# Citigroup Centre 1 Limited

**(Registered Number: 06255166)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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## DIRECTORS' REPORT
for the year ended 31 December 2016

The Directors present their Report and the audited financial statements of Citigroup Centre 1 Limited ("the Company") for the year ended 31 December 2016.

**Business environment**

The Company is a wholly owned subsidiary of Citibank Investments Limited ('the parent'). The principal activity of the Company is the provision of office accommodation and related facilities to Citibank N.A. and other subsidiary undertakings of Citigroup Inc. ('the ultimate parent') in the United Kingdom ('the UK group').

**Going concern**

The financial statements are prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

**Post balance sheet event**

On 24 March 2017, the Company received a £43.5 million capital contribution from Citibank Investments Limited.

**Directors and their interests**

The Directors who served during the year were:

J R Killey
S Rogers (resigned on 18 October 2016)
D I Sharland
J D R Smith (appointed on 28 October 2016)

**Directors' indemnity**

The Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

**Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

### Employees

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

### Political and charitable contributions

There were no charitable donations or any contributions for political purposes made by the Company during the year (2015: £nil).

### Disclosure of information to auditor

Each of the persons who are Directors at the date of this Directors' Report has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

### Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.

**S J Cumming**
Secretary
29 September 2017

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Incorporated in England and Wales
Registered Number: 06255166

## STRATEGIC REPORT
for the year ended 31 December 2016

The Directors present their Strategic Report of the Company for the year ended 31 December 2016.

**Overview and principal activities**

The Company is a wholly owned subsidiary of Citibank Investments Limited ('the parent'). The principal activity of the Company is the provision of office accommodation and related facilities to Citibank N.A. and other subsidiary undertakings of Citigroup Inc. ('the ultimate parent') in the United Kingdom ('the UK group').

The Company carries out property management business and holds the lease for Citigroup Centre 1 (CGC1), 33 Canada Square, Canary Wharf, London. The building, alongside Citigroup Centre 2 (CGC2), 25 Canada Square, acts as Citigroup's EMEA headquarters and contains a significant portion of Citigroup's UK employee base and core business operating activities.

The costs incurred in respect of the building's occupancy are charged to Citigroup businesses by expense allocation and via direct charges on actual space occupied. The Company does not sublet space to any third parties and the only property lease held by the Company is for CGC1.

As Citigroup aims to reduce its presence in high cost locations, react to evolving real estate markets and effectively manage its UK resources, the firm continues to make concerted efforts to consolidate office space from CGC2 into CGC1 in order to achieve its strategic aim of a simpler and more efficient operating model. This transition has resulted in non-chargeable vacant space existing, for a limited time during the current and prior year, on certain floors within CGC1 as management aims to develop and utilise this space in the most effective way. This strategy has had implications on the level of income achieved by the Company during the current and prior year and this trend is expected to continue to impact the Company in the short term. The Company's performance and position will continue to be closely monitored by the Board to ensure that the Company remains solvent and appropriately capitalised.

**Business review**

The Company's loss after tax was £3,139,555 compared to a £1,501,426 loss in the prior year. Loss before tax for 2016 was £1,881,614 compared to a loss of £2,271,079 in 2015.

***Company's performance***

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Turnover | 39,810,273 | 40,421,950 |
| Operating loss | (1,327,956) | (1,776,676) |
| Loss before tax for the financial year | (1,881,614) | (2,271,079) |

***Turnover***

Turnover decreased by 1.5% mainly due to a decrease in the space occupied. The charge for standard CGC1 floor space increased from £7.37 /sq ft/ mth in 2015 to £7.49 in 2016.

***Operating Loss***

The Company made an operating loss of £1,327,956 compared to an operating loss of £1,776,676 in 2015. Non chargeable space exists within specific areas of CGC1 for a limited time, typically for only a month or two, while it is developed by the Company to be utilised in the most effective way to accommodate Citigroup's strategy going forward.

***The Company's Balance Sheet as at 31 December 2016***

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Fixed assets | 39,344,599 | 24,924,867 |
| Current assets | 8,350,145 | 12,065,830 |
| Current liabilities | (21,255,885) | (11,520,883) |
| Net current (liabilities)/assets | (12,905,740) | 544,947 |
| Long term liabilities | (27,684,176) | (23,575,575) |
| **Net (liabilities)/assets** | **(1,245,317)** | **1,894,239** |

Net liabilities of £(1,245,317) were 166% lower compared to the prior year, representing a total decrease of £3,139,556.

The decrease in net assets was driven by a reduction in net current assets of £13,450,687 offset by an increase in fixed assets of £14,419,732.

Net current assets decreased by £13,450,687 due to the Company generating a bank overdraft of £10,830,926 in 2016 as it utilised cash in execution of the strategy outlined in the Strategic Report.

Fixed assets increased mainly due to the fact that the Company invested in further building improvements and fittings for CGC1; please refer to Note 7 *'Tangible fixed assets'* for further details.

The increase in the long term liabilities relates to the annual review of the dilapidation provision. The provision increased by £4,108,601 mainly due to the annual review of the inflation rate and the risks specific to the liability.

**Principal Risks**

The principal risks facing the Company are building outages, such as accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to CGC1's property or assets, which would prevent the UK employee base from effectively performing their function. Detailed processes are in place to ensure that standards are maintained in relation to all health and safety regulations. Preventative maintenance programs mitigate the inherent risks of building outages. However, in the event of an unexpected outage comprehensive plans exist to ensure Citigroup can continue its normal day-to-day activities.

**Key financial and non-financial performance indicators**

The Company's Directors consider that the financial results shown above are the key financial performance indicators for the operations of the Company. The ultimate parent manages its operations on a divisional basis and the Company's results are included in the results of the ultimate parent. Key performance indicators have been analysed in the financial statements of the ultimate parent. For that reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

## STRATEGIC REPORT
for the year ended 31 December 2016

**Future outlook**

As mentioned above, the strategy to move more of the UK employee base from CGC2 to CGC1 will result in some non-chargeable vacant space appearing in the short term as the Company prepares the space for the relevant operating activity benefitting from this relocation. Management will continue to monitor the Company's performance and position during this transition. For the foreseeable future, Citi's London headquarters will comprise a combination of CGC1 and CGC2, however Citi does not rule out pursuing other real estate options in the longer term

By order of the Board

David Sharland

**D I Sharland**
Director
29 September 2017

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Incorporated in England and Wales
Registered Number: 06255166

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIGROUP CENTRE 1 LIMITED

We have audited the financial statements of Citigroup Centre 1 Limited ("the Company") for the year ended 31 December 2016 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Namrata Basker (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
15 Canada Square
London
E14 5GL
29 September 2017

# CITIGROUP CENTRE 1 LIMITED

## INCOME STATEMENT
**for the year ended 31 December 2016**

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | £ | £ |
| **Turnover** | 2 | 39,810,273 | 40,421,950 |
| Operating expenses | 3 | (41,138,229) | (42,198,626) |
| **Operating loss** | | (1,327,956) | (1,776,676) |
| Interest payable and similar charges | 5 | (553,658) | (494,403) |
| **Loss on ordinary activities before taxation** | | (1,881,614) | (2,271,079) |
| Tax (charge)/credit on loss on ordinary activities | 6 | (1,257,942) | 769,653 |
| **Loss for the financial year** | | (3,139,556) | (1,501,426) |

There was no other comprehensive income or losses for 2016 or 2015 other than those included in the Income Statement.

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

# CITIGROUP CENTRE 1 LIMITED

## BALANCE SHEET
**as at 31 December 2016**

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | £ | £ |
| **Fixed assets** | | | |
| Tangible fixed assets | 7 | 39,344,599 | 24,924,867 |
| **Current assets** | | | |
| Debtors | 8 | 8,062,907 | 7,317,348 |
| Cash at bank and in hand | | - | 3,203,302 |
| Deferred tax | 12 | 287,238 | 1,545,180 |
| | | 8,350,145 | 12,065,830 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 9 | (10,424,959) | (11,520,883) |
| Bank overdraft | 10 | (10,830,926) | - |
| | | (21,255,885) | (11,520,883) |
| **Net current (liabilities)/assets** | | (12,905,740) | 544,947 |
| **Total assets, less current liabilities** | | 26,438,859 | 25,469,814 |
| **Long term liabilities** | | | |
| Provision for liabilities | 11 | (27,684,176) | (23,575,575) |
| **Net (liabilities)/assets** | | (1,245,317) | 1,894,239 |
| **Capital and reserves** | | | |
| Called up share capital | 13 | 1 | 1 |
| Capital reserve | | 10,000,000 | 10,000,000 |
| Profit and loss account | | (11,245,318) | (8,105,762) |
| **Shareholders' funds** | | (1,245,317) | 1,894,239 |

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Directors and were signed on their behalf on 29 September 2017 by:

David Sharland

D I Sharland
Director

Registered Number: 06255166

## STATEMENT OF CHANGES IN EQUITY
**for the year ended 31 December 2016**

| | Share capital | Capital reserves | Profit and loss account | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| As at 1 January 2015 | 1 | 10,000,000 | (6,604,336) | 3,395,665 |
| Loss for the year | - | - | (1,501,426) | (1,501,426) |
| As at 31 December 2015 | 1 | 10,000,000 | (8,105,762) | 1,894,239 |
| Loss for the year | - | - | (3,139,556) | (3,139,556) |
| As at 31 December 2016 | 1 | 10,000,000 | (11,245,318) | (1,245,317) |

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

### 1. Principal accounting policies

The accounting policies have been applied consistently throughout the current and preceding year.

#### 1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) from the beginning of the accounting period. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken the exemption available under FRS 101 not to disclose all transactions with other group companies and investees of the group qualifying as related parties. It has also taken the exemption available under FRS 101 not to disclose a cash flow statement, the effects of new but not yet effective IFRSs and the disclosure requirements of IFRS 7 – *'Financial Instruments: Disclosures'* and IFRS 13 – *'Fair Value Measurement'*.

The financial statements have been prepared in Pounds sterling ('£'), which is the functional and presentational currency of the Company.

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

#### 1.2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of office accommodation and related facilities services to group undertakings. Income from the provision of office accommodation and related facilities is recognised in the period in which the service is provided.

#### 1.3 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---|---|---|
| Leasehold premises improvements | - | Lesser of the life of the lease or 50 years |
| Building fittings | - | 5 to 10 years |
| Assets in the course of construction | - | No depreciation |

#### 1.4 Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.5 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

### 1. Principal accounting policies (continued)

#### 1.6 Capitalised interest

Interest costs incurred in funding assets in the course of construction are capitalised on projects where material. Interest ceases to be capitalised when the project is complete and ready for its intended use.

#### 1.7 Dilapidation provision

A dilapidation provision has been recognised in 'Provisions for liabilities' in accordance with IAS 37 - '*Provisions, contingent liabilities and contingent assets*' in relation to a commitment to make good dilapidations at the end of the lease period. As per IAS 37, a provision should be recognised when (i) an entity has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision should be recognised. It is necessary that the entity has no realistic alternative to settling the obligation created by the event.

When a provision or a change in a provision is recognised, an asset is also recognised when the incurring of the present obligation recognised as a provision gives access to future economic benefits; otherwise the setting up of the provision is charged immediately to the profit and loss account. When an asset is recognised this way it is amortised over the period during which future economic benefits are expected to be realised.

### 2. Turnover

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Turnover comprises: | | |
| Amounts receivable from group undertakings | 39,810,273 | 40,421,950 |
| | 39,810,273 | 40,421,950 |

### 3. Operating expenses

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Operating expenses include: | | |
| Auditor's remuneration | | |
| -Fee payable for the audit of these financial statements | 45,360 | 24,000 |
| Depreciation (Note 7) | 3,902,342 | 2,517,332 |
| Amortisation of dilapidation asset (Note 7) | 591,451 | 697,864 |
| Operating lease rentals and service charges | 20,657,166 | 22,967,712 |

There were no employees of the Company, nor any related costs. Operating expenses include recharges for services rendered by Citibank N.A on behalf of the Company.

## 4. Directors' remuneration

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Salaries and benefits in kind | 88,604 | 86,031 |
| Contributions to money purchase pension scheme | 4,274 | 3,661 |
| | 92,878 | 89,692 |

Contributions to money purchase pension schemes are accruing to three (2015: one) of the Directors.

The Directors of the Company participate in a parent company share plan. The Directors of the Company also participate in a parent company share option plan and, during the period, none (2015: three) of the Directors exercised options.

The remuneration of the highest paid Director was £60,678 (2015: £56,713) and accrued pension of £3,675 (2015: £3,661). The highest paid Director did exercise share options during the year.

The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment.

The cost of Directors' emoluments is borne by other group undertakings.

## 5. Interest payable

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Interest on borrowing from other group undertakings | 44,447 | 270 |
| Interest accretion of liability provision (Note 11) | 509,211 | 494,133 |
| | 553,658 | 494,403 |

Interest on borrowing from other group undertakings increased significantly due to additional interest charge on the bank overdraft balance.

### 6. Taxation

#### 6a. Taxation

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| **Analysis of tax charge in the year** | | |
| **Current tax** | | |
| Total current tax | - | - |
| **Deferred tax** | | |
| Adjustment to prior year's deferred tax | 714,109 | (647,763) |
| Change in tax rate | (41,652) | 142,329 |
| Origination and reversal of temporary differences | 585,485 | (264,219) |
| **Movement of total deferred tax** (Note 12) | 1,257,942 | (769,653) |
| **Tax on profit on ordinary activities** | 1,257,942 | (769,653) |

#### 6b. Factors affecting tax charge for the year:

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Loss on ordinary activities before tax | (1,881,614) | (2,271,079) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) | (376,323) | (459,893) |
| **Effects of:** | | |
| Expense not deductible for tax purposes | 191,941 | 128,142 |
| Losses surrendered for nil consideration | 769,867 | 34,505 |
| Adjustment to prior year's deferred tax | 714,109 | (647,763) |
| Difference in current tax and deferred tax rates on excess of capital allowances | - | 33,027 |
| Adjustment due to change in tax rate | (41,652) | 142,329 |
| **Total tax for the year** (Note 6a) | 1,257,942 | (769,653) |

**Factors that may affect future tax charges**

The main rate of corporation tax in the UK was reduced from 21% to 20% on 1 April 2015. Finance Act 2016 provides that the corporation tax rate will reduce to 19% from 1 April 2017 and further to 17% from 1 April 2020. The deferred tax at 31 December 2016 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

### 7. Tangible fixed assets

| | Building improvements & fittings | Assets in the course of construction | Dilapidation asset | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2016 | 44,452,574 | 4,410,318 | 13,276,764 | 62,139,656 |
| Additions | - | 14,333,022 | - | 14,333,022 |
| Transfer from CEP | 23,700,226 | - | - | 23,700,226 |
| Disposals | (66,864) | - | - | (66,864) |
| Remeasurement (Note 11) | - | - | 3,599,390 | 3,599,390 |
| Transfer between classes | 16,702,542 | (16,702,542) | - | - |
| At 31 December 2016 | 84,788,478 | 2,040,798 | 16,876,154 | 103,705,430 |
| **Depreciation and amortisation** | | | | |
| At 1 January 2016 | 30,161,075 | - | 7,053,714 | 37,214,789 |
| Transfer from CEP | 22,652,249 | - | - | 22,652,249 |
| Charge for the year | 3,902,342 | - | 591,451 | 4,493,793 |
| At 31 December 2016 | 56,715,666 | - | 7,645,165 | 64,360,831 |
| **Net book value** | | | | |
| At 31 December 2016 | 28,072,812 | 2,040,798 | 9,230,989 | 39,344,599 |
| At 31 December 2015 | 14,291,499 | 4,410,318 | 6,223,050 | 24,924,867 |

Citibank Europe Plc UK Branch (CEP) transferred specific fixed assets to the Company during the year in order to align asset owners with asset users and simplify the UK depreciation recharge process.

### 8. Debtors

| | 2016 £ | 2015 £ |
|---|---|---|
| Prepayments | 8,062,907 | 7,317,348 |
| | 8,062,907 | 7,317,348 |

Prepayments relate to rent, real estate tax, service charges and premises insurance costs.

### 9. Creditors

| | 2016 £ | 2015 £ |
|---|---|---|
| Amounts due to group undertakings | 10,424,959 | 11,520,883 |
| | 10,424,959 | 11,520,883 |

Amounts due to group undertakings relate to management recharges and other operating costs paid by other group companies on the Company's behalf.

### 10. Bank overdraft

The Company had £3.2 million cash balance at the end of 2015. During 2016, the Company purchased additional Fixed Asset for £15 million and received £1 million management recharge from Citibank N. A., resulted a £10.8 million bank overdraft balance. On 24 March 2017, the Company received a £43.5 million capital contribution from Citibank Investments Limited.

### 11. Provisions for liabilities

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| As at 1 January | 23,575,575 | 24,534,899 |
| Interest accretion during the year charged to interest expenses (Note 5) | 509,211 | 494,133 |
| Revision of provision calculation | 3,599,390 | (1,453,457) |
| As at 31 December | 27,684,176 | 23,575,575 |

In line with the requirements of IAS 37 Provisions, contingent liabilities and contingent assets, the Company updates the market rates used to estimate the present value of its asset retirement and dilapidation obligation at each reporting date.

An annual review of the appropriateness of future cash flows and the discount rate has resulted in a revision of the provision calculation.

### 12. Deferred taxation

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| At beginning of year | 1,545,180 | 775,527 |
| Prior year adjustment | (714,109) | 647,763 |
| Charged for the year | (585,485) | 264,219 |
| Change in tax rate | 41,652 | (142,329) |
| At end of year | 287,238 | 1,545,180 |

The deferred tax asset is made up as follows:

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Decelerated capital allowances | 287,238 | 1,545,180 |

The main rate of corporation tax in the UK was reduced from 21% to 20% on 1 April 2015. Finance Act 2016 provides that the corporation tax rate will reduce to 19% from 1 April 2017 and further to 17% from 1 April 2020. The deferred tax at 31 December 2016 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

### 13. Called up share capital

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Allotted, called up and fully paid** | | |
| 1 ordinary share of £1 | 1 | 1 |

### 14. Contractual commitments and contingencies

### (a) Operating lease commitments

At 31 December 2016 the Company had annual commitments under non-cancellable operating leases payable as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Less than one year | 20,261,532 | 20,111,532 |
| Between one and five years | 81,046,128 | 80,446,128 |
| More than five years | 99,753,351 | 119,181,490 |
| Total | 201,061,011 | 219,739,150 |

Rent review was agreed in December 2016.

### (b) Capital commitments

As at 31 December 2016 the Company was committed to fit out costs in respect of assets in the course of construction of £21,043,823 (2015: £16,373,256).

### 15. Post balance sheet event

On 24 March 2017, the Company received a £43.5 million capital contribution from Citibank Investments Limited.

### 16. Group structure

The Company's immediate parent undertaking is Citibank Investments Limited, a company registered at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, England.

The Company's ultimate parent undertaking is Citigroup Inc., registered at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America.

The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/investor/pres.htm.