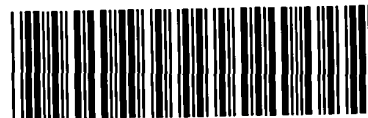


Registration number: 04165884

News Property Three Limited

Report and financial statements
for the year ended 2 July 2017

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News Property Three Limited

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News Property Three Limited

Directors' Report For the year ended 2 July 2017

The directors present their report and the financial statements of the company for the year ended 2 July 2017.

Principal activities and business review

The principal activity of the company is that of an asset holding company within the News Corp Investments UK & Ireland group (News UK group).

A strategic report and a business review have not been completed for the company because it is entitled to claim the exemption from doing so under Sections 414B and 415A of the Companies Act 2006.

Principal risks and uncertainties

A summary of the principal risks and uncertainties facing the company has not been completed because it is entitled to claim the exemption from preparing the Strategic Report under Section 414B of the Companies Act 2006.

Going concern

News Corporation has committed to provide financial support until at least 31 December 2018 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

News Corp UK & Ireland Limited operates two collective facilities, in which News Corp UK & Ireland Limited has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation.

The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative and a letter of support has also been received from News Corp UK & Ireland Limited.

The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to £615,000 (2016 - £1,270,000).

The directors do not recommend a dividend (2016 - £Nil).

Directors

The directors who held office during the period were as follows:

M.C. Gill

C.C.S. Longcroft

All directors served throughout the year and are still directors at the date of this report.

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

News Property Three Limited

Directors' Report (continued) For the year ended 2 July 2017

Directors' indemnity provision

News Corporation has indemnified all directors of the company against liability in respect of proceedings brought by third parties, except that, in accordance with the Companies Act 2006, no indemnity is provided against: any liability incurred by the director in defending civil proceedings brought by the company, or an associated company, in which the final judgement is given against the director; and liability of the director to pay a fine imposed by criminal proceedings; any liability incurred by the director in defending criminal proceedings in which the director is convicted; any liability of the director to pay a penalty sum to a regulatory authority in respect of non compliance with any requirement of a regulatory nature, howsoever arising; or any liability of the director in connection with an application for relief in which the court refuses to grant him relief. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Directors' responsibilities statement

The directors acknowledge their responsibilities 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

News Property Three Limited

Directors' Report (continued) For the year ended 2 July 2017

Auditor

The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

Approved by the Board on 30 October 2017 and signed on its behalf by:



M.C. Gill
Director

Registered office:
1 London Bridge
London
SE1 9GF

Independent Auditor's Report to the Members of News Property Three Limited

Opinion

We have audited the financial statements of News Property Three Limited for the year ended 2 July 2017, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2 July 2017 and of its profit 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 Report and financial statements, 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 News Property Three Limited (continued)

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 where 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' exemption from the requirement to prepare a strategic report and take advantage of the small companies' exemption in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities 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, 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.

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.

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.



Neil Cullum (Senior statutory auditor)

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

London

Date: 30/10/2017

News Property Three Limited

Profit and Loss Account For the year ended 2 July 2017

		2017	2016
	Note	£ 000	£ 000
Interest receivable and similar income	6	<u>615</u>	<u>1,270</u>
Profit before tax		615	1,270
Taxation	7	<u>-</u>	<u>-</u>
Profit for the financial year		<u><u>615</u></u>	<u><u>1,270</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income For the year ended 2 July 2017

	2017	2016
	£ 000	£ 000
Profit for the financial year	<u>615</u>	<u>1,270</u>
Total comprehensive income for the year	<u><u>615</u></u>	<u><u>1,270</u></u>


The notes on pages 9 to 13 form part of these financial statements.

News Property Three Limited
Registered number: 04165884

Balance Sheet as at 2 July 2017

	Note	2017 £ 000	2016 £ 000
Current assets			
Debtors	8	-	23,361
Creditors: Amounts falling due within one year	9	<u>(15,863)</u>	<u>(39,839)</u>
Net liabilities		<u>(15,863)</u>	<u>(16,478)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>(15,863)</u>	<u>(16,478)</u>
Shareholders' deficit		<u>(15,863)</u>	<u>(16,478)</u>

Approved and authorised by the Board on 30 October 2017 and signed on its behalf by:



M.C. Gill
Director

The notes on pages 9 to 13 form part of these financial statements.

News Property Three Limited

Statement of Changes in Equity For the year ended 2 July 2017

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 4 July 2016	-	(16,478)	(16,478)
Profit for the financial year	-	615	615
Total comprehensive income for the year	-	615	615
At 2 July 2017	-	(15,863)	(15,863)

Statement of Changes in Equity For the year ended 3 July 2016

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 29 June 2015	-	(17,748)	(17,748)
Profit for the financial year	-	1,270	1,270
Total comprehensive income for the year	-	1,270	1,270
At 3 July 2016	-	(16,478)	(16,478)

The notes on pages 9 to 13 form part of these financial statements.

News Property Three Limited

Notes to the Financial Statements for the year ended 2 July 2017

1 General information

The company is a limited liability company incorporated in England and Wales under the Companies Act.

The address of its registered office is:

1 London Bridge Street
London
SE1 9GF

These financial statements were authorised for issue by the Board on 30 October 2017.

The nature of the company's operations and its principal activities are set out in the Directors' Report on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 2 July 2017 (53 weeks ended 3 July 2016). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

News Property Three Limited

Notes to the Financial Statements for the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

(a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

(b) From the financial instruments disclosures as required by FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:

- Categories of financial instruments,
- Items of income, expenses, gains or losses relating to financial instruments, and
- Exposure to and management of financial risks.

(c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Going concern

News Corporation has committed to provide financial support until at least 31 December 2018 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

News Corp UK & Ireland Limited operates two collective facilities, in which News Corp UK & Ireland Limited has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation.

The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative and a letter of support has also been received News Corp UK & Ireland Limited.

The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Interest receivable

Interest receivable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Tax

Taxation expense for the reporting period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax, including UK corporation tax and foreign tax, is the amount payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Debtors

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

News Property Three Limited

Notes to the Financial Statements for the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at present value of future payments discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 102 Section 33 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

Critical accounting judgements and key sources of estimation uncertainty

No critical judgements or key sources of estimation uncertainty in applying the company's accounting policies have been identified in the current or preceding year.

3 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of financial statements	9	9

Auditor's remuneration is borne by another group undertaking.

4 Employees

The company has no employees (2016 - None).

5 Directors' remuneration

The directors' remuneration for the period was as follows:

	2017 £ 000	2016 £ 000
Remuneration	1,312	1,401
Value of company pension contributions to money purchase schemes	23	50
	<u>1,335</u>	<u>1,451</u>

The number of directors who through participating in News Corporation's long term incentive plan were remunerated in News Corporation Common A stock were as follows:

	2017 No.	2016 No.
Long term incentive plan	<u>2</u>	<u>2</u>

The directors of the company are also directors of the holding company or fellow UK subsidiaries. The directors received total remuneration for the year as shown above, all of which was paid by a fellow News UK group company. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding company or subsidiary companies.

News Property Three Limited

Notes to the Financial Statements for the year ended 2 July 2017 (continued)

6 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Unwinding of discount on deferred consideration	<u>615</u>	<u>1,270</u>

7 Taxation

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.75% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	<u>615</u>	<u>1,270</u>
Corporation tax at standard rate	122	254
Non taxable income	<u>(122)</u>	<u>(254)</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Following the 2015 summer budget and the 2016 budget, the UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The summer budget 2015 had originally announced that the rate would reduce to 18% from 1 April 2020, which was substantively enacted on 26 October 2015. Subsequently, the 2016 budget announced that the rate would reduce further to 17% from 1 April 2020, which was enacted on 16 September 2016.

8 Debtors

	2017 £ 000	2016 £ 000
Other debtors	<u>-</u>	<u>23,361</u>

Other debtors relate to deferred consideration following the sale of leasehold land and buildings at Wapping. During the year the final instalment was received.

9 Creditors

	2017 £ 000	2016 £ 000
Due within one year		
Amounts owed to group undertakings	<u>15,863</u>	<u>39,839</u>

News Property Three Limited

Notes to the Financial Statements for the year ended 2 July 2017 (continued)

9 Creditors (continued)

No interest is payable on the amounts owed to group undertakings.

10 Funding

The financial statements are prepared on the going concern basis.

The net liabilities of the company are £15,863,000 at 2 July 2017 (2016 - £16,478,000). News Corp UK & Ireland Limited, the immediate parent company, has confirmed its intention of providing continuing financial support to enable the company to meet its liabilities as they fall due for the foreseeable future.

11 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

12 Parent and ultimate parent undertaking

The company's immediate parent is News Corp UK & Ireland Limited, a company incorporated in England and Wales.

The ultimate parent is News Corporation, a company incorporated in Delaware in the United States.

The largest and smallest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.