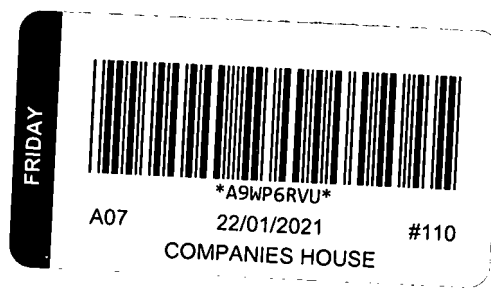


**Company Registered No: 02430302**

**NATWEST PROPERTY INVESTMENTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**



**CONTENTS****Page**

Officers and professional advisers	1
Directors' report	2
Independent auditor's report	5
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:** C E Morin  
S J Spence

**COMPANY SECRETARY:** NatWest Group Secretarial Services Limited (formerly known  
as RBS Secretarial Services Limited)

**REGISTERED OFFICE:** 250 Bishopsgate  
London  
England  
EC2M 4AA

**INDEPENDENT AUDITOR:** Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of NatWest Property Investments Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2019.

**ACTIVITIES AND BUSINESS REVIEW**

This Directors' report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption and therefore does not include a Strategic report.

**Activity**

The principal activity of the Company continues to be investment in companies that own properties. The directors do not anticipate any material change in either the type or level of activities of the Company.

**Review of the year****Business review**

The directors are satisfied with the Company's performance in the year. Post balance sheet events are described in note 9 to the financial statements.

**Financial performance**

The Company's financial performance is presented on pages 7 to 9.

Administrative expenses increased by £10,265 (2018: decreased by £22,439). Loss for the year was £2,800 (2018: profit of £1,150), a decrease of 343% over 2018.

The directors do not recommend the payment of dividend for 2019 (2018: nil).

At the end of the year, the balance sheet showed total assets of £3,407,354 (2018: £3,404,654), including income-generating assets comprising investments £490,100 (2018: £487,400). Total equity was £3,394,339 (2018: £3,397,139).

**Principal risks and uncertainties**

The Company seeks to minimise its exposure to external financial risks other than market risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the Group Asset and Liability Management Committee (Group ALCO).

The Company is funded by facilities from NatWest Group plc. These are denominated in Sterling which is the functional currency and carry no significant financial risk.

The principal risks associated with the Company are as follows:

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

**Credit risk**

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

There is no significant credit risk arises and no amounts are past due.

**Market risk**

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

**DIRECTORS' REPORT****Principal risks and uncertainties (continued)****Operational risk**

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the NatWest Group (formerly known as The Royal Bank of Scotland Group plc (RBSG plc)) framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit.

**Directors' Duties**

Section 172(1) of the Companies Act 2006 (Section 172) is one of the statutory duties that directors have and requires them to promote the success of the company for the benefit of shareholders as a whole while taking into account the interests of other stakeholders and, in so doing, have regard to the matters set out in Section 172(1)(a) to (f). These include the long term consequences of decisions, colleague interests, the need to foster the company's business relationships with suppliers, customers and others; the impact on community and the environment and the company's reputation.

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including Section 172(1), and were briefed on the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018 in advance of the effective date. NatWest Group has introduced a new approach to board and committee papers with greater focus on ensuring relevant stakeholder interests are clearly articulated and guidance on documenting decisions has been refreshed to ensure these are recorded in a consistent manner across NatWest Group.

**Going concern**

These financial statements are prepared on a going concern basis, see note 1 on page 10.

**DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year are listed on page 1.

From 1 January 2019 to date the following changes have taken place:

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
A D Potter	-	8 April 2019
S J Roulston	8 April 2019	26 November 2019
S J Spence	26 November 2019	-

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare a Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

**DIRECTORS' REPORT****DIRECTORS' RESPONSIBILITIES STATEMENT (continued)**

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 to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**AUDITOR**

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

Approved by the Board of Directors and signed on its behalf:



S J Spence  
Director

Date:  
9<sup>th</sup> December 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST PROPERTY INVESTMENTS LIMITED**

### **Opinion**

We have audited the financial statements of NatWest Property Investments Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST PROPERTY INVESTMENTS LIMITED**

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Use of our report**

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.

*Ernst & Young LLP*

**Cassandra Polegri** (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

10 December 2020



**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2019**

	Notes	2019 £	2018 £
<b>Income from continuing operations</b>			
Administrative expenses	3	-	10,265
Other income/(expenses)	4	2,700	(1,600)
<b>Profit on ordinary activities before tax</b>		<b>2,700</b>	<b>8,665</b>
Tax charge	5	(5,500)	(7,515)
<b>(Loss)/profit and total comprehensive (loss)/income for the financial year</b>		<b>(2,800)</b>	<b>1,150</b>

The accompanying notes form an integral part of these financial statements.

**BALANCE SHEET**  
as at 31 December 2019

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Investment in joint venture	6	490,100	487,400
		490,100	487,400
<b>Current assets</b>			
Amount due from group companies		-	10,000
Cash at bank		2,917,254	2,907,254
<b>Total assets</b>		<b>3,407,354</b>	<b>3,404,654</b>
<b>Current liabilities</b>			
Current tax liabilities		13,015	7,515
<b>Total liabilities</b>		<b>13,015</b>	<b>7,515</b>
<b>Equity</b>			
Called up share capital	7	22,000,100	22,000,100
Profit and loss account		(18,605,761)	(18,602,961)
<b>Total equity</b>		<b>3,394,339</b>	<b>3,397,139</b>
<b>Total liabilities and equity</b>		<b>3,407,354</b>	<b>3,404,654</b>

The accompanying notes form an integral part of these financial statements.

The financial statements of the Company were approved by the Board of Directors on 9<sup>th</sup> December 2020 and signed on its behalf by:

S. Spence

S J Spence  
Director

**STATEMENT OF CHANGE IN EQUITY**  
for the year ended 31 December 2019

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2018</b>	22,000,100	(18,604,111)	3,395,989
Profit for the year	-	1,150	1,150
<b>At 31 December 2018</b>	22,000,100	(18,602,961)	3,397,139
Loss for the year	-	(2,800)	(2,800)
<b>At 31 December 2019</b>	22,000,100	(18,605,761)	3,394,339

Total comprehensive loss for the year of £2,800 (2018: profit of £1,150) was wholly attributable to the owners of the company.

The accompanying notes form an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

## 1. Accounting policies

## a) Preparation and presentation of financial statements

These financial statements are prepared:

- on a going concern basis.

In the first quarter of 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. Many governments, including the UK, have taken stringent measures to contain and delay the spread of the virus. Actions taken in response to the spread of Covid-19 have resulted in severe disruption to business operations and a significant increase in economic uncertainty, with more volatile asset prices and currency exchange rates, and a marked decline in long-term interest rates in developed economies.

The NatWest Group plc has a well-developed business continuity plan which includes pandemic response, enabling the Group to quickly adapt to these unprecedented circumstances and continue as viable business.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. The most likely expected financial impact is in respect of the Company's regulatory capital, profitability, assets, operations, liquidity which management continues to monitor.

In assessing going concern, a Covid-19 impact analysis was performed across the NatWest Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, capital, solvency and liquidity position of the Company and any mitigations management have within their control to implement. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

- under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS); and
- on the historical cost basis: except that the following assets are stated at their fair values: investment in joint venture.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006;
- in sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - cash-flow statement;
  - standards not yet effective; and
  - related party transactions.
  - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure and IFRS 13 "Fair value Measurement"

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 8.

The changes to IFRS that were effective from 1 January 2019 have had no material effect on the Company's Financial Statements for the year ended 31 December 2019.

**NOTES TO FINANCIAL STATEMENTS****1. Accounting policies (continued)****b) Revenue recognition**

Interest income or expense on financial instruments that are measured at amortised cost is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Negative effective interest accruing to financial assets is presented in interest payable.

Dividend income is recognised when the paying entity is obliged to make the payment.

**c) Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

**d) Investment in joint venture**

The company has elected, in accordance with IAS 28 (as amended in 2011), to measure its investments in joint venture at fair value through profit or loss in accordance with IFRS 9.

Financial assets that the company designates on initial recognition as being fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at fair value are recognised in profit or loss as they arise.

**e) Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IFRS 9 "Financial Instruments".

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

**f) Cash at bank**

Cash at bank comprises non-interest bearing deposits held with bank.

**2. Critical accounting policies and key sources of estimation uncertainty**

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the factors the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

**Investment in joint venture**

The Company has reviewed the carrying value of investment in joint venture. Any gains or losses on valuation of the investment in joint venture are recognised in the Profit and Loss Account as they arise. At 31 December 2019, investment in joint venture totalled £490,100 (2018: £487,400), a increase in value of £2,700 during the year (2018: decrease in value of £1,600).

## NOTES TO FINANCIAL STATEMENTS

## 3. Administrative expenses

	2019 £	2018 £
Management fees	-	(10,309)
Bank Charges	-	44
	<u>-</u>	<u>(10,265)</u>

Management fees include the costs of staff and directors borne by other members of the group, none of which can be apportioned meaningfully in respect of services to the Company.

The auditor's remuneration for statutory audit work for the Company was £10,000 (2018: £10,000) was borne by NatWest Group plc.

## 4. Other income/(expenses)

	2019 £	2018 £
Increase/(decrease) in value of investment in joint venture	<u>2,700</u>	<u>(1,600)</u>

## 5. Tax

	2019 £	2018 £
<b>Current taxation</b>		
UK Corporation tax charge for the year	5,547	7,515
Under provision in respect of prior periods	(47)	-
<b>Tax charge for the year</b>	<u>5,500</u>	<u>7,515</u>

The actual tax charge differs from the expected tax charge/(credit) computed by applying the standard rate of UK corporation tax of 19% (2018: 19%) as follows:

	2019 £	2018 £
<b>Operating profit before tax</b>	<u>2,700</u>	<u>8,665</u>
<b>Expected tax charge</b>	513	1,646
Non deductible item	(513)	5,869
Transfer pricing adjustments	5,547	-
Adjustments in respect of prior periods	(47)	-
<b>Actual tax charge for the year</b>	<u>5,500</u>	<u>7,515</u>

## 6. Investment in joint venture

	2019 £	2018 £
<b>At 1 January</b>	487,400	489,000
Increase/(decrease) in value of investment	2,700	(1,600)
<b>At 31 December</b>	<u>490,100</u>	<u>487,400</u>

## NOTES TO FINANCIAL STATEMENTS

## 6. Investment in joint venture (continued)

Details of the investment in joint venture are as follows:

Name of company	Country of incorporation	Class of share	Proportion of ownership interest
Falcon Wharf Limited	UK	Ordinary	50%

The registered office of Falcon Wharf Limited is Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

The Company invests indirectly in Falcon Wharf Limited through GWNW City Developments Limited an entity which was inactive in the year and holds the investment in Falcon Wharf Limited only.

## 7. Share capital

	2019 £	2018 £
<b>Authorised:</b>		
32,500,100 ordinary shares of £1 each	32,500,100	32,500,100
<b>Allotted, called up and fully paid:</b>		
22,000,100 ordinary shares of £1 each	22,000,100	22,000,100

The Company has one class of Ordinary Shares which carry no right to fixed income.

## 8. Related parties

## UK Government

The UK Government through HM Treasury is the ultimate controlling party of NatWest Group plc. Its shareholding is managed by UK Government Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of corporation tax which is separately disclosed in note 5.

## Group companies

As at 31 December 2019

The Company's immediate parent was:	National Westminster Bank Plc
The smallest consolidated accounts including the company were prepared by:	National Westminster Bank Plc
The ultimate parent company was:	The Royal Bank of Scotland Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be obtained from Legal, Governance and Regulatory Affairs, RBS, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

On 22 July 2020, The Royal Bank of Scotland Group plc changed its name to NatWest Group plc.

**NOTES TO FINANCIAL STATEMENTS****9. Subsequent event**

The directors consider Covid-19 to be a non-adjusting post balance sheet event and as such no adjustments have been made to the measurement of assets and liabilities as at 31 December 2019. Refer to note 1a for the director's assessment of the impact on the Company. While there remains significant uncertainty regarding the developments of Covid-19 and the future economic recovery, a precise estimate of its financial effect, cannot be made at the date of issue of the financial statements. There could be an impact on profitability, assets, operations, liquidity and the directors continue to monitor this, however, at this stage do not consider there to be any material issues for the Company.