99 Bishopsgate Real Estate S.à r.l.

Financial statements
and report of the Réviseur d'entreprises Agréé
For the year ended 31 December 2018

Contents

Corporate information

Managers	Gregor Dalrymple Mohammed Yaser M J Al-Mosallam Qian Zhao Meng Chunying Jean-Baptiste Willot
Registered office	15 Boulevard F.W. Raiffeisen 2411 Luxembourg
Bankers	Barclays Bank PLC 1 Churchill Place, Leicestershire, LE87 2BB Leicester, England ING Luxembourg, Société Anonyme 52, route d'Esch L-2965 Luxembourg Pricoa Mortgage Capital 8th Floor, One London Bridge, London SE1 9BG
Réviseur d'Entreprises Agréé	Deloitte Audit Société à responsabilité limitée 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg
Attorneys-at-Law	Mishcon de Reya Summit House, Red Lion Square London, WC1R 4QD England
Property manager	Brookfield Properties (UK PM) Limited Level 15, Citypoint 1 Ropemaker Street London, EC2Y 9AW England

Managers' report

The Board of Managers present their annual report and the report of the Réviseur d'Entreprises Agréé for the year ended December 31, 2018. 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 loss for the year amounted to £6.1m (2017: £26.8k). The current year total comprehensive loss includes amortisation of £5.5m on investment property (2017: £5.1m).

Results and dividends

The results for the year ended December 31, 2018 are set out on page 8. The Board of Managers do not recommend the payment of a dividend (2017: £nil).

Going concern

After making enquiries, the Board of 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.

Brexit

The Board of Managers considered the impact of the United Kingdom's planned exit from the European Union. At present, the Board of Managers acknowledges that there is little clarity as to the modalities of such an exit. As such, the Company may be exposed to a number of risks, which may or may not eventually crystallise.There is a risk that the fair value of the property may be adversely impacted by one or the other of the possible outcomes or modalities of such an exit, not least in case of a so-called Hard Brexit whereby the United Kingdom would leave on World Trade Organisation terms ("without a deal").

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 2% (2017:23.8%)

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.

Managers' report (continued)

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 Réviseur d'Entreprises Agréé of the Company is to be proposed at the Annual General Meeting.

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

Jean-Baptiste Willot

Deloitte.

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg
B.P. 1173
L-1011 Luxembourg

Tel: +352 451 451
www.deloitte.lu

To the Shareholders of

99 Bishopsgate Real Estate S.à r.l.

15, Rue Boulevard F.W. Raiffeisen

L-2411 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

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 December 31, 2018, 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 December 31, 2018, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 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.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B67.895
Autorisation d'établissement 10022179

Deloitte.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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 by 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 July 23, 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 July 23, 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.

Deloitte.

- 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.
- Conclude on the appropriateness of 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.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de Révision Agréé*

Sophie Mitchell, *Réviseur d'Entreprises Agréé*
Partner

June 27, 2019

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Notes	2018	2017
		£	£
Revenue	5	13,761,812	16,158,250
Cost of sales		(4,486,364)	(2,716,270)
Operating profit		**9,275,448**	**13,441,980**
Amortisation of investment property	9	(5,470,224)	(5,109,677)
Other Income	6	743,500	2,352,902
Other expenses		(104,619)	(243,546)
Finance costs	7	(10,332,530)	(10,033,952)
(Loss)/profit before tax		**(5,888,425)**	**407,707**
Income tax expense	8	(223,359)	(380,930)
Total comprehensive (loss)/profit for the year		**(6,111,784)**	**26,777**

The notes form an integral part of the financial statements.

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements on pages 12 to 27.

There were no items of other comprehensive income or expense other than the income for the current year and prior period and consequently no separate statement of other comprehensive income is presented.

Statement of financial position
as at 31 December 2018

	Notes	2018	2017
		£	£
Assets			
Non-current assets			
Investment property	9	233,704,566	237,613,331
Investments	10	2	2
Other receivables	11	10,035,406	10,272,300
		243,739,974	**247,885,633**
Current assets			
Receivables			
Trade and other receivables	12	596,029	1,940,064
Cash and cash equivalents	13	8,740,830	6,369,279
		9,336,859	**8,309,343**
Total assets		**253,076,833**	**256,194,976**
Equity & Liabilities			
Equity			
Share capital and capital contributions	14	56,894,349	56,894,349
Accumulated losses		(28,426,704)	(22,314,920)
		28,467,645	34,579,429
Non-current liabilities			
Borrowings	15	180,343,999	180,167,995
Other non-current liabilities	16	36,190,034	34,151,100
Deferred tax liabilities	8	1,035,866	934,684
		217,569,899	215,253,779
Current liabilities			
Other current liabilities	17	7,039,289	6,361,768
		7,039,289	6,361,768
Total Liabilities		224,609,188	221,615,547
Total equity & liabilities		253,076,833	256,194,976

The statement of financial position should be read in conjunction with the notes to the financial statements on pages 12 to 27.

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 27 June 2019 by:

Jean-Baptiste Willot

Statement of changes in equity
for the year ended 31 December 2018

	Share Capital £	Capital contributions £	Accumulated Losses £	Total £
At 1 January 2017	**12,000**	**56,882,349**	**(22,341,697)**	**34,552,652**
Profit for the year	-	-	26,777	26,777
Return of capital	-	-	-	-
At 31 December 2017	**12,000**	**56,882,349**	**(22,314,920)**	**34,579,429**
Loss for the year	-	-	(6,111,784)	(6,111,784)
At 31 December 2018	**12,000**	**56,882,349**	**(28,426,704)**	**28,467,645**

The statement of changes in equity should be read in conjunction with the notes to the financial statements on pages 12 to 27.

Statement of cash flows
for the year ended 31 December 2018

	Notes	2018	2017
		£	£
<u>**Cash flows from operating activities**</u>			
(Loss)/Profit for the year		(6,111,784)	26,777
- Adjustment of interest charges	7	10,155,226	9,857,646
Adjustments for non-cash income and expenses:		-	-
- Amortisation of deferred finance fees	7	176,004	176,004
- Amortisation of leasing fees and capital contributions		407,856	454,296
- Amortisation of investment property	4	5,470,224	5,109,677
- Rent free income		694,545	(3,045,086)
- Capitalisation of interest on shareholders' loans		2,038,932	2,031,330
- Increase in deferred tax liability	8	101,182	405,414
Changes in working capital:			
- Decrease/ (Increase) in trade and other receivables	12	1,344,035	(931,250)
- Increase in trade and other payables	17	(1,391,074)	(1,755,588)
Net cash from/ (used in) operating activities		**12,885,146**	**12,329,220**
<u>**Cash flows from investing activities**</u>			
Capital expenditures		(809,330)	(3,025,448)
Leasing costs capitalised		(850,300)	(28,282)
Tenant incentives		(767,336)	-
Net cash used in investing activities		**(2,426,966)**	**(3,053,730)**
<u>**Cash flows from financing activities**</u>			
Interest paid		(8,086,629)	(7,785,768)
Return of shareholder capital		-	-
Loan finance fees		-	-
Net cash used in financing activities		**(8,086,629)**	**(7,785,768)**
Net increase in cash and cash equivalents		**2,371,551**	**1,489,722**
Cash and cash equivalents at beginning of year		6,369,279	4,879,557
Cash and cash equivalents at end of year	13	8,740,830	6,369,279

The statement of cash flows should be read in conjunction with the notes to the financial statements on pages 12 to 27.

Notes to the financial statements
(forming part of the financial statements)

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: 15 Boulevard F.W. Raiffeisen, 2411 Luxembourg, Grand Duchy of Luxembourg.

2 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

		Effective for periods beginning on or after
IFRS 16	Leases	01 January 2019
IFRS 17	Insurance Contracts	01 January 2021 *
IFRS 3 (amendments)	Amendments to the definition of a business	01 January 2020 *
IFRS 9 (amendments)	Prepayment Features with Negative Compensation	01 January 2019
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures	01 January 2019
IAS 19 (amendments)	Plan Amendment, Curtailment or Settlement	01 January 2019
Conceptual Framework	Amendments to references to the conceptual framework in IFRS standards.	01 January 2020 *
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing Costs	01 January 2019

*subject to EU endorsement

Management's assessment on the new and revised IFRS

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 aside from the additional disclosures.

The Company has applied the amendments listed below for the first time during the annual reporting period presented in these financial statements. The managers have reviewed the 2017 closing balances and concluded that the restatement of the 2017 balances would not be possible without applying hindsight.

- IFRS 9, financial instruments. This standard did not have a material impact on the Company because the only financial instruments that fall under the scope of IFRS 9 are trade receivables which are measured at amortised cost under both IAS 39 and IFRS 9. No material credit losses were incurred during the year and there is no expected credit loss.
- IFRS 15, Revenue from contracts with customers. This standard did not have a material impact on the Company following the review of revenue contracts by management. Income received under various tenancy agreements are recognised according to the agreements on an accrual basis. Based on the Company's asseement, the fair value of the service performed under IAS 18 are consistent with IFRS 15.
- Amendments to IFRS 1. The amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, did not have any impact to the financial statements of the Company as it is not the Company's first year of financial statements under IFRS.
- Amendments to IFRS 2. The amendments to IFRS 2, Share based payments did not have any impact to the financial statements of the Company as the Company does not have any share based payments.

Notes to the financial statements (continued)

2 Adoption of new and revised standards (continued)

- Amendments to IFRS 12. The amendments to IFRS 12, Disclosure of Interests in Other Entities, did not have any impact to the financial statements of the Company as the Company does not have any investments classified as assets held for sale, held for distribution or held as discontinued operations.
- Amendments to IAS 40. The amendments to IAS 40, Investment Property did not have any impact to the financial statements of the Company as the Company has not had any transfers to, or from investment properties.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared under International Financial Reporting Standards as adopted by 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 Board of 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 transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates, tenant improvements and amounts collected on behalf of third parties.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the Company is acting as an agent, the commission rather than gross income is recorded as revenue.

Property rental revenue

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where the Company is reasonably certain that the tenant will exercise that option.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

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.

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.

The fair value of the property stated is based on the external valuation report prepared by Cushman and Wakefield as at the year ending 31 December 2018.

Notes to the financial statements (continued)

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 Company 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 profit or loss and other comprehensive income.

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 assets or liabilities by using mark to market valuation methods.The Company does not apply hedge accounting in accordance with IFRS 9.

Financial instruments

Investments and other financial assets
The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (through profit or loss); and
- those to be measured at amortised cost.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

(i) Classification

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and decognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(iii) Measurement

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and is presented net within other gains (losses) in the period in which it arises.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in net change in fair value of financial instruments at fair value through profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's financial assets are subject to the expected credit loss model.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include:

(iv) Impairment

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Trade receivables
Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The company holds the trade receivables with the objective to collect the contractual cash flows.

Financial liabilities
The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Company opted to measure a liability at FVPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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 financial reporting 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.

Notes to the financial statements (continued)

4 Profit/ (loss) before tax

	2018	2017
Profit/ (loss) before tax is arrived at after charging:	£	£
Impairment of investment	17,800	25,000
Audit fees	18,856	27,547
	36,656	**52,547**

5 Revenue

	2018	2017
	£	£
Rental income (excluding straight-lining of lease incentives) generated in the UK	14,864,213	12,889,903
Straight-lining of lease incentives	(1,102,401)	2,590,790
Lease termination income	-	450,000
Sundry recoveries	-	227,557
Total revenue	**13,761,812**	**16,158,250**

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

	2018	2017
	£	£
No later than 1 year	14,867,632	13,902,448
Later than 1 year and no later than 5 years	69,486,318	45,287,400
Late than 5 years	21,959,019	18,318,678
Total	**106,312,969**	**77,508,526**

6 Other income

	2018	2017
	£	£
Dilapidations income	-	2,352,902
Rights of Light settlement	743,500	-
	743,500	**2,352,902**

Dilapidations income related to amounts payable by departing tenants to carry out repairs and maintenance in order to bring the floor back to a leasable condition as initially provided to them. This relates to floors 17, 18, 19, 25 and 26.

Rights of light settlement is compensation payable on the loss of natural light due to another building being constructed nearby.

Notes to the financial statements (continued)

7 Finance costs

	2018	2017
	£	£
Interest on external debt facility	6,189,150	6,189,150
Interest on shareholder loan	3,966,076	3,668,496
Amortisation of deferred financing fees	176,004	176,004
Foreign exchange loss	1,300	302
	10,332,530	**10,033,952**

On 26 July 2016, the Company was granted an interest bearing shareholder laon (the "Shareholder loan"). The Shareholder loan bears interest at an annual rate of 11%. As at 31 December 2018 the principal and accrued interest amount to, respectively, £36,190,034 and £3,966,076.

8 Income tax expense

	2018	2017
	£	£
Current tax expense		
United Kingdom current year	117,880	(28,763)
Luxembourg current year	4,298	4,280
Deferred tax expense		
Current year	101,181	405,414
Total tax charge in income statement	**223,359**	**380,930**

Deferred tax

	2018	2017
	£	£
Deferred tax liability	(1,035,866)	(934,684)
	(1,035,866)	**(934,684)**

Factors affecting the tax expense for the year 2018

	UK	Luxembourg	Total
	£	£	£
Profit/ (loss) before tax	(5,888,424)	-	(5,888,424)
Theorectical tax expense at UK statutory rate of 20% (2017: 20%) and Luxembourg statutory rate of 26.01% (2017: 27.08%)	(1,177,686)	-	(1,177,686)
Current period losses (utilised)/ arising	-	-	-
Current year temporary differences	(54,485)	-	(54,485)
Expenses not deductible for tax purposes	1,451,231	-	1,451,231
Minimum taxation (Luxembourg)	-	4,299	4,299
Total current tax expense	**219,060**	**4,299**	**223,359**

Notes to the financial statements (continued)

8 Income tax expense (continued)

Factors affecting the tax expense for the year 2017

	UK	Luxembourg	Total
	£	£	£
Profit/ (loss) before tax	407,707	-	407,707
Theoretical 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)/ arising	(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**

9 Investment property

	Land	Building	Leasehold improvements	Total
Carrying amount	£	£	£	£
At 1 January 2017	67,742,000	172,771,329	4,175,842	244,689,171
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**
Cost				
At 1 January 2018	67,742,000	184,830,780	9,924,416	262,497,196
Additions	-	-	1,659,630	1,659,630
At 31 December 2018	**67,742,000**	**184,830,780**	**11,584,046**	**264,156,826**
Accumulated amortisation				
At 1 January 2018	-	(19,452,683)	(5,431,182)	(24,883,865)
Amortisation for the year	-	(3,696,616)	(1,871,779)	(5,568,395)
At 31 December 2018	**-**	**(23,149,299)**	**(7,302,961)**	**(30,452,260)**
Carrying amount				
At 31 December 2018	67,742,000	161,681,481	4,281,085	233,704,566

Notes to the financial statements (continued)

9 Investment property (continued)

The fair value of the property is considered to be £321,000,000 (2017: £318,000,000).

Amortisation for the current year includes the amortisation of capitalised leasing fees of £98,171 (2017: £139,167). These amounts form part of rental income on the statement of profit and loss.

10 Investments

	2018	2017
	£	£
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

	2018	2017
	£	£
Tenant incentives	10,035,406	10,272,300

Incentives granted to tenants include capital contributions of £3,234,098 (2017: £2,776,446) and rent free incentives of £6,801,308 (2017: £7,495,854). Of the capital contribution balance, £453,064 (2017: £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

	2018	2017
	£	£
Trade debtors	157,651	379,840
Sundry debtors	2,775	1,132,255
Prepayments	418,058	420,628
Non-interest bearing intercompany loans repayable on demand	17,545	7,341
	596,029	**1,940,064**

No material credit loss allowance has been recognised as there is no expected material credit loss.

13 Cash and cash equivalents

	2018	2017
	£	£
Cash	3,354,495	1,802,105
Restricted cash	5,386,335	4,567,174
	8,740,830	**6,369,279**

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 £1,127,019 (2017: £640,519).

Notes to the financial statements (continued)

14 Share capital

	£
At 1 January 2017	12,000
Shares issued in the period	-
At 31 December 2017	**12,000**
At 1 January 2018	12,000
Shares issued in the year	-
At 31 December 2018	**12,000**

The share capital balance as at 31 December 2018 comprises 12,000 ordinary shares (2017: 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

	2018	2017
	£	£
Non-current		
Long term loans	181,500,000	181,500,000
Borrowing costs	1,756,905	1,756,905
Accumulated amortisation of borrowing costs	(600,904)	(424,900)
Total net borrowing costs	**1,156,001**	**1,332,005**
	180,343,999	**180,167,995**

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");

Notes to the financial statements (continued)

15 Borrowings (continued)

The loan is secured as follows:

- 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 Interest service coverage ratio (ISCR) covenant of 2:1 as at December 31, 2018.

16 Other non-current liabilities

	2018	2017
	£	£
Interest bearing loan from related party	36,190,034	34,151,100

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 2018 the initial principal amount is £28,591,710 (2017: £28,591,710) and capitalised interest amount is £7,598,324 (2017: £5,559,390).

Notes to the financial statements (continued)

17 Other current liabilities

	2018	2017
	£	£
Deferred income	3,375,422	3,336,276
Accrued interest on loans - related parties	688,613	625,035
Accrued interest on loans - external	1,203,917	1,237,830
Income tax	90,655	(27,230)
Tenant deposits	1,127,019	640,519
Other sundry payables	499,250	507,566
Retentions	54,413	41,772
	7,039,289	**6,361,768**

The deferred income relates to rent demands for the period 01 January 2019 to 24 March 2019, billed in December 2018.

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.

	2018		2017	
	Non-Current	**Current**	**Non-Current**	**Current**
Financial assets				
Cash and cash equivalents	-	8,740,830	-	6,369,279
Trade and other receivables	-	596,029	-	1,940,064
Financial liabilites				
Bank loan	180,343,999	-	180,167,995	-
Non current liabilities	36,190,034	-	34,151,100	-
Current Liabilities	-	7,039,289	-	6,361,767

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.

Notes to the financial statements (continued)

18 Financial risk management (continued)

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 Board of 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. 64% of the revenue generated is received from Latham and Watkins.

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.

Capital Risk

The Board of Managers of the Company’s objectives when managing the capital of the Company are to safeguard the Company's ability to continue as a going concern in order to provide returns for the Shareholder of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of distributions paid to the soleshareholder of the Company, return capital to shareholders of the Company, issue new shares or sell assets to reduce debt.

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	2018	2017
		£	£
99 Bishopsgate Management Limited	Subsidiary	17,545	7,341
Qatari Algerian Investment Company	Shareholder	(14,751,459)	(13,910,455)
China Life Trustees Limited	Shareholder	(14,751,459)	(13,910,455)
BOP (Luxembourg) Holdings S.à r.l.	Shareholder	(7,375,729)	(6,955,227)
		(36,861,102)	(34,768,796)

Notes to the financial statements (continued)

19 Related party transactions (continued)

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

	Nature of transaction	Relationship	2018 £	2017 £
Brookfield Development Europe Limited	Management fee	Company affiliate	(951,000)	(951,000)
Brookfield Global Asset Management Limited	Rent	Company affiliate	912,091	1,515,635
BOP (Luxembourg) Holdings S.à r.l.	Interest	Shareholder	(793,215)	(733,699)
Qatari Algerian Investment Company	Interest	Shareholder	(1,586,430)	(1,467,398)
China Life Trustees Limited	Interest	Shareholder	(1,586,430)	(1,467,398)

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.

21 Staff Costs

There were no employees for the year ending 31 December 2018 (2017: Nil)

22 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.

23 Subsequent events

The financial statements were approved and authorised for issue by the Board of Managers on 27 June 2019.