99 Bishopsgate Real Estate S.à r.l.

Financial statements as at and for the year ended
31 December 2017
and report of the réviseur d'Entreprises Agréé

5, Rue Guillaume Kroll
L-1882 Luxembourg
RCS Luxembourg: B 171108
Subscribed capital: GBP 12,000.00

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Corporate information

Managers	Gregor Dalrymple Mohammed Yaser M J Al-Mosallam Ismael Dian (resigned 10 July 2017) Qian Zhao Meng Chunying (appointed 21 June 2016) Jean-Baptiste Willot (appointed 10 July 2017)
Registered office	5, Rue Guillaume Kroll L-1882 Luxembourg
Bankers	Barclays Bank PLC 1 Churchill Place, Leicestershire, LE87 2BB Leicester, England ING Luxembourg, Société Anonyme 52, route d'Esch L-2965 Luxembourg
Réviseur d'Entreprises Agréé	Deloitte Audit Société à responsabilité limitée 560, rue de Neudorf L-2220 Luxembourg
Attorneys-at-Law	Mishcon de Reya Summit House, Red Lion Square London, WC1R 4QD England Stibbe Avocats 6, rue Jean Monnet L-2180 Luxembourg
Property manager	Brookfield Properties (UK PM) Limited Second Floor, 99 Bishopsgate, London, EC2M 3XD England

Managers' report

The Managers present their annual report and the audited financial statements for the year ended December 31, 2017. The Company is incorporated in Luxembourg. The report of the Managers' has been prepared in accordance with the Luxembourg Company's Act.

Principal activities

The Company's principal activity during the year was the investment in property in London, United Kingdom.

Business review

The total comprehensive profit for the year amounted to £26,777 (2016: £1,214,624). The current year total comprehensive profit includes amortisation of £5.1m on investment property (2016: £4.9m).

Results and dividends

The results for the year ended December 31, 2017 are set out on page 7. The Managers do not recommend the payment of a dividend (2016: £nil).

Going concern

After making enquiries, the Managers have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

The Managers who held office at the date of approval of the Managers' report confirm that:

- The Company's likely foreseeable future development is stable and no major changes are expected.
- The Company is not involved in any research and development activities.
- The Company did not purchase any of its own shares.
- The Company has not established any branches.
- To the best of our knowledge, no particular risk or uncertainties have been noted other than the ones disclosed in note 18.
- The vacancy rate at the year end was 23.8% (2016: 6.3%)

Disclosure of information to auditors

The Managers who held office at the date of approval of the Managers' report confirm that:

· So far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and

· Each Manager has taken all the steps that he ought to have taken as a Manager to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information;

· The Company is not involved in any research and development activities;

· The Company has not established any branches;

· To the best of our knowledge, no particular risk or uncertainties has been noted other than the ones already known.

The financial statements have been duly prepared under the principles as set out under IFRS as adopted by the European Union.

Réviseur d'Entreprises Agréé

A resolution for the appointment of Deloitte Audit S.à r.l. as auditors of the Company is to be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by:

Jean-Baptiste Willot

Deloitte.

Deloitte Audit
Société à responsabilité limitée

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L-2220 Luxembourg
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To the Shareholders of
99 Bishopsgate Real Estate S.à r.l.
5, Rue Guillaume Kroll
L-1882 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the financial statements of 99 Bishopsgate Real Estate S.à r.l. (the "Company") which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted in the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "*Réviseur d'Entreprises Agréé*" for the Audit of the Financial Statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the Managers' report but does not include the financial statements and our report of the "*Réviseur d'Entreprises Agréé*" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

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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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs as adopted in the European Union, and for such internal control as the Board of Managers determines 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 Board of Managers is 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 Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "*Réviseur d'Entreprises Agréé*" 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 a report of the "*Réviseur d'Entreprises Agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

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- Conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*Réviseur d'Entreprises Agréé*" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"Réviseur d'Entreprises Agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

David Osville, *Réviseur d'Entreprises Agréé*
Partner

10 August 2018

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

	Notes	2017 £	2016 (restated) £
Revenue	5	16,158,250	17,695,642
Cost of sales		(2,716,270)	(1,163,913)
Operating profit		**13,441,980**	**16,531,729**
Amortisation of investment property	9	(5,109,677)	(4,858,251)
Other Income	6	2,352,902	-
Other expenses		(243,546)	(196,310)
Finance costs	7	(10,033,952)	(9,731,134)
Profit before tax	4	**407,707**	**1,746,034**
Income tax expense	8	(380,930)	(531,410)
Total comprehensive profit for the year		**26,777**	**1,214,624**

The notes form an integral part of the financial statements.

There is no statement of other comprehensive income for the year ended 2017 and 2016.

Statement of financial position
as at 31 December 2017
(Expressed in Pounds Sterling)

	Notes	2017	2016 (restated)
		£	£
Assets			
Non-current assets			
Investment property	9	237,613,331	239,808,446
Investments	10	2	2
Other receivables	11	10,272,300	7,542,344
		247,885,633	**247,350,792**
Current assets			
Trade and other receivables	12	1,940,064	1,008,811
Cash and cash equivalents	13	6,369,279	4,879,557
		8,309,343	**5,888,368**
Total assets		**256,194,976**	**253,239,160**
Equity & Liabilities			
Equity			
Share capital and capital contributions	14	56,894,349	56,894,349
Accumulated losses		(22,314,920)	(22,341,697)
		34,579,429	**34,552,652**
Non-current liabilities			
Borrowings	15	180,167,995	179,991,990
Other non-current liabilities	16	34,151,100	32,119,770
Deferred tax liabilities	8	934,684	529,270
		215,253,779	**212,641,030**
Current liabilities			
Other current liabilities	17	6,361,768	6,045,478
		6,361,768	**6,045,478**
Total Liabilities		**221,615,547**	**218,686,508**
Total equity & liabilities		**256,194,976**	**253,239,160**

The financial statements of 99 Bishopsgate Real Estate S.à r.l., registered number B171108, were approved by the Board of Managers and were signed on their behalf on 10/08/ 2018 by:

Jean-Baptiste Willot

The notes form an integral part of the financial statements.

Statement of changes in equity
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

	Share capital	Capital contributions	Accumulated losses (restated)	Total (restated)
	£	£	£	£
At 1 January 2016	**12,000**	**68,980,349**	**(23,556,321)**	**45,436,028**
Profit for the year	-	-	1,214,624	1,214,624
Return of capital	-	(12,098,000)	-	(12,098,000)
At 31 December 2016	**12,000**	**56,882,349**	**(22,341,697)**	**34,552,652**
Profit for the year	-	-	26,777	26,777
At 31 December 2017	**12,000**	**56,882,349**	**(22,314,920)**	**34,579,429**

The notes form an integral part of the financial statements.

Statement of cash flows
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

	Notes	2017	2016 (restated)
		£	£
Cash flows from operating activities			
Profit for the year		26,777	1,214,624
Adjustments for non-cash income and expenses:			
- Amortisation of deferred finance fees		176,004	176,262
- Amortisation of leasing fees and capital contributions		454,296	494,273
- Amortisation of investment property		5,109,677	4,858,251
- Rent free income		(3,045,086)	(1,386,198)
- Capitalisation of interest on shareholders' loans		2,031,330	3,528,060
- Increase in deferred tax liability		405,414	529,270
Changes in operating assets and liabilities:			
- Increase in trade and other receivables		(931,250)	(857,288)
- Increase / (Decrease) in trade and other payables		316,290	(1,325,867)
Net cash from/ (used in) operating activities		**4,543,452**	**7,231,388**
Cash flows from investing activities			
Capital expenditures		(3,025,448)	(118,740)
Leasing costs capitalised		(28,282)	(47,304)
Net cash used in investing activities		**(3,053,730)**	**(166,044)**
Cash flows from financing activities			
Return of shareholder capital		-	(12,098,000)
Loan finance fees		-	(13,723)
Net cash used in financing activities		-	**(12,111,723)**
Net increase in cash and cash equivalents		**1,489,722**	**(5,046,379)**
Cash and cash equivalents at beginning of year		4,879,557	9,925,936
Cash and cash equivalents at end of year	13	**6,369,279**	**4,879,557**

The notes form an integral part of the financial statements.

Notes to the financial statements
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

1 General information

99 Bishopsgate Real Estate S.à r.l (the "Company") is a limited company incorporated in Luxembourg. The principal activity of the business is the operation of the property known as 99 Bishopsgate, London. The address of its registered office and principal place of business is: 5 Rue Guillaume Kroll, L-1882, Luxembourg, Grand Duchy of Luxembourg.

2 Adoption of new and revised standards

In this current and first period, the Company has adopted all new and amended standards and interpretations that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2016.
i) New standards, amendments and interpretations issued but not yet effective and expected impact is currently under assessment

IFRS 9 "Financial Instruments: Classification and measurement"
Effective date of International Financial Reporting Standards 9 has been deferred to 1 January 2018 by International Accounting Standards Board; the standard has also been endorsed by the EU.

The new standard deals with the following:
Classification and Measurement
This section of IFRS 9 describes how financial assets are accounted for in the financial statements and how they should be measured on an on-going basis. The classification of financial assets will depend on the Company's business model for managing financial assets and the contractual cash flow characteristics of those financial assets. The treatment of financial liabilities will remain unchanged in the new standard.
Impairment
As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis.
Hedge accounting
IFRS 9 aligns hedge accounting with risk management activities that the Company undertakes to hedge financial and non-financial risk exposure by requesting the identification of the risk component and whether it can be measured, no distinction is made between components of financial or non-financial risks. Disclosures should now explain the effect of hedge accounting on the financial statements as well as the Company's risk management strategy and all incorporation on hedges should be in the same location of the financial statements.

IFRS 15 "Revenue from Contracts with Customers"
The standard is effective from 1 January 2018 and has been endorsed by the EU. The new standard will replace IAS 11 "Construction Contracts", IAS 18 "Revenue" IFRRIC 13 "Customer Loyalty Programs"; IFRIC 15 "Agreements for the Construction of Real Estate" and IFRIC 18 "Transfer of asset from Customers". IFRS 15 requests revenue to be recognised following a 5 step approach, whereas Step 1 relates the identification of the contract with the customer, Step 2 requires the identification of the performance obligations in the contract that defines revenue. This performance obligation requires goods and services to be distinct (they are distinct if the customer can benefit from the good or service on its own).

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

2 Adoption of new and revised standards (continued)

This means a contract for a service that is required to operate an asset should be accounted for as revenue from one contract (instead of revenue from sale of an asset and sales of service) and allocated to the appropriate period. Step 3 requires the identification of the transaction price; this price needs to be adjusted for the time value of money if the contract includes a significant financing component. Step 4 demands the allocation of the transaction price to the performance obligations based on the stand-alone components of the contract. If these prices are non-observable the entity will estimate it. In step 5 the revenue is recognised when the company has satisfied its performance obligation towards its customer.

IFRS 16 "Leases"
Applicable to annual reporting periods beginning on or after 1 January 2019, the EU has not yet endorsed this standard. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Annual Improvements 2012-2014 Cycle
Applicable to annual periods beginning on or after 1 January 2016. Makes amendments to the following standards:
- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

Disclosure Initiative (Amendments to IAS 1)
Applicable to annual periods beginning on or after 1 January 2016. Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:
- clarification that information should not be obscured by aggregating or by providing immaterial information materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Recognition of Deferred Tax Assets for unrealized losses (Amendments to IAS 12)
Effective for annual periods beginning on or after 1 January 2017. Amends IAS 12 Income Taxes to clarify the following aspects:
- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences;
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure Initiative (Amendments to IAS 7)
Effective for annual periods beginning on or after 1 January 2017. The amendments to IAS 7 Statement of Cash Flows to clarify that all entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Management's assessment on the new standards
The Management of the Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments. Note that IFRS 14 "Regulatory Deferral Accounts" has not been endorsed by the EU as at the date of approval of these financial statements.

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared under International Financial Reporting Standards as adopted in the European Union ("IFRS"), promulgated by the International Accounting Standards Board, and historical cost convention.

The financial statements are expressed in Pounds Sterling, which is the functional currency of the Company. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in their respective notes.

Going concern

After making enquiries, the Managers have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of rebates and discounts.
Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific criteria for the major business activities must also be met before revenue is recognised. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

Property rental revenue

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised on the statement of financial position as part of other non-current receivables. Over the life of the related lease, these items are released by the Company as an integral part of the total rental income and are accounted for on a straight-line basis.

Borrowing costs

All borrowing costs directly attributable to the loan are capitalised as a reduction of the principal of the loan and amortised over its life.

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

3 Significant accounting policies (continued)

Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit within a reasonable period of time in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in Statement of profit or loss and other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Investment property

The estimated economic lives assigned to investment property are as follows:

Freehold buildings: 50 years
Other fixed assets: 5 years

An investment property is a property that is held to earn long-term rental yields and/or for capital appreciation.
An investment property acquired is initially recorded at its cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Amortisation is provided on investment property, on a straight line basis, so as to write off their cost less residual amounts over their estimated economic lives.

Fully depreciated property, plant and equipment are retained in the cost of investment property and related accumulated amortisation until they are removed from service. In the case of disposals, assets and related amortisation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of profit or loss and other comprehensive income

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

3 Significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, investment properties are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of profit or loss and other comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in investment property, and depreciated and assessed for impairment losses in the same way as owned assets.
Rentals payable under operating leases are charged to the Statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Bank loans and overdrafts

Interest expenses are recognised on the basis of the effective interest method and are included in finance costs.

Hedge accounting

The Company utilises derivative instruments primarily to manage interest rate risk where necessary. All derivative instruments are reported at fair value asassets or liabilities by using mark to market valuation methods.The Company does not apply hedge accounting in accordance with IAS 39.

Financial instruments

Financial assets

Financial assets are recognised in the financial statements when the Company becomes a party to the contractual provisions of the instruments. Included in financial assets are cash equivalents, trade and other receivables, which are classified as loans and receivables, and investments, which are classified as held to maturity. The classification depends on the nature and the purpose of the financial assets and is determined at the time of initial recognition. Both loans and receivables and held to maturity investments are measured at amortised cost using the effective interest rate method less any impairment.
The carrying value of trade and other receivables, cash and cash equivalent and trade and other payables are deemed to approximate their fair values, due to their respective short term nature.

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
(Expressed in Pounds Sterling)

3 Significant accounting policies (continued)
Financial instruments (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.
Included in financial liabilities are trade and other payables and loans and borrowings. These are classified as other liabilities which are initially measured at fair value net of transaction cost and are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Foreign currency
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of profit and loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Accounting policies and explanatory notes to the financial statements (continued)
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3 Significant accounting policies (continued)
Prior period restatement

An adjustment has been made to the prior year deferred tax expense and deferred tax liability to reflect the impact of accounting depreciation recognised on the property which was not considered in the prior year calculation.

	Reported 31 December 2016	Adjustment	Restated 31 December 2016
	£	£	£
Deferred tax expense			
Current year	1,427,293	(895,883)	531,410
Deferred tax	£	£	£
Deferred tax asset	282,774	-	282,774
Deferred tax liability	(1,707,928)	895,884	(812,044)
	(1,425,154)	895,884	(529,270)

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
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4 Profit/ (loss) before tax

	2017	2016
Profit/ (loss) before tax is arrived at after charging:	£	£
Amortisation of investment property	5,109,677	4,858,251
Audit of the Company's annual accounts	25,000	25,000
	5,134,677	**4,883,251**

5 Revenue

	2017	2016
	£	£
Rental income (excluding straight-lining of lease incentives) generated in the UK	12,889,903	16,802,366
Straight-lining of lease incentives	2,590,790	893,276
Lease termination income	450,000	-
Sundry recoveries	227,557	-
Total revenue	**16,158,250**	**17,695,642**

Future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2017	2016
	£	£
No later than 1 year	13,902,448	12,501,530
Later than 1 year and no later than 5 years	45,287,400	51,683,366
Later than 5 years	18,318,678	20,731,722
Total	**77,508,526**	**84,916,618**

6 Other income

	2017	2016
	£	£
Dilapidations income	2,352,902	-
	2,352,902	-

Dilapidations income related to expiries on floors 17, 18, 19, 25 and 26.

7 Finance costs

	2017	2016
	£	£
Interest on external debt facility	6,189,150	6,189,150
Interest on shareholder loan	3,668,496	3,366,281
Amortisation of deferred financing fees	176,004	176,262
Foreign exchange loss/(gain)	302	(559)
	10,033,952	**9,731,134**

On 27 July 2015 the Company entered into a long term facility agreement with Pricoa Mortgage Capital and repaid the previous facility with Wells Fargo. Fees relating to the facility agreement were capitalised and amortised over the life of the loan.

Accounting policies and explanatory notes to the financial statements (continued)
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8 Income tax expense

	2017	2016 (restated)
	£	£
Current tax expense		
United Kingdom current year	(28,763)	-
Luxembourg current year	4,280	2,139
Deferred tax expense		
Current year	405,414	529,271
Total tax charge in income statement	**380,930**	**531,410**

Deferred tax

	2017	2016
	£	£
Deferred tax asset	-	282,774
Deferred tax liability	(934,684)	(812,044)
	(934,684)	**(529,270)**

Factors affecting the tax expense for the year for 2017

		£	
	UK	**Luxembourg**	**Total**
Profit before tax	407,707	-	407,707
Tax expense at UK statutory rate of 20% (2016: 20%) and Luxembourg statutory rate of 27.08% (2016: 29.22%)	81,541	-	81,541
Current period losses utilised	(494,630)	-	(494,630)
Current year temporary differences	228,288	-	228,288
Expenses not deductible for tax purposes	561,451	-	561,451
Minimum taxation (Luxembourg)	-	4,280	4,280
Total current tax expense	**376,650**	**4,280**	**380,930**

Accounting policies and explanatory notes to the financial statements (continued)
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8 Income tax expense (continued)

Factors affecting the tax expense for the restated period for 2016

		£	
	UK	Luxembourg	Total
Profit/ (loss) before tax	1,746,034	-	1,746,034
Tax (income)/expense at UK statutory rate of 20% (2015: 20%) and Luxembourg statutory rate of 29.22%	349,207	-	349,207
Current period losses (utilised)/ arising	(1,283,630)	-	(1,283,630)
Current year temporary differences	(146,344)	-	(146,344)
Previously unrecognised temporary differences	529,271	-	529,271
Expenses not deductible for tax purposes	1,080,767	-	1,080,767
Minimum taxation (Luxembourg)	-	2,139	2,139
Total current tax expense	**529,271**	**2,139**	**531,410**

Factors affecting the tax expense for the year

	2017	2016
	£	£
(Loss)/profit before tax as shown in the income statement	407,707	1,746,034
Tax (income)/expense at UK statutory rate of 20% (2016: 20%)	81,541	349,207
Effect of Luxembourg statutory tax rates	4,280	2,139
Current year losses utilised	(494,630)	(1,283,630)
Current year temporary differences	228,288	(146,344)
Previously unrecognised temporary differences	-	529,271
Expenses not deductible for tax purposes	561,451	1,080,767
Income tax expense	**380,930**	**531,410**

The Company has no carried forward losses as at 31 December 2017 (2016: £1,413,868). No deferred tax assets have been recognized in relation to these losses (2016: £282,744).

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
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9 Investment property

	Land	Building	Leasehold improvements	Total
Carrying amount	£	£	£	£
At 1 January 2016	67,742,000	172,771,329	4,175,842	244,689,171
Cost				
At 1 January 2016	67,742,000	184,830,780	6,704,642	259,277,422
Additions	-	-	166,044	166,044
At 31 December 2016	**67,742,000**	**184,830,780**	**6,870,686**	**259,443,466**
Accumulated amortisation				
At 1 January 2016	-	(12,059,451)	(2,528,800)	(14,588,251)
Amortisation for the year	-	(3,696,616)	(1,350,154)	(5,046,770)
At 31 December 2016	-	**(15,756,067)**	**(3,878,954)**	**(19,635,021)**
Carrying amount				
At 31 December 2016	**67,742,000**	**169,074,714**	**2,991,732**	**239,808,446**
Cost				
At 1 January 2017	67,742,000	184,830,780	6,870,686	259,443,466
Additions	-	-	3,053,730	3,053,730
At 31 December 2017	**67,742,000**	**184,830,780**	**9,924,416**	**262,497,196**
Accumulated amortisation				
At 1 January 2017	-	(15,756,067)	(3,878,954)	(19,635,021)
Amortisation for the year	-	(3,696,616)	(1,552,228)	(5,248,844)
At 31 December 2017	-	**(19,452,683)**	**(5,431,182)**	**(24,883,865)**
Carrying amount				
At 31 December 2017	**67,742,000**	**165,378,097**	**4,493,234**	**237,613,331**

The fair value of the property is considered to be £318,000,000 (2016: £330,000,000).

Amortisation for the current year includes the amortisation of capitalised leasing fees of £139,167 (2016:£ 188,518). These amounts form part of rental income on the statement of profit and loss.

The following table outlines investment properties which disclosed at fair value in the financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined below.

As the valuation of the investment property requires the significant use of unobservable inputs, it is considered Level 3.

There were no transfers between Level 1 and Level 2 during the year.

As at 31 December 2017 (£)	**Level 1**	**Level 2**	**Level 3**
Investment property	-	-	**318,000,000**

As at 31 December 2016 (£)			
Investment property	-	-	**330,000,000**

Accounting policies and explanatory notes to the financial statements (continued)
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10 Investments

	2017	2016
	£	£
Cost of investment (100% owned)		
99 Bishopsgate Management Limited (incorporated in the UK)	1	1
Brookfield (99 Bishopsgate) Limited (incorporated in the UK, in liquidation)	1	1
	2	2

11 Other receivables

	2017	2016
	£	£
Tenant incentives	10,272,300	7,542,344

Incentives granted to tenants include capital contributions of £3,964,647 (2016: £3,964,647) and rent free incentives of £6,307,653 (2016: £3,577,697). Of the capital contribution balance, £453,064 is being held in escrow and is contingent on the tenant making timely payments over the first five years of the lease agreement.

12 Trade and other receivables

	2017	2016
	£	£
Trade debtors	379,840	894,148
Accrued income	-	114,664
Sundry debtors	1,132,255	-
Prepayments	420,628	-
Non-interest bearing intercompany loans repayable on demand	7,341	-
	1,940,064	1,008,812

Sundry debtors includes a receivable of £1,128,150 relating to the agreed dilapidations settlement for floors 18 and 19.

13 Cash and cash equivalents

	2017	2016
	£	£
Cash	1,802,105	1,068,391
Restricted cash	4,567,174	3,811,166
	6,369,279	4,879,557

Restricted cash mainly consists of rental income collected prior to the interest payment date (22 of January). After the interest payment is made, all excess funds are released to the general account.
Restricted cash also includes tenant deposits of £640,519 (2016: £977,850).

14 Share capital

	£
At 1 January 2016	12,000
Shares issued in the period	-
At 31 December 2016	12,000
At 1 January 2017	12,000
Shares issued in the year	-
At 31 December 2017	12,000

Accounting policies and explanatory notes to the financial statements (continued)
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14 Share capital (continued)

The share capital balance as at 31 December 2017 comprises 12,000 ordinary shares (2016: 12,000) with a par value of £1.00 fully paid, issued and outstanding.

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

15 Borrowings

	2017 £	2016 £
Non-current		
Long term loans	181,500,000	181,500,000
Borrowing costs	1,756,905	1,756,905
Accumulated amortisation of borrowing costs	(424,900)	(248,895)
Total net borrowing costs	**1,332,005**	**1,508,010**
	180,167,995	**179,991,990**

Accounting policies and explanatory notes to the financial statements (continued)
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15 Borrowings (continued)

On 27 July 2015 the Company entered into a long term facility agreement with syndicate banks Pricoa Mortgage Capital (67%), Friends Life Limited (22%) and Friends Life and Pensions Limited (11%).
On 6 October 2017 Friends Life Limited and Friends Life and Pensions Limited transferred their commitments and participations in the facility to Aviva Life & Pensions UK Limited.
The loan is for a term of 10 years at a fixed all-in interest rate of 3.1%. The loan was fully drawn down on the utilisation date. Accrued interest payments are due quarterly on January 20, April 20, July 20 and October 20 and the loan principal shall be repaid in one lump sum final instalment due on 27 July 2025.

The loan is secured as follows:

- a charge by way of legal mortgage over the freehold and leasehold property known as 99 and 101 Bishopsgate and 45 Old Broad Street, London EC2;
- a charge by way of first fixed charge over the following assets (in each case owned by the Company from time to time):
- all estates and interests in any freehold or leasehold properties and all commonhold or other immovable properties, including buildings, structure and fixtures, and proceeds of sale ("Properties");
- all interests in or over the Properties and all rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;
- all equipment;
- all securities;
- all intellectual property;
- debts;
- accounts;
- pension fund interests;
- goodwill and uncalled capital; and rights, title and interest to any agreement, licence, consent or authorization relating to its business at any time not otherwise mortgaged or charged;
- an assignment of the Company's right, title and interest in and to the insurance policies and assigned agreements;
- a charge by way of first floating charge, over all of the Company's undertaking, property, assets and rights at any time not otherwise mortgaged or charged; and
- a pledge of the right, title, interest and benefit of the shares held in the Company by BOP Luxembourg (Holdings) S.à r.l., China Life Trustees Limited and Qatari Algerian Investment Company.

The Company was in compliance with its covenants as at December 31, 2017.

Accounting policies and explanatory notes to the financial statements (continued)
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16 Other non-current liabilities

	2017	2016
	£	£
Interest bearing loan from related party	34,151,100	32,119,770

The term loans with the shareholders bear interest of 11% and may be repaid at any time in full or in part, with the full amount to be repaid no later than October 6, 2025. Interest shall accrue daily from October 6, 2015 until the loan is repaid in full. Any accrued unpaid interest shall be capitalised and added to the outstanding principal amount on February 10, May 10, August 10 and November 10 of each year. Upon capitalisation, such interest shall be treated as part of the loan and bears interest.
The notes have been listed to the Channel Islands Securities Exchange Authority Limited on October 4 2016.
As at 31 December 2017 the initial principal amount is £28,591,710 (2016: £28,591,710) and capitalised interest amount is £5,559,390 (2016: £3,528,060).

17 Other current liabilities

	2017	2016
	£	£
Deferred income	3,336,276	2,651,040
Accrued interest on loans - related parties	625,035	587,872
Accrued interest on loans - external	1,237,830	1,234,448
Income tax	(27,230)	-
Tenant deposits	640,519	977,850
Other sundry payables	507,566	585,825
Non-interest bearing intercompany loans	-	8,443
Retentions	41,772	-
	6,361,768	**6,045,478**

Accounting policies and explanatory notes to the financial statements (continued)
for the year ended 31 December 2017
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18 Financial risk management

Catagories of financial instruments

The following table summarises the fair values of the financial assets and liabilities recorded in the Company's financial statements.

	2017		2016	
	Non-current	Current	Non-current	Current
Financial assets				
Cash and cash equivalents	-	6,369,279	-	4,879,557
Trade and other receivables	-	1,940,064	-	1,008,812
Financial liabilites				
Bank loan	180,167,995	-	179,991,990	-
Trade and other payables	34,151,100	6,361,767	32,119,770	6,045,478

The carrying values of all financial assets and financial liabilities approximate their fair values.

Financial risk management objectives

The Company is exposed to a number of risks arising from the various financial instruments it holds. The main risks to which the Company is exposed are: liquidity risk and credit risk.

The board of Managers has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The activities of the Company expose it to financial risk which it manages in order to achieve its financial and corporate objectives.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an excessive cost. Liquidity risk arises from the mismatch in the cash flows generated from assets and liabilities.

The Managers do not consider the exposure to liquidity risk to be material to the Company as all funding requirements are met by the joint venture owners who have sufficient resources to provide funds when required.

Credit risk management

Credit risk arises from the possibility that counter-parties may default in their contractual obligations resulting in financial loss to the Company.

The major tenants in the building all have good credit-ratings assigned by international credit-rating agencies, therefore management believe that the Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company is not exposed to any currency risk.

Accounting policies and explanatory notes to the financial statements (continued)
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19 Related party transactions

As at the balance sheet date the Company had the following intercompany balances outstanding:

Amounts owed from/(to) related parties	Relationship	2017	2016
		£	£
99 Bishopsgate Management Limited	Subsidiary	7,341	(8,443)
Qatari Algerian Investment Company	Shareholder	(13,910,455)	(13,083,057)
China Life Trustees Limited	Shareholder	(13,910,455)	(13,083,057)
BOP (Luxembourg) Holdings S.à r.l.	Shareholder	(6,955,227)	(6,541,528)
		(34,768,796)	**(32,716,085)**

During the year the Company carried out the following transactions with related parties:

	Nature of transaction	Relationship	2017	2016
			£	£
Brookfield Development Europe Limited	Management fee	Group affiliate	(951,000)	(951,000)
Brookfield Global Asset Management Limited	Rent	Group affiliate	1,515,635	1,519,845
BOP (Luxembourg) Holdings S.à r.l.	Interest	Shareholder	(733,699)	(673,256)
Qatari Algerian Investment Company	Interest	Shareholder	(1,467,398)	(1,346,512)
China Life Trustees Limited	Interest	Shareholder	(1,467,398)	(1,346,512)

Amounts owed to the Company's shareholders are interest bearing at a rate of 11% per annum, compounding quarterly.
All other amounts owed to and from related parties are non-interest bearing trading balances and are unsecured and repayable on demand.

Per the asset management agreement, an annual fee of £951,000 is charged by Brookfield Development Europe Limited to the Company. This fee was put in place on October 2015 and is included in cost of sales.

20 Controlling parties

The immediate parent undertakings of 99 Bishopsgate Real Estate S.à r.l., are Qatari Algerian Investment Company (40%), incorporated in Qatar, China Life Trustees Limited (40%), incorporated in Hong Kong, and BOP (Luxembourg) Holdings S.à r.l. (20%), incorporated in The Grand Duchy of Luxembourg.

21 Subsequent events

The financial statements were approved and authorised for issue by the Board of Managers on 8 August 2018.