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**St. James Fleet Investments Two Limited**

**Annual Report and Financial Statements  
for the Year Ended 31 December 2020**



**Registered Number: CR92459 (Registrar of Companies for Cayman Islands)**  
**Company Number: FC22079 (Registrar of Companies for England and Wales)**

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

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# **ST. JAMES FLEET INVESTMENTS TWO LIMITED**

## **Strategic report**

**For the year ended 31 December 2020**

The directors, in preparing this strategic report for St James Fleet Investments Two Limited ("UK2" and the "Company"), have complied with s414C of the Companies Act 2006.

## **Review of the business**

The Company was incorporated in the Cayman Islands on 09 September 1999 (registration number CR92459), and is part of the MetLife, Inc. group of companies, whose head office is located in New York, USA.

The Company invests in its wholly-owned subsidiary OMI MLIC Investments Limited ("OMI"), which its principal activity is to acquire, invest, hold and sell shares, stocks, debentures, debenture stock, scrip, bonds and notes.

During the year ended 31 December 2020, the Company made a profit on ordinary activities after taxation of £9,312 thousand (year ended 31 December 2019: profit of £27,808 thousand). At 31 December 2020, the Company's shareholders' funds were £268,799 thousand (31 December 2019: £255,359 thousand).

In December 2020, the OMI declared a dividend of £1,877 thousand to UK2. Subsequently, the UK2 issued a dividend of £1,877 thousand to Metropolitan Life Insurance Company ("MLIC"). These transactions were settled with cash.

In June 2019, the OMI declared a dividend of £199,532 thousand and a return of capital of £145,812 thousand totalling £345,344 thousand to UK2. Subsequently, the Company issued a dividend of £199,532 thousand to its parent, MLIC; and then Company repurchased 118,946,756 shares of its outstanding ordinary shares for £145,812 thousand from MLIC. These transactions were settled by a transfer of investments from OMI.

## **Key performance indicators**

The directors' primary investment objective is to optimise, net of income tax, risk-adjusted net investment income and risk-adjusted total return while ensuring that assets are managed on a cash flow and duration basis. The directors manage investment risks using a risk control framework comprised of policies, procedures and risk limits and tolerances, as discussed further below.

In the year ended 31 December 2020, net investment income was £9,548 thousand (year ended 31 December 2019: £27,906 thousand). The decrease in net investment income was mainly driven by substantial decrease in income from investment in OMI.

## **Principal risks and uncertainties and financial risk management**

The Company's primary investment is its whole ownership interest in OMI MLIC Investments Limited ("OMI"). The following describes the investment risks of OMI.

OMI's investments are exposed to five primary sources of risk: credit, interest rate, liquidity and market valuation. The financial statement risks, stemming from such investment risks, are those associated with the recognition of impairments, the recognition of income on certain investments and the determination of fair values.

The determination of the amount of allowances and impairments, as applicable, are completed by investment type. The determination of such allowances and impairments is highly subjective and is based upon OMI's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised.

The recognition of income on certain investments (e.g. loan-backed securities including mortgage-backed and asset-backed securities, etc.) is dependent upon market conditions, which could result in prepayments and changes in amounts to be earned.

The fair values of publicly held debt securities and publicly held equity securities are based on quoted market prices or estimates from independent pricing services. However, in cases where quoted market prices are not available, such as for private debt securities, fair values are estimated using present value or other valuation techniques. The determination of fair values is based on: (i) valuation methodologies; (ii) securities OMI deemed to be comparable; and (iii) assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgements about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty.

## ST. JAMES FLEET INVESTMENTS TWO LIMITED

### Strategic report (continued)

For the year ended 31 December 2020

### Principal risks and uncertainties and financial risk management (continued)

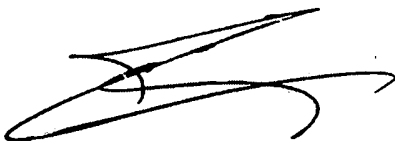
Factors considered in estimating fair value include: coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, and quoted market prices of comparable securities.

The use of different methodologies and assumptions as to the timing and amount of impairments, recognition of income and the determination of the fair value of investments may have a material effect on the amounts presented within the financial statements.

### Future developments

As of this date, there have been no actions taken by the directors that would have a significant impact the Company's operations, such as implementation of a plan to liquidate or cease trading.

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



Jean-Luc Eberlin

Chairman

2 December 2021

### Registered Office

Ogier Fiduciary Services (Cayman) Limited

P.O. Box 1234gt

Queensgate House, South Church Street

George Town

Grand Cayman KY1-1108

Cayman Islands

British West Indies

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Directors' report

For the year ended 31 December 2020

The directors present this annual report together with the audited financial statements and auditor's report of St. James Fleet Investments Two Limited ("UK2" and the "Company") for the year ended 31 December 2020.

## Residence

The Company is incorporated in the Cayman Islands and in the UK. The Company is resident in the UK for the purposes of UK taxation. As a result of this, the Company is required to prepare audited financial statements in accordance with the provisions of the Companies Act 2006 applicable to overseas companies.

## Principal activities

The Company is part of the MetLife, Inc. group of companies, whose head office is located in New York, USA. The Company invests in its wholly-owned subsidiary OMI, which its principal activity is to acquire, invest, hold and sell shares, stocks, debentures, debenture stock, scrip, bonds and notes.

## Future developments

No significant changes in the Company's operations are envisaged in the foreseeable future.

## Financial instruments

The Company holds financial instrument assets in the form of shares in a related company. The directors are satisfied that this does not expose the Company to undue risk.

## Dividends

See the strategic report for a review of dividends recommended and paid.

## Going concern

The Company evaluated the potential impacts of COVID-19 in detail and believe that although this will have an impact on the business, the effects will not be material. From an operational point of view there are already systems in place for staff to work remotely without any adverse effect on the business. The Company has continued to operate successfully since the outbreak of the virus. No adjustments are required as a result of the impact of COVID-19.

In the opinion of the directors, the Company is well capitalised (as capital and reserves are 99% of investments and current assets as of 31 December 2020 ) and the Company has a low expense structure (operating expenses are 1% of turnover for the year ended 31 December 2020). After review of the recent historical financial results and expectations for future financial results with consideration of the current investment environment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## Directors

The directors of the Company during the year, together with their dates of appointment, are as shown below:

Director:	Jihui Zhang	Appointment Date:	18 November 2020
Director:	Jean-Luc Eberlin	Appointment Date:	1 January 2020
Director:	Ewan Macaulay	Appointment Date:	7 December 2018
Director:	Edward Palmer	Resignation Date:	18 November 2020

The directors have no interests in the shares of the Company.

## ST. JAMES FLEET INVESTMENTS TWO LIMITED

**Directors' report (continued)**  
**For the year ended 31 December 2020**

### **Registered office**

C/O OGIER FIDUCIARY  
SERVICES (CAYMAN) LIMITED,  
Queensgate House  
P.O. Box 1234gt  
George Town, Grand Cayman,  
Cayman Islands

### **Auditor**

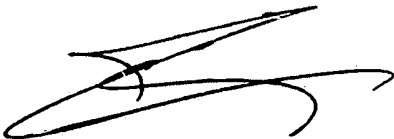
Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) the directors have taken all the steps that he/she ought to have taken as directors in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the directors and signed on their behalf by:



Jean-Luc Eberlin  
Chairman  
C/O OGIER FIDUCIARY  
SERVICES (CAYMAN) LIMITED,  
Queensgate House  
P.O. Box 1234gt  
George Town, Grand Cayman,  
Cayman Islands  
2 December 2021

## **ST. JAMES FLEET INVESTMENTS TWO LIMITED**

### **Statement of directors' responsibilities**

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 ("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 judgements and accounting estimates that are reasonable and prudent; 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 provisions 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JAMES FLEET INVESTMENTS TWO LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of St James Fleet Investments Two Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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.

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 Financial Reporting Council's (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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## ST. JAMES FLEET INVESTMENTS TWO LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JAMES FLEET INVESTMENTS TWO LIMITED (continued)

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## ST. JAMES FLEET INVESTMENTS TWO LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JAMES FLEET INVESTMENTS TWO LIMITED (continued)

#### Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006, we are required to report in respect of the following matters 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 respect of these matters.

##### 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.



Nicholas Bowker ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
2 December 2021

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Statement of Comprehensive Income For the year ended 31 December 2020

	Notes	2020 £ '000	2019 £ '000
<b>Income</b>			
Net investment income	5	9,548	27,906
Foreign currency translation (losses)		(266)	(92)
Total income		9,282	27,814
<b>Expenses</b>			
Operating and administrative expenses	6	(23)	(17)
Total expenses		(23)	(17)
Profit before taxation		9,259	27,797
Taxation	9	53	11
<b>Gain for the year (100% attributable to owners of the Company)</b>		<u>9,312</u>	<u>27,808</u>
<b>Other comprehensive income(expense)</b>			
Items that may be reclassified subsequently to profit or loss (not taxable):			
Investment revaluation movement	11	13,679	21,657
Currency translation movement	12	(7,674)	(17,172)
Other comprehensive income for the year (100% attributable to owners of the Company)		<u>6,005</u>	<u>4,485</u>
<b>Total comprehensive income for the year</b>		<u>15,317</u>	<u>32,293</u>

The accompanying notes form an integral part of the Statement of Comprehensive Income.

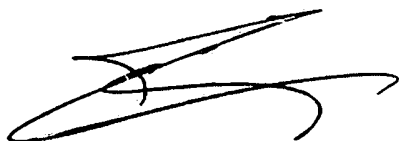
# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Statement of Financial Position as of 31 December 2020

	Notes	2020 £ '000	2019 £ '000
<b>Assets</b>			
Non-current assets			
Investment in subsidiary	13	263,261	249,655
Total non-current assets		263,261	249,655
Current assets			
Cash and cash equivalents		6,545	6,761
Total current assets		6,545	6,761
<b>Total assets</b>		<b>269,806</b>	<b>256,416</b>
<b>Equity</b>			
Issued capital	14	100	100
Investment revaluation	11	29,650	15,971
Foreign currency translation reserve	12	(165,810)	(158,136)
Retained earnings	15	404,859	397,424
<b>Total equity</b>		<b>268,799</b>	<b>255,359</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	16	1,007	1,057
Total current liabilities		1,007	1,057
<b>Total liabilities</b>		<b>1,007</b>	<b>1,057</b>
<b>Total equity and liabilities</b>		<b>269,806</b>	<b>256,416</b>

The notes form an integral part of the Statement of Financial Position.

The financial statements were approved by the Board of Directors and authorised for issue on 2 December 2021 and were signed on its behalf by:



Jean-Luc Eberlin

Chairman

Registered Number: CR92459 (Registrar of Companies for Cayman Islands)  
Company Number: FC22079 (Registrar of Companies for England and Wales)

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Statement of Changes in Equity For the year ended 31 December 2020

	Notes	Issued capital £ '000	Investment revaluation £ '000	Foreign currency translation reserve £ '000	Retained earnings £ '000	Total £ '000
<b>Balance at 1 January 2019</b>		119,047	(5,686)	(140,964)	596,013	568,410
Profit for the year		—	—	—	27,808	27,808
Other comprehensive income for the year		—	21,657	(17,172)	—	4,485
Total comprehensive income for the year		—	21,657	(17,172)	27,808	32,293
Share repurchase	14	(118,947)	—	—	(26,865)	(145,812)
Dividend	10	—	—	—	(199,532)	(199,532)
<b>Balance at 31 December 2019</b>		100	15,971	(158,136)	397,424	255,359
Profit for the year		—	—	—	9,312	9,312
Other comprehensive income for the year		—	13,679	(7,674)	—	6,005
Total comprehensive income for the year		—	13,679	(7,674)	9,312	15,317
Dividend	10	—	—	—	(1,877)	(1,877)
<b>Balance at 31 December 2020</b>		100	29,650	(165,810)	404,859	268,799

The accompanying notes form an integral part of the Statement of Changes in Equity.

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements

### 1. General information

The Company is a limited company, incorporated in the Cayman Islands. The Company has relocated its management and control to the United Kingdom ("UK") and is a resident in the UK for the purposes of UK taxation. As a result of this, the Company is required to prepare audited financial statements in accordance with the provisions of the Companies Act 2006 applicable to overseas companies.

The Company was incorporated on 09 September 1999, and is part of the MetLife, Inc. group of companies, whose head office is located in New York, USA.

### 2. Business event

In June 2019, the OMI declared a dividend of £199,532 thousand and a return of capital of £145,812 thousand totalling £345,344 thousand to UK2. Subsequently, the Company issued a dividend of £199,532 thousand to its parent, MLIC; and then Company repurchased 118,946,756 shares of its outstanding ordinary shares for £145,812 thousand from MLIC. These transactions were settled by a transfer of investments from OMI.

### 3. Significant accounting policies

#### Going concern

The going concern basis remains appropriate as the Company remains a viable entity as it can fund its minimal operating costs as a holding company with its cash position and is expected to continue operations.

#### Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Financial Reporting Standard 100 ("FRS 100") - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") - Reduced Disclosure Framework. Where FRS 101 does not contain clear guidance governing the accounting treatment of certain transactions, FRS 100 permits reference to another comprehensive body of accounting principles that uses a similar conceptual framework.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to cash flow statement, fair value measurements and related party transactions.

The Company has taken advantage of the exemption allowed by FRS 101 therefore has not prepared consolidated financial statements. Where relevant, equivalent disclosures have been given in the group accounts of Metropolitan Life Insurance Company ("MLIC"). The group accounts of MLIC are available to the public and can be obtained as set out in note 17.

The financial statements have been prepared on a historical cost basis. The financial statements have been prepared using the accrual basis of accounting. The principal accounting policies adopted are set out below.

#### Foreign currency

The functional currency of the Company and OMI, the Company's main subsidiary, is the U.S. dollar. Transactions denominated in currencies other than the functional currency are translated to U.S. dollar at the rates ruling at the dates of the transactions. Monetary assets denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the statement of comprehensive income.

The Company's presentation currency for the financial statements is the pound sterling, which was the currency used to issue the Company's share capital upon formation and all subsequent changes in capitalisation through both debt and equity transactions. For purposes of presenting financial statements, the assets and liabilities of the Company are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Any translation differences arising, if any, are recognised in the Company's foreign currency translation reserve.

## ST. JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 3. Significant accounting policies (continued)

##### **Investment in subsidiary**

Investment in subsidiaries is accounted for using the equity method of accounting. The Company uses the equity method when it has significant influence or at least 20% interest. Earnings of such subsidiaries are recognised in net investment (loss)/income. In addition, the Company makes adjustments to the carrying value for changes in other comprehensive income which are recognised in the Statement of Financial Position as investment revaluation.

##### **Net investment income (loss)**

The Company recognises 100% of OMI's earnings in net investment income (loss). The Company also recognised in net investment (loss)/income OMI's other comprehensive income realised in 2019 related to assets sales, maturities and transfers of assets to MLIC as described in note 2.

##### **Financial instruments**

Financial assets and liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. All financial instruments reported at fair value are measured based on exit price.

##### Trade and other payables

Trade and other payables comprise short-term payables which are recorded at cost and are an approximation of the fair value of these assets.

##### Cash at bank

Cash at bank comprise cash on hand and demand deposits. The carrying value of these assets approximates to fair value.

##### **Taxation**

##### Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

##### **Cash flow statement**

The Company has taken advantage of the exemption provided by FRS 101 paragraph (8)(h) not to prepare a cash flow statement.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Company does not have any critical accounting judgements and key sources of estimation and uncertainty. Its key accounting activities are derived from applying the equity method to its investment in subsidiary amount, which is based on audited financial accounts of OMI. To better understand the risks and uncertainties related to OMI's audited accounts, please refer to OMI's audited financial statements.

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements (continued)

### 5. Net investment income

	2020 £ '000	2019 £ '000
Income on investment in subsidiary, OMI	9,536	27,856
Interest income	12	50
	<u>9,548</u>	<u>27,906</u>

### 6. Operating and administrative expenses

	2020 £ '000	2019 £ '000
Auditor fees	19	11
Operating expenses	4	6
	<u>23</u>	<u>17</u>

See Note 8 for further information on audit fees.

### 7. Directors' fees

The Company has no employees. The directors of the Company are employed by other entities within the MetLife, Inc., Group and receive no remuneration for their services to the Company.

### 8. Auditor's remuneration

	2020 £ '000	2019 £ '000
Auditor remuneration:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	19	19
Fees reversed related to over accrual of prior year audit fees	—	(8)
	<u>19</u>	<u>11</u>

There was an audit fee over accrual in 2018, which was reversed in 2019.



# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements (continued)

### 9. Taxation

The Finance Act 2016, which was substantively enacted on 6 September 2016, introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Finance Act 2020, which was substantively enacted on 17 March 2020, and received Royal Assent on 22 July 2020, includes a provision to retain the corporation tax rate at 19%. Effectively, the rate reduction to 17% including is the Finance Act 2016 will no longer apply from 2020. The Finance Act 2021, which was substantively enacted on 24 May 2021, and received Royal Assent on 10 June 2021, includes a provision to increase the corporation tax rate to 25% from 1 April 2023. The Company does not have any deferred tax position, and therefore it has not been impacted by the changing rates.

	2020 £ '000	2019 £ '000
Current tax:		
United Kingdom taxation on income for the year	(53)	(11)
Tax charge on loss from ordinary activities	(53)	(11)
Gain on ordinary activities before taxation	9,259	27,797
Gain on ordinary activities at standard rate of corporation tax in the UK of 19% (2019: 19%)	1,759.21	5,281
Effects of:		
Non-taxable (gains)	(1,812)	(5,292)
Tax (benefit) charge on income (loss) from ordinary activities	(53)	(11)

The non-taxable profits are in relation to the revaluation of the company's subsidiaries. No current taxation was applicable to these revaluations.

### 10. Dividends paid

During 2020, the Company issued a dividend of £1,877 thousand to MLIC. During 2019, the Company issued a dividend of £199,532 thousand to MLIC. See also Note 2 and Note 15.

### 11. Investment revaluation

The investment revaluation consists of the Company's share of OMI's other comprehensive income.

	2020 £ '000	2019 £ '000
Opening balance 1 January	15,971	(5,686)
Current year movement related to investment in OMI	13,679	21,657
Closing balance 31 December	29,650	15,971

# ST. JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements (continued)

### 12. Foreign currency translation reserve

	2020 £ '000	2019 £ '000
Opening balance 1 January	(158,136)	(140,964)
Current year movement related to foreign exchange	(7,674)	(17,172)
Closing balance 31 December	<u>(165,810)</u>	<u>(158,136)</u>

### 13. Investment in subsidiary

The Company's investments relate entirely to its investment in OMI. OMI is incorporated in the Cayman Islands and has its principal place of business in to the United Kingdom ("UK"). The Company owns 100% of OMI's ordinary shares.

Investment in fellow subsidiary:	2020 £ '000	2019 £ '000
Opening balance 1 January	249,655	562,789
Gain from OMI	9,536	27,856
Investment revaluation	14,172	21,436
Currency translation adjustment	(8,225)	(17,082)
Return of capital from OMI	<u>(1,877)</u>	<u>(345,344)</u>
Closing balance 31 December	<u>263,261</u>	<u>249,655</u>

In May 2019, the OMI declared a dividend of £199,532 thousand and a return of capital of £145,812 thousand totalling £345,344 thousand to UK2. Subsequently, the Company issued a dividend of £199,532 thousand to its parent, MLIC; and then Company repurchased 118,946,756 shares of its outstanding ordinary shares for £145,812 thousand from MLIC. These transactions were settled by a transfer of investments from OMI.

### 14. Share Capital

	2020 £ '000	2019 £ '000
Authorised:		
100,000 and 119,046,756 Ordinary Shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>
Alloted and fully paid:		
100,000 and 119,046,756 Ordinary Shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>

In connection with the business event described in Note 2, during 2019 the Company repurchased and retired 118,946,756 shares of its outstanding ordinary shares from MLIC.

## ST. JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 15. Reconciliation of movement in equity

	2020 £ '000	2019 £ '000
Gain for the financial year	9,312	27,808
Retained profit for the year	9,312	27,808
Opening profit and loss account	397,424	596,013
Dividend	(1,877)	(199,532)
Share repurchase	—	(26,865)
Closing profit and loss account	404,859	397,424
Retained profit for the year	9,312	27,808
Other comprehensive expense	6,005	4,485
Dividend	(1,877)	(199,532)
Share repurchase	—	(145,812)
Opening equity shareholder's funds	255,359	568,410
Closing equity shareholder's funds	268,799	255,359

#### 16. Current Liabilities

	2020 £ '000	2019 £ '000
Auditor fees	38	37
Corporate taxation	969	1,020
Total trade and other payables	1,007	1,057

#### 17. Parent and ultimate parent company

The Company is 100% owned by MLIC, which is incorporated in the United States of America. The ultimate parent company is MetLife Inc., a company also incorporated in the United States of America. MetLife Inc.'s registered office is 200 Park Avenue, New York, NY 10166, United States of America.

The immediate parent undertaking of the smallest group that presents group financial statements is MLIC. The ultimate parent company and controlling party is MetLife, Inc., which is the parent company of the largest group that presents group financial statements. Group financial statements may be obtained at MetLife's website under Investor Relations. The Company has taken advantage of the exemption allowed by FRS 101 therefore has not prepared consolidated financial statements.

#### 18. Related party transactions

The Company has taken advantage of the exemption allowed by FRS 101 paragraph 8(k) in not reporting transactions with other wholly-owned group companies. No other related party transactions took place in the year.

## **ST. JAMES FLEET INVESTMENTS TWO LIMITED**

### **Notes to the Financial Statements (continued)**

#### **19. Subsequent events**

The Company evaluated the recognition and disclosure of subsequent events for its 31 December, 2020 financial statements through 2 December 2021, which is the date these financial statements were available to be issued, and has determined there are no material subsequent events requiring adjustment to or disclosure in the financial statements.