

Registered Number: 05495284

CORONA VULCAN DIDCOT II LIMITED
Formerly Hammerson (Didcot II) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period from 1 January 2020 to 18 May 2021



CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

DIRECTORS' REPORT

For the period from 1 January 2020 to 18 May 2021

The Directors submit their report and the audited financial statements for Corona Vulcan Didcot II Limited (the "Company") for the period from 1 January 2020 to 18 May 2021.

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and consequently no Strategic Report has been prepared.

1. CHANGE OF NAME

On 19 May 2021, Hammerson (Didcot II) Limited changed its name to Corona Vulcan Didcot II Limited.

2. CHANGE OF ACCOUNTING REFERENCE DATE

On 19 May 2021, the Company changed its accounting reference date from 31 December to 19 May. On 19 May 2021, the ownership of the Company was transferred from Hammerson UK Properties plc to Corona Vulcan Bidco Limited.

These financial statements have been prepared for the period from 1 January 2020 to 18 May 2021 in accordance with the terms of the Sale and Purchase Agreement between Hammerson UK Properties plc and Corona Vulcan Bidco Limited.

3. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT

The principal activity of the Company is property investment in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

4. RESULTS AND DIVIDENDS

The loss for the period after tax was £11,677,000 (2019: £9,168,000). The Directors do not recommend the payment of a dividend for the period (2019: £nil).

As at 18 May 2021, the Company had net current liabilities of £14,043,000 (31 December 2019: £41,184,000) and net assets of £1,859,000 (31 December 2019: net liabilities £13,864,000).

5. DIRECTORS

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois and Mr. R.G. Shaw were Directors of the Company throughout the period and resigned as Directors of the Company on 19 May 2021.
- (b) Mr. M. Ashton was appointed as an Alternate Director of the Company on 3 February 2020 and resigned as an Alternate Director of the Company on 27 March 2020.
- (c) Mr. T. Beaney and Mr. S.C. Travis were appointed as Alternate Directors of the Company on 3 February 2020 and resigned as Alternate Directors of the Company on 19 May 2021.
- (d) Mr. A.J. Berger-North resigned as a Director of the Company on 7 August 2020.
- (e) Mr. T. Cochrane was appointed as a Director of the Company on 7 August 2020 and resigned as Director of the Company on 19 May 2021.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

DIRECTORS' REPORT (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

5. DIRECTORS (CONTINUED)

- (f) Mr. A.J. Dawes, Mr. P. Maalde, Ms. R.B.C. Meller and Mr. D.I. Williamson were appointed as Directors of the Company on 19 May 2021 and were in office at the date of approval of this report.
- (g) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (h) No Director has any interests in contracts entered into by the Company for the period ended 18 May 2021.

6. SECRETARY

Hammerson Company Secretarial Limited was Secretary of the Company throughout the period. Hammerson Company Secretarial Limited resigned as Secretary of the Company on 19 May 2021.

7. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 18 May 2021 and, having taken into account the letter of support received from Corona Vulcan Bidco Limited, concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

8. INDEMNITY

The Company's former ultimate parent company, Hammerson plc, put in place qualifying third party indemnity provisions for the benefit of the Company's Directors that were in office throughout the accounting period. Qualifying third party indemnity provisions have also been put in place for the benefit of the Company's Directors that were appointed after the balance sheet date on 18 May 2021.

9. POST BALANCE SHEET EVENTS

On 19 May 2021, the ownership of the Company was transferred from Hammerson UK Properties plc to Corona Vulcan Bidco Limited. The Company's property has been utilised as security for a loan facility entered into by Corona Vulcan Bidco Limited. Further details are included in the post balance sheet events note 20.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

DIRECTORS' REPORT (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.


The Directors 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.

11. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors of the Company at the time when this report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



A.J. Dawes

Director

Registered Office: Level 26, One Canada Square, London E14 5AB

Registered number: 05495284

Date: 18 March 2022

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORONA VULCAN DIDCOT II 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 18 May 2021 and of its loss 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 Corona Vulcan Didcot II Limited ("the Company") for the period from 1 January 2020 to 18 May 2021 which comprise the statement of comprehensive income, the balance sheet, the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORONA VULCAN DIDCOT II LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and 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.

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 period 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 Statement of directors' responsibilities, 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.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORONA VULCAN DIDCOT II LIMITED (CONTINUED)

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.

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:

- We gained an understanding of the legal and regulatory framework applicable to the Company 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 significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and the Directors as to the risks of non-compliance and any instances thereof.
- We addressed the risks of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during the period and evaluating whether there was evidence of bias by management in accounting estimates or judgements that represented a risk of material misstatement due to fraud.

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.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORONA VULCAN DIDCOT II LIMITED (CONTINUED)

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
Gatwick, United Kingdom

Date: 18 March 2022

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

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

STATEMENT OF COMPREHENSIVE INCOMEFor the period from 1 January 2020 to 18 May 2021

	Note	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Revenue	2	2,442	1,754
Rents payable and other property outgoings	2	(953)	(393)
Change in the provision for amounts not yet recognised in the statement of comprehensive income		(4)	-
Net rental income	2	1,485	1,361
Administrative expenses	3	(588)	(381)
Operating profit before profit on sale of properties and property revaluation losses		897	980
Profit on sale of properties	4	-	25
Revaluation losses on properties	7(a)	(11,892)	(9,469)
Operating loss		(10,995)	(8,464)
Net finance costs	5	(678)	(704)
Loss on ordinary activities before tax		(11,673)	(9,168)
Taxation	6(a)	(4)	-
Loss on ordinary activities after taxation and total comprehensive expense for the financial period		(11,677)	(9,168)

All amounts relate to continuing activities.

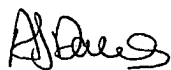
CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

BALANCE SHEETAs at 18 May 2021

	Note	18 May 2021	31 December 2019
		£'000	£'000
Non-current assets			
Investment properties	7(a)	16,000	27,400
Interests in leasehold properties	8	2,968	2,986
		18,968	30,386
Current assets			
Receivables	9	157	204
Restricted monetary assets	10	123	191
Cash and deposits	11	13	52
		293	447
Current liabilities			
Payables	12	(14,336)	(41,631)
Net current liabilities		(14,043)	(41,184)
Total assets less current liabilities		4,925	(10,798)
Non-current liabilities			
Payables	13	(47)	(47)
Obligations under head leases	14	(3,019)	(3,019)
Net assets/(liabilities)		1,859	(13,864)
Capital and reserves			
Called up share capital	15	29,500	2,100
Accumulated losses	16	(27,641)	(15,964)
Total equity		1,859	(13,864)

The financial statements were authorised for issue by the Board of Directors on 18 March 2022
and were signed on its behalf.


A.J. Dawes

Director

Registered Number: 05495284

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

STATEMENT OF CHANGES IN EQUITYFor the period from 1 January 2020 to 18 May 2021

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	2,100	(6,796)	(4,696)
Loss and total comprehensive expense for the financial year	-	(9,168)	(9,168)
At 31 December 2019	2,100	(15,964)	(13,864)
Issue of shares (see note 15)	27,400		27,400
Loss and total comprehensive expense for the financial period	-	(11,677)	(11,677)
At 18 May 2021	29,500	(27,641)	1,859

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current period and preceding year, unless otherwise stated.

(a) Basis of accounting

During the period, the following relevant new and revised Standards and Interpretations have been adopted:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting.

None of the above standards have had a material impact on the Company's financial statements for the period ended 18 May 2021.

The Company also elected to adopt the following amendments early, although there is no material impact as this only applies to lessees:

- Covid-19-Related Rent Concessions – amendments to IFRS 16.

Basis of preparation

Corona Vulcan Didcot II Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Level 26, One Canada Square, London E14 5AB.

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company's accounting policies have been applied consistently in the current period and prior year except that the current period's results include two additional sources of impairment loss within note 2. Further details are provided in note 1(l).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(l).

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES (CONTINUED)

(a) Basis of accounting (continued)

Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have, where relevant, been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii. paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - i. 10(d) (statement of cash flows);
 - ii. 16 (statement of compliance with all IFRS);
 - iii. 38A (requirements for minimum of two primary statements, including cash flow statements);
 - iv. 38B-D (additional comparative information);
 - v. 111 (cash flow statement information); and
 - vi. 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc are publically available and can be obtained as described in note 19.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

As at 18 May 2021, the Company had net current liabilities of £14,043,000 due primarily to amounts owed to its ultimate parent company at that date, Hammerson plc, of £13,290,000. On 19 May 2021, Corona Vulcan Bidco Limited acquired the Company at the net asset value shown in these financial statements. Amounts owed to Hammerson plc were repaid in full utilising a new intra-group loan facility provided by Corona Vulcan Bidco Limited. See post balance sheet events note 20 for further details.

The Directors consider that the Company will be an integral part of the new owners' structure and strategy. This is evidenced by a letter of support from Corona Vulcan Bidco Limited, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance and including consideration of the existing and expected impact of the Covid-19 pandemic on the business. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They also have a reasonable expectation that the wider group, of which the Company is now a member, will continue to comply with the covenants attached to its bank loan facility that is secured on the group's property assets, including the investment property owned by the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(c) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Non-rental income such as car park or commercialisation income or contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the period in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

Movements in the impairment provisions against trade receivables and unamortised lease incentives are included within net rental income, as shown in note 2, either within 'other property outgoings' or 'change in the provision for amounts not yet recognised in the statement of comprehensive income'. Further details of the criteria used to assess the level of impairment provisions required are set out in note 1(l).

Property operating expenses, including any operating expenditure not recovered from tenants through service charges, are charged to the statement of comprehensive income as incurred.

Included in net rental income is £31,000 (2019: £71,000) of contingent rents calculated by reference to tenants' turnover.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES (CONTINUED)

(d) Net finance costs

Net finance costs include interest payable to related party undertakings, net of interest receivable on funds invested.

(e) Investment properties

The Company applies the fair value accounting model to investment properties, being market value determined by professionally qualified external valuers. Changes in fair value are recognised in profit or loss. All costs directly associated with the purchase and construction of a property are capitalised.

(f) Trade and other receivables and payables

Trade and other receivables and payables are initially measured at fair value, subsequently measured at amortised cost and, where the effect is material, discounted to reflect the time value of money. Trade receivables are shown net of any expected credit loss provision.

(g) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(h) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

(i) Cash and deposits and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible.

Restricted monetary assets relate to cash balances which legally belong to the Company but which the Company cannot readily access. These do not meet the definition of cash and cash equivalents and consequently are presented separately from cash and deposits in the Company's balance sheet.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES (CONTINUED)

(j) Leasehold properties

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the land element of the leasehold is included in the balance sheet as a head lease at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred. An asset equivalent to the leasehold obligation is recorded in the balance sheet within 'interests in leasehold properties', and is amortised over the lease term.

(k) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

CORONA VULCAN DIDCOT II LIMITED
Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period from 1 January 2020 to 18 May 2021

(I) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The Company's critical judgements and areas of estimation uncertainty are in respect of property valuations and impairment provisions as outlined below. The only other significant judgement necessary in the preparation of these financial statements was the appropriateness of the going concern basis of preparation, further information on which is provided in note 1(b).

Property valuations

The Company's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers. The carrying value of the Company's investment property as at 31 December 2019 was based on such a valuation, which adopted the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs to the valuations. The carrying value of the Company's investment property as at 18 May 2021 was based on the value allocated to the property by a third party purchaser for the purpose of determining the purchase price that was paid for the share capital of the Company on 19 May 2021. In each case, the Directors must ensure that they are satisfied that the valuation of the Company's property adopted as at the reporting date is appropriate for the financial statements.

Impairment provisions

The Company is operating in an environment of heightened uncertainty caused by Covid-19 and consequently additional scrutiny and judgement is required in assessing revenue recognition and the potential impairment of financial assets.

Up to and including 31 December 2019, the Company's collection rates were high, and therefore specific provision was made against trade receivables based on risk characteristics and ageing. Given the current uncertain operating environment, in the current period, the Directors adopted a provisioning matrix, grouping receivables dependent on the risk level, taking into account historic default rates, future expectation, credit rating, ageing, and the anticipated impact of Covid-19, and applying an appropriate provision percentage after taking into account VAT, rent deposits and personal or corporate guarantees held. Where information is available to suggest that a higher level of provisioning is required due to tenant failure or restructuring, a loss allowance provision is made against 100% of the tenant receivable or tenant incentive.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**1. ACCOUNTING POLICIES (CONTINUED)****(I) Critical accounting policies and estimation uncertainties (continued)****Impairment provisions (continued)**

The table below presents the trade receivables due at the balance sheet date, and the total loss allowance analysed between amounts recognised before 18 May 2021 and those for which the corresponding credit to the statement of comprehensive income has yet to be recognised.

	18 May 2021 £'000	31 December 2019 £'000
Trade receivables	173	44
Loss allowance provision for amounts:		
- recognised in the statement of comprehensive income	(73)	-
- not yet recognised in the statement of comprehensive income	(4)	-
	(77)	-
Net receivable (see note 9)	<u>96</u>	<u>44</u>

The Directors have adopted a similar provisioning matrix to tenant incentives, by grouping unamortised incentives dependent on the risk level, taking into account historic default rates and credit ratings, and applying an appropriate provision percentage. Provisioning rates against unamortised tenant incentives are lower than those against trade receivables as the credit risk of tenants not paying rent for future periods, and hence unamortised tenant incentives not being recovered, is lower than the credit risk on trade receivables.

The table below presents the unamortised tenant incentives at the balance sheet date, together with the loss allowance provision.

	18 May 2021 £'000	31 December 2019 £'000
Unamortised tenant incentives	2,615	4,119
Loss allowance provision	(431)	-
	<u>2,184</u>	<u>4,119</u>

CORONA VULCAN DIDCOT II LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

1. ACCOUNTING POLICIES (CONTINUED)

(I) Critical accounting policies and estimation uncertainties (continued)

Impairment provisions (continued)

As a result of the above, two additional sources of impairment loss have been recognised within the statement of comprehensive income for the period from 1 January 2020 to 18 May 2021:

- Provision for amounts not yet recognised in the statement of comprehensive income: The movement in the loss allowance provision in the period against trade receivables at the balance sheet date which relate to a future reporting period and where the corresponding liability is classified within payables, including rent and service charge arrears. This principally relates to quarterly demands in advance in the UK which were due on 25 March 2021. This cost is not deemed to be a direct property operating expense, as it is not attributable to income recognised in the financial period and has therefore been excluded from other property outgoings, but included as a separate line item within the statement of comprehensive income within net rental income as shown in note 2. Bad debt expense relating to amounts recognised in the statement of comprehensive income in the period will continue to be recorded within other property outgoings.
- Provision for impairment of unamortised tenant incentives: The movement in the loss allowance provision in the period against unamortised tenant incentives held within investment properties, including cash incentives and rent-free periods, included within other property outgoings. Tenant incentive amortisation will continue to be recognised within revenue.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**2. NET RENTAL INCOME**

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Base rent	2,045	1,272
Turnover rent	31	71
Lease incentive recognition	84	233
	<hr/>	<hr/>
Gross rental income	2,160	1,576
Service charge income	282	178
	<hr/>	<hr/>
Revenue	2,442	1,754
Ground and equity rent payable	(41)	7
Service charge expenses	(281)	(275)
Inclusive lease costs recovered through rent	(1)	(2)
Other property outgoings*	(630)	(123)
	<hr/>	<hr/>
Rents payable and other property outgoings	(953)	(393)
Change in the provision for amounts not yet recognised in the statement of comprehensive income	(4)	-
	<hr/>	<hr/>
Net rental income	1,485	1,361

* Includes change in provision against trade receivables, for amounts recognised in the statement of comprehensive income, of £73,000 (2019: £nil) and change in provision against unamortised tenant incentives of £431,000 (2019: £nil)

3. ADMINISTRATIVE EXPENSES

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Management fee payable to fellow group company	568	381
Other administrative expenses	20	-
	<hr/>	<hr/>
	588	381

The average number of employees during the period was nil (2019: nil).

The Directors did not receive any remuneration for their services from the Company in the period (2019: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. In addition there were no payments to key management personnel in either the current period or preceding financial year.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current period and preceding year. Fees for the audit of the Company were £3,200 (2019: £3,125).

CORONA VULCAN DIDCOT II LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**4. PROFIT ON SALE OF PROPERTIES**

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Gross proceeds on sale	-	2,400
Carrying value of properties sold	-	(2,300)
Surplus over carrying value	-	100
Selling expenses	-	(75)
	-	25

The Company disposed of The Broadway, Didcot on 3 June 2019 to a third party property investment company.

5. NET FINANCE COSTS

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Interest payable to ultimate parent company	528	586
Interest on obligations under head leases	150	120
Other interest receivable	-	(2)
	678	704

6. TAXATION**(a) Tax charge**

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
UK corporation tax	4	-

CORONA VULCAN DIDCOT II LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**6. TAXATION (CONTINUED)****(b) Factors affecting total tax charge**

The tax assessed on the loss before tax for the current period and preceding year is different from the standard rate of corporation tax of 19.00% (2019: 19.00%). The differences are reconciled below:

	Period from 1 January 2020 to 18 May 2021 £'000	Year ended 31 December 2019 £'000
Loss on ordinary activities before taxation	<u>(11,673)</u>	<u>(9,168)</u>
Loss at UK corporation tax rate of 19.00% (2019: 19.00%)	(2,218)	(1,742)
Effects of:		
Tax-exempt profits	(37)	(57)
Revaluation losses on properties	<u>2,259</u>	<u>1,799</u>
Total tax charge for the period	<u>4</u>	<u>-</u>

The Company's ultimate parent company throughout the current period and preceding year, Hammerson plc, is taxed as a UK Real Estate Investment Trust ("UK REIT"). While the Company was part of the Hammerson plc group, it was exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties.

The Company's tax charge in the period to 18 May 2021 relates to profits arising in the period between exchange of contracts and completion of a change in ownership transaction, as during this period the Company could no longer benefit from the above REIT exemption, nor from group relief as part of the Hammerson group.

CORONA VULCAN DIDCOT II LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**7. INVESTMENT PROPERTIES**

- (a) The movements in the period on the valuation of properties were:

	18 May 2021 £'000	31 December 2019 £'000
Long leasehold		
At 1 January 2020 / 1 January 2019	27,400	37,590
Additions at cost	1,335	1,346
Disposals	-	(2,300)
Amortisation of lease incentives*	(843)	233
Revaluation loss	(11,892)	(9,469)
At 18 May 2021 / 31 December 2019	16,000	27,400

* Includes increase in provision against unamortised tenant incentives of £431,000 (2019: £nil). See note 1(l) for further details.

- (b) The property is stated at fair value as at 18 May 2021 as determined by the Directors based on the value allocated to the property by a third party purchaser for the purpose of determining the purchase price that was paid for the share capital of the Company on 19 May 2021. The property was valued at £27,400,000 as at 31 December 2019 by professionally qualified external valuers, Cushman & Wakefield LLP, Chartered Surveyors. The 2019 valuation was prepared in accordance with the RICS Valuation – Global Standards based on certain assumptions as set out in note 1(l).
- (c) The historical cost of investment properties at 18 May 2021 was £44,980,000 (31 December 2019: £44,488,000).
- (d) At 18 May 2021, the Company had capital commitments of £nil (31 December 2019: £nil)

8. INTEREST IN LEASEHOLD PROPERTIES

	18 May 2021 £'000	31 December 2019 £'000
At 1 January 2020 / 1 January 2019	2,986	2,998
Amortisation	(18)	(12)
At 18 May 2021 / 31 December 2019	2,968	2,986

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**9. RECEIVABLES: CURRENT ASSETS**

	18 May 2021 £'000	31 December 2019 £'000
Trade receivables	96	44
Amounts owed by fellow subsidiary undertakings	-	81
Other receivables and prepayments	61	79
	<u>157</u>	<u>204</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured. Amounts owed by fellow subsidiary undertakings are non-interest bearing.

Trade receivables are shown after deducting a loss allowance provision of £77,000 (2019: £nil).

10. RESTRICTED MONETARY ASSETS

	18 May 2021 £'000	31 December 2019 £'000
Cash held on behalf of third parties	<u>123</u>	<u>191</u>

The Company's managing agent holds cash on behalf of its tenants to meet future service charge costs and related expenditure. The cash has restricted use and as such, does not meet the definition of cash and cash equivalents.

11. CASH AND DEPOSITS

	18 May 2021 £'000	31 December 2019 £'000
Cash at bank	<u>13</u>	<u>52</u>

At 18 May 2021, the Company's managing agent held cash on behalf of the Company of £13,000 (2019: £52,000), which is not restricted and is available to the Company and therefore has been included in cash and deposits.

CORONA VULCAN DIDCOT II LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**12. PAYABLES: CURRENT LIABILITIES**

	18 May 2021 £'000	31 December 2019 £'000
Trade payables	113	215
Amounts owed to ultimate parent company	13,290	39,813
Amounts owed to fellow subsidiary undertakings	-	383
Other payables	47	740
Taxation	4	-
Accruals	779	254
Deferred income	103	226
	14,336	41,631

Amounts owed to the ultimate parent company are repayable on demand and interest bearing at variable rates based on LIBOR. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

13. PAYABLES: NON-CURRENT LIABILITIES

	18 May 2021 £'000	31 December 2019 £'000
Rent deposits 5+ years	47	47

14. OBLIGATIONS UNDER HEAD LEASES

Head lease obligations in respect of rents payable on the leasehold properties are payable as follows:

	18 May 2021			31 December 2019		
	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
After 25 years	25,971	(22,952)	3,019	26,121	(23,102)	3,019
5-25 years	2,351	(2,351)	-	2,351	(2,351)	-
2-5 years	353	(353)	-	353	(353)	-
1-2 years	118	(118)	-	118	(118)	-
Within 1 year	118	(118)	-	118	(118)	-
	28,911	(25,892)	3,019	29,061	(26,042)	3,019

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the period from 1 January 2020 to 18 May 2021**15. SHARE CAPITAL**

	18 May 2021 £000	31 December 2019 £000
Authorised:		
29,500,000 ordinary shares of £1 each (2019 : 2,100,000 ordinary shares of £1 each)	<u>29,500</u>	<u>2,100</u>
Allotted, called up and fully paid:		
29,500,000 ordinary shares of £1 each (2019 : 2,100,000 ordinary shares of £1 each)	<u>29,500</u>	<u>2,100</u>

On 28 January 2020 and 18 February 2020, the Company issued 22,900,000 and 4,500,000 ordinary shares of £1 each respectively at par, to the immediate parent company to provide additional working capital. These issues were settled through intercompany account.

16. RESERVES

The following describes the nature and purpose of each reserve within equity:

<u>Reserve</u>	<u>Description and purpose</u>
Accumulated losses	Cumulative profits and losses less any dividends paid

17. THE COMPANY AS LESSOR – OPERATING LEASE RECEIPTS

At the balance sheet date, the Company had contracted with tenants for the future minimum lease receipts as shown in the table below. The data is for the period to the first tenant break option.

	18 May 2021 £'000	31 December 2019 £'000
Within one year	1,796	3,317
From one to two years	1,794	3,288
From two to five years	4,403	9,671
Over five years	<u>5,964</u>	<u>14,025</u>
	<u>13,957</u>	<u>30,301</u>

18. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current period or preceding year.

CORONA VULCAN DIDCOT II LIMITED

Formerly Hammerson (Didcot II) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from 1 January 2020 to 18 May 2021

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 18 May 2021, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 18 May 2021, the Company's immediate parent company was Hammerson UK Properties plc, which is registered in England and Wales.

The consolidated financial statements of Hammerson plc are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.

On 19 May 2021, the ownership of the Company was transferred from Hammerson UK Properties plc to Corona Vulcan Bidco Limited, which is registered in Jersey. The ultimate parent company from this date is Brookfield Asset Management Inc., which is registered in Canada.

20. POST BALANCE SHEET EVENTS

On 19 May 2021, a contract for the transfer of ownership of the Company from Hammerson UK Properties plc to Corona Vulcan Bidco Limited was completed. Under the terms of the Sale and Purchase Agreement ('SPA') the Company was transferred at a net asset value of £1,859,000 which valued the underlying property at £16,000,000. Amounts due to Hammerson plc on completion of £13,290,000 were repaid in full utilising the proceeds of a new intra-group loan provided by Corona Vulcan Bidco Limited in the same amount.

Corona Vulcan Bidco Limited has entered into a loan facility agreement which is secured against property assets of certain of its subsidiary undertakings, including the property owned by the Company. The total amount owed under the loan facility agreement is £211,500,000.