CIB PROPERTIES LIMITED
(Registered Number: 01915885)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2020

CIB PROPERTIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2020

The Directors present their report and the financial statements of CIB Properties Limited ('the Company') for the year ended 31 December 2020.

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 2020, the Company also sublet 21 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

On 12 January 2021, the Directors declared an interim dividend payment of £100 million to the Company's shareholder, payable from the Company's distributable reserves.

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. 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 Company did not pay an interim dividend during the year (2019: £nil) and the Directors do not recommend the payment of a final dividend in respect of the year (2019: £nil).

Directors

The Directors who held office during the year ended 31 December 2020 and since year end were:

K M Harrison-Thomas (appointed on 18 June 2021)
J R Killey
J D R Smith (resigned on 12 October 2020)
J Warren

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.

CIB PROPERTIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2020

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, 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.

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 2020, Citi finished tracking progress against its third generation of operational footprint goals, first announced in 2015. These goals cover energy use, water consumption, recycling, waste and green building design. By the end of 2020, Citi had achieved its goals of 100% use of renewable electricity for facilities globally and a 30% reduction in energy consumption from a 2005 baseline.

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.

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
As part of a financial services provider, the main sources of greenhouse emissions from CIB Properties Limited's operations are the running of data centres, the offices in which the majority of employees are based and the Scope 3 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. In the company's UK-based sites as part of its energy management system, interval data analysis is conducted fortnightly to track savings from energy efficiency measures. This allows the company to consistently review the efficacy of proposed measures and identify any problems.
In 2020, as the result of the COVID-19 pandemic and associated lockdowns from March onward, employee occupation of offices was heavily reduced resulting in a 20-30% decrease in energy consumption during lockdown months. The company told all employees to work from home where possible and invested in upgrading video conferencing and online meeting tools in order to facilitate this transition. The travel restrictions put in place also greatly reduced Scope 3 emissions associated with air and rail travel, as well as the number of car journeys taken by employees in 2020.
With a return to office scheduled for Q4 2021, the company's video conferencing and remote-working tools will stay in place, ensuring employees don't travel for work unless necessary. In 2019, through energy audits undertaken in compliance with the Energy Saving Opportunity Scheme (ESOS) several opportunities were identified to reduce energy consumption in the Citigroup Centre office and Riverdale Data Centre. This included a programme to convert all remaining non-LED lights to LEDs. These recommendations will be implemented as part of the current programme of renovations at Citigroup Centre in London, due to be completed in 2021 and 2022.

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 (2019: £nil).

CIB PROPERTIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2020

Disclosure of information to auditor

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

- so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- each Director has taken all the steps that he / 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 Auditors are 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

30 September 2021

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 01915885

CIB PROPERTIES LIMITED

STRATEGIC REPORT

for the year ended 31 December 2020

The Directors present the Strategic Report of CIB Properties Limited for the year ended 31 December 2020.

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 £33.4 million (2019: £28.8 million). The increase in loss for the year 2020 was mainly driven by the decrease in turnover due to intercompany recoveries being recognised from 2020 by another group entity owning the CGC2 building. The loss for the year, after taxation, amounted to £33.4 million (2019: £28.9 million).

Company position

The Company's net asset position decreased from a net assets position of £243 million in 2019, to net assets of £209.6 million in 2020.

The main driver of this decrease was 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.

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.

Section 172 statement (continued)

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

30 September 2021

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
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 2020, which comprise the Income Statement, Balance Sheet and 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 2020 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.
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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 of limited opportunity to commit fraud due to the fact that revenue recognised is based on the terms of a signed lease agreement and therefore there are no judgmental aspects involved.

We did not identify any additional fraud risks.

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 over the holiday and weekends and those posted and approved the same user.

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

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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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: health and safety, anti-bribery, property law, and certain aspects of company legislation recognizing the nature of the Company's activities and its legal form. Auditing standards limit the required 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.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports 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.

We have nothing to report in these respects.

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

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.

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.

Anthony Withers

Anthony Withers (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

30 September 2021

CIB PROPERTIES LIMITED

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	3	28,014	36,128
Operating expense	4	(48,671)	(52,471)
Operating loss		(20,657)	(16,343)
Interest receivable	6	1,128	1,943
Interest payable and similar charges	6	(13,918)	(14,367)
Loss before income tax		(33,447)	(28,767)
Income tax charge	7	-	(103)
Loss and total comprehensive loss for the year		(33,447)	(28,870)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2020 or 2019 other than those included in the Income Statement.

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

CIB PROPERTIES LIMITED

BALANCE SHEET
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Tangible fixed assets	8	317	681
Investment property	9	508,472	542,647
		508,789	543,328
Current assets			
Cash at bank and in hand	10	25,031	33,942
Debtors	11	159,143	154,546
		184,174	188,488
Creditors: amounts falling due within one year	12	(39,681)	(24,531)
Other liabilities	16	(21,567)	(23,168)
Net current assets		122,926	140,789
Debtors: amounts receivable after one year	11	6,770	10,932
Non-current liabilities			
Provision for liabilities	13	(239)	(235)
Other liabilities	16	(428,658)	(451,779)
Net assets		209,588	243,035
Capital and reserves			
Called up share capital	14	8,233	8,233
Reserves	15	201,355	234,802
Shareholders' funds		209,588	243,035

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2021.

JWarren

J Warren
Director

Registered Number: 01915885

CIB PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share Capital £'000	Reserves £'000	Total equity £'000
Balance as at 1 January 2019	8,233	263,672	271,905
Loss for the year	-	(28,870)	(28,870)
Balance as at 31 December 2019	8,233	234,802	243,035
Loss for the year	-	(33,447)	(33,447)
Balance as at 31 December 2020	8,233	201,355	209,588

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

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, except where otherwise indicated. The functional and financial statements presentational currency of the Company is Pound Sterling ('£') and all values are rounded to the nearest thousands, 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 4-6.

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. 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.

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 2020. They include:

- Amendments to references to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

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

1. Principal accounting policies (continued)

1.3 Turnover

Turnover 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 turnover 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.

1.5 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 sufficient 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. Principal accounting policies (continued)

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.

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.

1. **Principal accounting policies** (continued)

1.6 Leases (continued)

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 – *'Turnover'*.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover

	2020 £'000	2019 £'000
Amounts receivable from third parties	26,979	28,951
Amounts receivable from group undertakings	1,035	7,177
	28,014	36,128

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

4. Operating expenses

	2020 £'000	2019 £'000
Operating expenses include:		
Operating lease rentals and other premises expenses	670	1,089
Depreciation of tangible fixed assets (Note 8)		
- owned by the company	243	241
Depreciation of right-of-use assets (Note 9)	32,475	32,750
Auditor's remuneration	136	133

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

5. Directors' remuneration

	2020 £'000	2019 £'000
Aggregate emoluments	205	295
Company pension contributions to money purchase pension scheme	16	19
	221	314

Contributions to money purchase pension schemes are accruing to three of the Directors (2019: four). Contributions to defined benefit pension schemes are accruing for none of the Directors (2019: one). Two of the Directors of the Company (2019: two) participate in parent company share plans.

The remuneration of the highest paid Director was £152,529 (2019: £172,488) and accrued pension of £12,139 (2019: £13,742).

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.

NOTES TO THE FINANCIAL STATEMENTS

6. Interest receivable and payable

	2020 £'000	2019 £'000
Interest received from other group undertakings	1,128	1,943
Interest on lease liability	(13,918)	(14,367)
	(12,790)	(12,424)

7. Taxation

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

	2020 £'000	2019 £'000
Current tax		
UK corporation tax charge on profit for the year	-	-
Adjustment in respect of prior years	-	103
Deferred tax		
Deferred tax for the year	-	-
Tax charge on profit	-	103

7b. Factors affecting tax charge for the year

	2020 £'000	2019 £'000
Loss before tax	(33,447)	(28,767)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(6,355)	(5,466)
Effects of:		
Adjustment in respect of prior years	-	103
Expenses not deductible	1,495	1,472
Current year movement in timing differences not recognised for deferred tax	(13)	4
Group relief surrendered for no consideration	4,873	3,990
Total tax charge for the year (Note 7a)	-	103

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 Company has not recognised any deferred tax on which a rate change would have an impact. Furthermore, the increase in rate from 19% to 25% was not substantively enacted as at the balance sheet date.

7c. Deferred taxation

The deferred tax at 31 December 2020 has been calculated based on a rate of 19%, which is the rate substantively enacted at the balance sheet date. At 31 December 2020, the company had an unrecognised deferred tax liability of £6,371 (2019: £5,617).

8. Tangible fixed assets

	Building improvements & fittings £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 January 2020	14,281	131	14,412
Additions	104	-	104
Disposal	(1,528)	(4)	(1,532)
At 31 December 2020	12,857	127	12,984
Depreciation			
At 1 January 2020	13,731	-	13,731
Charge for the year	243	-	243
Disposal	(1,307)	-	(1,307)
At 31 December 2020	12,667	-	12,667
Net book value			
At 31 December 2020	190	127	317
At 31 December 2019	550	131	681

No impairment was recognised in relation to tangible fixed assets during the year or as at 31 December 2020 (2019: £nil).

There were no capitalised borrowing costs related to the acquisition of fixed assets during the year (2019: £nil).

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	
At 1 January 2020	575,397
Adjustment of Right-of-use assets	(2,435)
Additions	735
At 31 December 2020	573,697
Depreciation	
At 1 January 2020	32,750
Charge for the year	32,475
At 31 December 2020	65,225
Net book value	
At 31 December 2020	508,472
At 31 December 2019	542,647

No impairment was recognised in relation to the ROU asset as at 31 December 2020.

9. Investment property (continued)

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value of the investment property	508,472	542,647

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 non-financial 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.

	2020 £'000	2019 £'000
Cash at bank held by other group undertakings	25,031	33,942

11. Debtors

	2020 £'000	2019 £'000
Due after more than one year		
Accrued income	6,770	10,932
	6,770	10,932
Due within one year		
Trade debtors	49	1,434
Amounts owed by group undertakings	140,812	139,998
Prepayments and accrued income	15,632	12,488
Corporation tax receivable	2,650	626
	159,143	154,546
Debtors total	165,913	165,478

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

NOTES TO THE FINANCIAL STATEMENTS

12. Creditors

Amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due to group undertakings	35,311	17,936
Accruals and deferred income	4,370	6,595
Corporation tax payable	-	-
	39,681	24,531

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
At 1 January 2020	235
Provision for the year	4
As at 31 December 2020	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.

14. Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
8,233,150 ordinary share of £1	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 2020 (2019: £nil).

16. Leases

As a lessee

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

Right-of-use assets

	2020 £ 000	2019 £ 000
Balance at 1 January 2020	542,647	578,169
Depreciation charge for the year	(32,475)	(32,750)
Adjustment of Right-of-use assets	(2,435)	-
Additions	735	803
Transfer to Citibank N.A. London Branch and other group companies	-	(3,575)
Balance at 31 December 2020	508,472	542,647

Lease liabilities

Maturity analysis	31 December 2020 £ 000	31 December 2019 £ 000
Expiring:		
- within one year	21,567	23,168
- between one and five year	90,301	88,471
- in five years and more	338,357	363,308
Total undiscounted lease liabilities at 31 December	450,225	474,947

Total cash outflow for the leases amounted to £36.9 million (2019: £36.9 million).

Amounts recognised in profit or loss

Leases under IFRS 16	2020 £ 000	2019 £ 000
Interest on lease liabilities	13,918	14,367

As a lessor

As at 31 December 2020, the Company sublet 21 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 – *'Turnover'*.

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NOTES TO THE FINANCIAL STATEMENTS

17. Capital commitments

As at 31 December 2020 the Company was committed to fit out costs in respect of assets in the course of construction of £5.9 million (2019: £14.6 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

On 12 January 2021, the Directors declared an interim dividend payment of £100 million to the Company's shareholder, payable from the Company's distributable reserves.