

# Cornerford Limited

(Company registration number 03871316)

## Directors' Report and Audited Financial Statements

For the period ended 30 June 2021



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**Cornerford Limited**  
**Registered number: 03871316**

**Corporate information**

Directors	Jonathan Martin Austen Peter Stuart Cameron
Registered office	8th Floor 1 Fleet Place London EC4M 7RA
Independent Auditor	BDO LLP 55 Baker Street London W1U 7ET
Administrator & Secretary	LHJ Secretaries Limited 8th Floor 1 Fleet Place London EC4M 7RA
Legal Advisers	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Company Registration Number	03871316

## **Directors' report**

The directors present their report and the audited financial statements for the period from 18 February 2021 to 30 June 2021. The comparative information presented within these financial statements relates to the period from 1 January 2021 to 17 February 2021.

The Company was incorporated on 4 November 1999 as a private company under the Companies Act 2006.

### **Principal activity**

The Company's principal activity is a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The beneficial interest was transferred into the Company on 17 February 2021.

The Company is wholly-owned by Horner REIT Limited, a real estate investment trust incorporated in Jersey and traded on the international stock exchange in Guernsey.

### **Directors of the company**

The directors, who held office during the period, and up to the date of signing the financial statements, were as follows:

<b><u>Director</u></b>	<b><u>Appointed</u></b>	<b><u>Resigned</u></b>
Peter Stuart Cameron	17 February 2021	N/A
Jonathan Martin Austen	17 February 2021	N/A

### **Directors' indemnities**

A number of associated companies within the ownership group have indemnified one or more of the directors that were in office during the period. The indemnity arrangements were qualifying indemnity provisions under the Companies Act 2006.

### **Results and dividends**

The Company made a profit of £10,600,000 for the period ended 30 June 2021, as detailed on the Statement of Comprehensive Income on page 7.

### **Post balance sheet events**

Post balance sheet events are described in note 13 to the financial statements.

### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as and when they fall due, for the foreseeable future. In light of the significant impact of COVID-19 on the UK economy, and the retail sector, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Company's financial statements for the period ended 30 June 2021. The directors believe that this basis is appropriate as the Company, is expected to benefit in future periods from income arising from its beneficial interest in the underlying securitisation structure. The properties within the trust generate secure rental income streams from their leases. Sainsbury's exercised a purchase option on 13 properties held within the trust during September 2021 and exercised a further option on 8 properties within the trust in January 2022, indicating their intention to purchase a number of these assets.

The directors of Horner REIT Limited, the Company's immediate parent undertaking, have approved a budget to cover funding for operational expenses for the Company for at least the next 12 months and thus provide working capital in order for the Company to continue for the foreseeable future and to meet all its liabilities as they fall due. They have also confirmed that they have no intention of demanding repayment of the loan due by the Company to Horner REIT Limited during this period, unless the Company has sufficient liquid funds to make such a repayment.

Based on the above, the directors believe that there are currently no material uncertainties in relation to the Company's ability to continue in operation for a period of at least 12 months from the date of signing the Company's financial statements. The directors are, therefore, of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

### **Disclosure of information to the auditor**

The directors of the Company who held office at the date of approval of this report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Directors' report (continued)**

### **Independent auditor**

BDO LLP have been appointed as auditor to the Company and have confirmed their willingness to continue in office.

### **Directors' responsibilities statement**

The directors acknowledge their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). 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 standards under FRS 102 are followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

In preparing this directors' report advantage has been taken of the exemptions available to small companies under s415A of the Companies Act.

This report was approved by the Board of Directors on 21 March 2022:



Peter Cameron  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERFORD LIMITED**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cornerford Limited ("the Company") for the period from 18 February 2021 to 30 June 2021 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERFORD LIMITED (CONTINUED)**

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERFORD LIMITED (CONTINUED)**

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

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

- As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company, the Group of which it is a member and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law, UK tax legislation (including the REIT regime requirements at a Group level) and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management and the Directors as to the risks of non-compliance and any instances thereof, and we considered the appropriateness of the design and implementation of controls around procurement fraud.
- We also addressed the risk of management override of internal controls by the testing of unusual journals and evaluating whether there was evidence of bias by management and the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investments.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

DocuSigned by:

*Christopher Wingrave*

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Christopher Wingrave (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
55 Baker Street, London W1U 7EU

Date: 25 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## **Statement of comprehensive income**

For the period ended 30 June 2021

	<b>Notes</b>	<b>Period ended 30 June 2021 £</b>	<b>Period ended 17 February 2021 £</b>
Turnover	4	5,241	-
<b>Total income</b>		<b>5,241</b>	<b>-</b>
Administrative and other expenses		(5,241)	-
<b>Operating profit</b>	5	<b>-</b>	<b>-</b>
Revaluation of investments		10,600,000	-
<b>Profit on ordinary activities before taxation</b>		<b>10,600,000</b>	<b>-</b>
Tax charge for the period	6	-	-
<b>Profit for the period</b>		<b>10,600,000</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>10,600,000</b>	<b>-</b>

Turnover and results were derived from continuing activities within the United Kingdom.

Under the property management agreement, the Company, as one of the beneficial owners is entitled to income. This income is utilised to meet the operational costs of the structure into which the Company invested.

The accompanying notes form an integral part of these financial statements.

## Statement of financial position

As at 30 June 2021

	Notes	30 June 2021 £	17 February 2021 £
<b>Non-current assets</b>			
Investments held at fair value	7	125,600,000	115,000,000
<b>Total non-current assets</b>		<b>125,600,000</b>	<b>115,000,000</b>
<b>Current assets</b>			
Trade and other debtors	8	224,196	224,196
<b>Total current assets</b>		<b>224,196</b>	<b>224,196</b>
<b>Total assets</b>		<b>125,824,196</b>	<b>115,224,196</b>
<b>Current liabilities</b>			
Amounts due to group undertakings	9	113,719,175	113,719,175
<b>Total liabilities</b>		<b>113,719,175</b>	<b>113,719,175</b>
<b>Total net assets</b>		<b>12,105,021</b>	<b>1,505,021</b>
<b>Capital and reserves</b>			
Share capital	10	1,505,121	1,505,121
Retained earnings		10,599,900	(100)
<b>Total equity</b>		<b>12,105,021</b>	<b>1,505,021</b>

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2022:



Peter Cameron  
Director

The accompanying notes form an integral part of these financial statements.

## Statement of changes in equity

For the period ended 30 June 2021

	Notes	Share capital £	Retained earnings £	Total equity £
<b>At 1 January 2021</b>	10	1,505,121	(100)	1,505,021
Profit for the period		-	-	-
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		-	-	-
<b>17 February 2021</b>		1,505,121	(100)	1,505,021
<b>At 18 February 2021</b>		1,505,121	(100)	1,505,021
Profit for the period		-	10,600,000	10,600,000
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		-	10,600,000	10,600,000
<b>At 30 June 2021</b>		1,505,121	10,599,900	12,105,021

The accompanying notes form an integral part of these financial statements

**Notes to the financial statements**  
**for the period ended 30 June 2021**

**1. General information**

Cornerford Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales. The register number is 03871316 and the registered address is 8<sup>th</sup> Floor, 1 Fleet Place, London EC4M 7RA.

The financial statements for the period ended 30 June 2021 are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and in accordance with the Companies Act 2006.

The financial statements have been prepared on a historical cost basis as modified for the revaluation of investments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 102.

Therefore these financial statements do not include:

- The requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- Financial instrument disclosures where equivalent disclosures have been presented in the notes to the consolidated financial statements of Horner REIT Limited; and
- The disclosure of the remuneration of key management personnel.

This information is included in the consolidated financial statements of Horner REIT Limited as at 30 June 2021 and these financial statements can be obtained from 3rd Floor, Liberation House, Castle Street, St. Helier, Jersey, JE1 2LH

**Convention**

The financial statements are presented in Sterling, which is also the Company's functional currency.

**Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as and when they fall due, for the foreseeable future. In light of the significant impact of COVID-19 on the UK economy, and the retail sector, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Company's financial statements for the period ended 30 June 2021. The directors believe that this basis is appropriate as the Company, is expected to benefit in future periods from income arising from its beneficial interest in the underlying securitisation structure. The properties within the trust generate secure rental income streams from their leases. Sainsbury's exercised a purchase option on 13 properties held within the trust during September 2021 and exercised a further option on 8 properties held within the trust in January 2022, indicating their intention to purchase a number of these assets.

The directors of Horner REIT Limited, the Company's immediate parent undertaking, have approved a budget to cover funding for operational expenses for the Company for at least the next 12 months and thus provide working capital in order for the Company to continue for the foreseeable future and to meet all its liabilities as they fall due. They have also confirmed that they have no intention of demanding repayment of the loan due by the Company to Horner REIT Limited during this period, unless the Company has sufficient liquid funds to make such a repayment.

Based on the above, the directors believe that there are currently no material uncertainties in relation to the Company's ability to continue in operation for a period of at least 12 months from the date of signing the Company's financial statements. The directors are, therefore, of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

**2. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that would require material adjustment to the carrying amounts of the assets or liabilities in future periods.

The judgements, estimates and assumptions that the directors consider to have a significant risk of causing a material adjustment to the carrying amounts of the Company's assets and liabilities within the next 12 months are outlined as follows.

**Valuation of investments**

The investments held at fair value through profit or loss relate interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The interest was categorised as level 3 in the fair value hierarchy and its fair value has been determined by the directors, supported by an independent valuation of the property interests provided by Cushman & Wakefield.

**Notes to the financial statements**  
**for the period ended 30 June 2021**

**3. Summary of significant accounting policies**

**Taxation**

*Entry to the UK-REIT regime*

The Company became part of the Horner REIT Limited group on 17 February 2021. The Horner REIT Limited group obtained its UK-REIT status effective from 9 January 2021. Entry to the regime results in, subject to continuing relevant UK-REIT criteria being met, any profits of the Company arising from property rental business being exempt from UK taxation.

The Company as part of the Horner REIT Limited group intends to ensure that it complies with the UK-REIT regulations on an on-going basis and regularly monitors the conditions required to maintain REIT status.

*Non-REIT taxable income*

Taxation on the Company's profit or loss for the period that is not exempt from tax under the UK-REIT regulations comprises current and deferred tax, as applicable. Tax is recognised in profit or loss except to the extent that it relates to items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

**Investments**

Investments consist of interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of 26 commercial properties, comprising Sainsbury's supermarkets.

Investments are recognised when the Company becomes the legal owner of the investee interest and are initially measured at cost, being the fair value of the gross consideration paid for the acquired shares and subsequently revalued to fair value at each reporting date.

**Trade and other receivables**

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Company will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and are subsequently measured at amortised cost.

**Loans receivable and loans payable**

Loans receivable are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Company will not be able to recover all amounts due to it. Loans payable are initially recognised at fair value and are subsequently measured at amortised cost.

**Dividends payable**

Dividends are recognised when they become legally payable.

**Share capital**

The share capital relates to amounts subscribed for share capital at its par value.

**Notes to the financial statements**  
**for the period ended 30 June 2021**

**4. Turnover**

The analysis of the Company's turnover for the period from continuing operations is as follows:

	Period ended 30 June 2021	Period ended 17 February 2021
	£	£
Other revenue	5,241	-
	<b>5,241</b>	<b>-</b>

**5. Operating profit**

The audit fee for the current period has been borne by Horner REIT Limited, the parent entity. The auditor's remuneration in respect of the Company amounted to £3,000 (17 February 2021: £5,000).

The Company has no employees and the Directors received no remuneration during the current or prior period.

**6. Taxation**

Analysis of the tax charge in the period:

	Period ended 30 June 2021	Period ended 17 February 2021
	£	£
Profit on ordinary activities before taxation	10,600,000	-
Tax on profit on ordinary activities at UK corporation tax rate of 19% (2020: 19%)	2,014,000	-
<b>Effects of:</b>		
Increase in fair value of property related investments not subject to tax	(2,014,000)	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

Following its acquisition on 17 February 2021, the Company as part of Horner REIT Limited (the "Group") operates as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT regime exempts the profits of the Group's property rental business from UK corporation tax. To operate as a UK Group REIT a number of conditions had to be satisfied in respect of the Group's qualifying activities. Since 9 January 2021 the Group has met all such applicable conditions.

**Notes to the financial statements**  
**for the period ended 30 June 2021**

**7. Investments held at fair value**

	Period ended 30 June 2021	Period ended 17 February 2021
	£	£
At start of the period	115,000,000	115,000,000
Total revaluations during the period	10,600,000	-
At the end of period	<b>125,600,000</b>	<b>115,000,000</b>

The investments held at fair value relate to interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The interest was categorised as level 3 in the fair value hierarchy and its fair value has been determined by the directors, supported by an independent valuation of the property interests provided by Cushman & Wakefield.

**8. Trade and other debtors**

	30 June 2021	17 February 2021
	£	£
Prepaid expenses and other debtors	224,196	224,196
	<b>224,196</b>	<b>224,196</b>

**9. Current liabilities**

	30 June 2021	17 February 2021
	£	£
Amounts due to group undertakings	113,719,175	113,719,175
	<b>113,719,175</b>	<b>113,719,175</b>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

**10. Called up share capital and preference shares**

	30 June 2021		17 February 2021	
	No.	£	No.	£
Ordinary A shares of £1 each	1	1	1	1
Ordinary B shares of £1 each	99	99	99	99
1% preference shares of £1 each	1,505,021	1,505,021	1,505,021	1,505,021
	<b>1,505,121</b>	<b>1,505,121</b>	<b>1,505,121</b>	<b>1,505,121</b>

The Ordinary A shares and Ordinary B shares carry full voting rights. The Preference shares carry no voting rights. No preference share shall carry any right to convert into A Ordinary Shares or B Ordinary Shares.

As regards income: any profits which the Company may determine to distribute in respect of any financial year shall be applied in or towards paying the Preference shareholders as a class an aggregate cumulative dividend of 1% of the nominal value of each Preference share in issue in priority to the payment of any other dividend. The Preference shares shall rank pari passu among themselves in respect of the payment of the Preference Dividend, irrespective of the amount paid up on any Preference share; the Company may not distribute any profits in respect of any financial year unless and until the Preference Dividends in respect of such year, and, in addition, any arrears of all or any of the same have been paid in full; subject thereto, any profits which the Company may determine to distribute in respect of any financial year shall be applied amongst the Ordinary A shareholders and the Ordinary B shareholders. The Ordinary A shareholders and the Ordinary B shareholders shall rank pari passu among themselves for any dividend, irrespective of the amount paid on any Ordinary share.

**Notes to the financial statements**  
**for the period ended 30 June 2021**

As regards capital: On a return of assets on liquidation, dissolution, winding up, reduction of capital or otherwise, the surplus assets of the Company after payment of its liabilities shall be applied: first in paying to the Preference shareholders (pari passu) a sum equal to all arrears and/or accruals of Preference Dividends thereon to be calculated down to the payment date; Second in repaying to the Preference shareholders (pari passu) the amounts paid on the nominal amount thereof; Third, in paying the Ordinary A shareholders and the Ordinary B shareholders the nominal amount paid on each of their shares; and finally, the balance (if any) of such assets shall be distributed among the Ordinary A shareholders and the Ordinary B shareholders in proportion to the amounts paid up on the nominal amount paid on each of their shares.

**11. Capital commitments**

Under the contractual terms of the property trust arrangements governing the investment described in note 7, the Company, as a beneficial owner, is required to contribute funds towards the administrative expenses of the trust on an annual basis in order to meet the expenses of the trust. During the current period an amount of £24,741 was contributed by the Company's parent undertaking, Horner REIT Limited, on behalf of the Company in respect of this commitment.

**12. Ultimate parent company and controlling party**

The immediate parent company is Horner REIT Limited. The ultimate holding entity is Horner (Jersey) LP and the Company has no ultimate controlling party. Horner REIT Limited is the parent of the smallest and largest group that prepares publicly available consolidated financial statements that include the Company. Those financial statements are available from 3<sup>rd</sup> Floor, Liberation House, Castle Street, St. Helier, Jersey, JE1 LH.

**13. Subsequent events**

In September 2021, Sainsbury's exercised a purchase option to acquire 13 stores within the trust and in January 2022 exercised a purchase option to acquire a further 8 stores. Sainsbury's acquisition of the 13 stores and 8 stores will be completed in March 2023 and July 2023 respectively, upon expiry of the current occupational leases. The purchase price under the option is to be determined based on the assumption of a new 20-year lease to Sainsbury's with the initial rent set at the higher of passing or open market rent, subject to upwards-only, 5-yearly market rent reviews.

There were no other material subsequent events which require disclosure in these financial statements.