38,099)	(38,099)
Return of capital during the year	—	(100,000)	(100,000)
At 31 December 2021	8,233	63,256	71,489

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

CIB PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current and preceding year.

1.1. Basis of presentation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- the requirement in paragraph 38 of IAS 1 'Presentation of financial statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and of paragraphs 76 and 79(d) of IAS 40 'Investment Property';
- the requirements of IAS 7 'Statement of cash flows';
- the requirement in paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements of IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 17 and 18A of IAS 24 that relate to transactions with key management personnel;
- the requirements of IFRS 7 'Financial Instruments: Disclosures' and the requirements of IFRS 13 'Fair Value Measurement'.

These financial statements have been prepared under the historical cost convention. The functional and financial statements presentation currency of the Company is Pound Sterling ("£") and all values are rounded to the nearest pound, except where otherwise indicated.

The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

The accounting policy set out below has, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The risks and uncertainties faced by the Company are discussed further in the Strategic Report on pages 5-6.

The financial statements are prepared on a going concern basis. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, the forward looking cash-flows and the liquidity position of the entity, and also the implications from the pandemic ("COVID-19") outbreak.

The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. In addition, Citigroup Inc. continues to provide confirmation that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the foreseeable future.

CIB PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

1.2. Changes in accounting policy and disclosures

Standards issued and effective

There are a number of accounting standards that have been issued by the International Accounting Standards Board ("IASB"), which became effective from 1 January 2021. They include:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) - Phase 2
- COVID-19 Related Rent Concessions (Amendments to IFRS 16, Leases)
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

The above amended standards and interpretations did not have any impact on the Company's financial statements.

1.3. Lease income

Lease income represents the amounts (excluding value added tax) derived from the provision of office accommodation and related facilities services to third party and group undertakings. Income from office accommodation and related facilities services is recognised in the period in which the service is provided. The impact of lease incentives on lease income is explained in Note 1.6.

1.4. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold premises improvements	- Lesser of the life of the lease or 50 years
Building fittings	- 5 to 10 years
Assets in the course of construction	- No depreciation

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period during which they are incurred.

A review for the impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the fixed assets may not be recoverable.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the income statement in the year the asset is derecognised.

Interest costs incurred in funding assets in the course of construction are capitalised on projects where material. Interest ceases to be capitalised when the project is complete and ready for its intended use.

1. Principal accounting policies (continued)

1.5. Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.6. Leases

Leases are recognised as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

This policy is applied to contracts entered into, on or after 1 January 2019. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The following process is followed when determining if a contract is, or contains a lease:

- Identified Asset - An asset is typically identified by being explicitly specified in a contract. However, an asset also can be identified by being implicitly specified at the time that the asset is made available for use;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has the right to direct how and for what purpose the identified asset is used throughout the period of use;
- The Company has the right to operate the asset throughout the period of use without the supplier's having the right to change those operating instructions; and

The Company designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. The Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any incentives received.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the ROU asset reflects that the Company will exercise a purchase option, the Company shall depreciate the ROU asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the ROU asset from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Further, the ROU asset is assessed for impairment losses at each reporting period and adjusted for certain remeasurements in the lease liability.

Payments associated with short term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. The Company does not have any short term or low value leases.

1. Principal accounting policies (continued)

1.6. Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Company, the lessee's incremental borrowing rate (IBR) is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The IBR is the rate of interest that the Company would have to pay to borrow on a collateralised basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at commencement date; and
- Amounts expected to be payable under a residual guarantee.

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured to reflect changes in lease payments caused by a change in index or rate (other than in floating interest rates) and if the Company is reasonably certain to exercise a purchase option, or if there is a change in the amount the Company is expected to pay under a residual value guarantee.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases – as lessor

The Company determines at lease inception whether or not each lease is a finance lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership to the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether or not the lease is for the major part of the economic life of the asset.

As an intermediate lessor, the Company accounts for its interests in the head lease and the sub-leases separately. The lease classification of a sublease is assessed based with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company recognises lease payments on a straight-line basis over the term of the lease as part of Note 3 – '*Lease Income*'.

2. Use of assumptions, estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

3. Lease income

	2021 £'000	2020 £'000
Amounts receivable from third parties	19,574	26,979
Amounts (payable)/receivable to/from group undertakings	(1,021)	1,035
	18,553	28,014

All lease income arose within the United Kingdom and related to the investment property.

4. Operating expenses

	2021 £'000	2020 £'000
Operating expenses include:		
Operating lease rentals and other premises expenses	245	670
Depreciation of tangible fixed assets (Note 8)		
- owned by the company	76	243
Depreciation of right-of-use assets (Note 9)	31,013	32,475
Auditor's remuneration	146	136

There were no employees of the Company, nor any related costs. Operating expenses also include utilities, repairs and maintenance charges.

5. Directors' remuneration

	2021 £'000	2020 £'000
Aggregate emoluments	158	205
Contributions to money purchase pension scheme	12	16
	170	221

Contributions to money purchase pension schemes are accruing to three of the Directors (2020: three). Contributions to defined benefit pension schemes are accruing for none of the Directors (2020: none). Three of the Directors of the Company (2020: two) participate in parent company share plans.

The remuneration of the highest paid Director was £148,396 (2020: £152,529) and accrued pension of £12,106 (2020: £12,139).

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment. The cost of Directors' emoluments are borne by other group undertakings.

6. Interest receivable and payable

	2021	2020
	£'000	£'000
Interest received from other group undertakings	10	1,128
Interest on lease liability	(13,272)	(13,918)
	(13,262)	(12,790)

7. Taxation

7a. Analysis of tax charge on profit for the year

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax charge on profit for the year	—	—
Adjustment in respect of prior years	—	—
Deferred tax		
Deferred tax for the year	—	—
Tax charge on profit	—	—

7b. Factors affecting tax charge for the year

	2021	2020
	£'000	£'000
Loss before tax	(38,099)	(33,447)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(7,239)	(6,355)
Effects of:		
Adjustment in respect of prior years	—	—
Expenses not deductible	1,453	1,495
Current year movement in timing differences not recognised for deferred tax	(1)	(13)
Group relief surrendered for no consideration	5,787	4,873
Total tax charge for the year (Note 7a)	—	—

The main rate of corporation tax in the UK was 19% from 1 April 2017. Finance Act 2020, which received Royal Assent on 22 July 2020, reversed the reduction in corporation tax such that the rate will remain at 19% from 1 April 2020. On 3 March 2021 in the 2021 Budget, it was announced that the UK corporation tax rate would be increasing to 25% from 1 April 2023. The impact is shown in the total tax reconciliation above. On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023 - reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021. The potential impact of this change on the deferred tax balances at 31 December 2021 is expected to be immaterial.

7. **Taxation** (continued)

7c. Deferred taxation

The deferred tax at 31 December 2021 has been calculated based on a rate of 25%, which is the rate substantively enacted at the balance sheet date. At 31 December 2021, the company had an unrecognised deferred tax asset of £10,308 (2020: deferred tax liability of £6,371).

8. Tangible fixed assets

	Building improvements & fittings	Assets in the course of construction	Total
	£'000	£'000	£'000
Cost			
1 January 2021	12,857	127	12,984
Additions	67	—	67
Disposals	(3,009)	—	(3,009)
31 December 2021	9,915	127	10,042
Depreciation			
1 January 2021	12,667	—	12,667
Charge for the year	76	—	76
Disposal	(3,007)	—	(3,007)
31 December 2021	9,736	—	9,736
Net book value			
31 December 2021	179	127	306
31 December 2020	190	127	317

No impairment was recognised in relation to tangible fixed assets during the year or as at 31 December 2021 (2020: £nil).

There were no capitalised borrowing costs related to the acquisition of fixed assets during the year (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS

9. Investment property

The ROU assets are classified as investment property as the Company holds them to earn rentals.

	Right-of-use assets £'000
Cost	
1 January 2021	573,697
Additions	—
31 December 2021	573,697
Depreciation	
1 January 2021	65,225
Charge for the year	31,013
31 December 2021	96,238
Net book value	
31 December 2021	477,459
31 December 2020	508,472

No impairment was recognised in relation to the ROU asset as at 31 December 2021.

	2021 £'000	2020 £'000
Fair value of the investment property	477,459	508,472

The carrying value of the right of use asset is a reasonable approximation of its fair value, as the lease was executed at arm's length, with periodic rent reviews reflecting market rates. In addition, the Company's current use of a nonfinancial asset is presumed to be its highest and best.

The fair value of the investment property as disclosed above is based on a valuation performed by the Company, and not on a valuation by an independent valuer.

10. Cash at bank and in hand

The following amounts are included within cash at bank and in hand.

	2021 £'000	2020 £'000
Cash at bank held by other group undertakings	76,685	25,031

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NOTES TO THE FINANCIAL STATEMENTS

11. Debtors

	2021 £'000	2020 £'000
Due after more than one year		
Accrued income	2,392	6,770
	2,392	6,770
Due within one year		
Trade debtors	634	49
Amounts owed by group undertakings	729	140,812
Prepayments and accrued income	14,380	15,632
Corporation tax receivable	2,650	2,650
	18,393	159,143
Debtors total	20,785	165,913

Prepayments include prepaid rent, real estate tax, utilities and professional fees. Accrued income includes lease incentives which are discussed further in Note 1.6.

12. Creditors

Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due to group undertakings	70,501	35,311
Accruals and deferred income	4,348	4,370
	74,849	39,681

Amounts owed to group undertakings consist of intercompany loans and other balances derived from the normal course of business.

Accruals and deferred income comprise of lease incentives and deferred income from subtenants.

13. Provisions

	Dilapidation provision £'000
1 January 2021	239
Provision for the year	—
31 December 2021	239

Dilapidation provision

The Company has recognised an obligation in relation to dilapidation costs in connection with leases it holds on a number of properties.

NOTES TO THE FINANCIAL STATEMENTS

14. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
8,233,150 Ordinary shares of £1 each	8,233	8,233

15. Reserves

Capital reserves relate to capital contributions received from the Company's parent and are fully distributable. The Company hasn't received any capital contribution during 2021 (2020: £nil). The Company returned £100 million capital to its shareholder during the year (2020: £nil).

16. Leases

As a lessee

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	2021 £'000	2020 £'000
1 January 2021	508,472	542,647
Depreciation charge for the year	(31,013)	(32,475)
Adjustment of Right-of-use assets	—	(2,435)
Additions	—	735
31 December 2021	477,459	508,472

Lease liabilities

Maturity analysis	31 December 2021 £'000	31 December 2020 £'000
Expiring:		
- within one year	21,579	21,567
- between one and five year	93,054	90,301
- in five years and more	314,025	338,357
Total undiscounted lease liabilities at 31 December	428,658	450,225

Total cash outflow for the leases amounted to £34.8 million (2020: £36.9 million).

Leases under IFRS 16	2021 £'000	2020 £'000
Interest on lease liabilities	13,272	13,918

16. Leases (continued)

As a lessor

As at 31 December 2021, the Company sublet 18 floors of the CGC2 building with expiration dates ranging from 2021 to 2029.

The Company recognises lease payments on a straight-line basis over the term of the lease, for further details refer to Note 3– '*Lease Income*'.

17. Capital commitments

As at 31 December 2021 the Company was committed to fit out costs in respect of assets in the course of construction of £2.5 million (2020: £5.9 million).

18. Ultimate parent company and parent companies

The Company's immediate parent undertaking is Citigroup Global Markets Europe Finance Limited, incorporated in England and Wales. The audited financial statements of the immediate parent are available to the public annually and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The Company's ultimate parent company and ultimate controlling party is Citigroup Inc., incorporated in United States of America for which the audited consolidated financial statements are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from its registered office at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America and www.citigroup.com/citi/corporategovernance/ar.htm.

19. Events after the reporting period

The recent action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU and the U.K., and was followed by packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals. The Company does not have direct exposures in Russia or Ukraine and therefore, has not been directly impacted. The Company continues to monitor the potential indirect macroeconomic impacts from the tensions and conflict in order to mitigate its exposures and risks.