

VERTUS A2 LIMITED

Registered number: 09463315

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



VERTUS A2 LIMITED

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VERTUS A2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

In preparing this report, the directors have taken advantage of the small companies exemptions.

PRINCIPAL ACTIVITY

The company holds a long lease over a residential development at 8 Water Street, Wood Wharf, London.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,185,184 (2016 - loss £2,301,106).

No dividends have been paid or proposed in the year (2016 - £NIL).

DIRECTORS

The directors who served during the year were:

A P Anderson II
Sir George Iacobescu CBE
R J J Lyons

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2017 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

This report was approved by the board on 31 August 2018 and signed on its behalf.



J R Garwood
Secretary

VERTUS A2 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

VERTUS A2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERTUS A2 LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vertus A2 Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the directors' report, 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.

VERTUS A2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERTUS A2 LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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 any material misstatements in the directors' report.

VERTUS A2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERTUS A2 LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Simon Letts (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 August 2018

VERTUS A2 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cost of sales		-	(80)
GROSS LOSS		-	(80)
Administrative expenses		(9,995)	(5,000)
Fair value movements	9	4,198,584	(3,004,402)
OPERATING PROFIT/(LOSS)		4,188,589	(3,009,482)
Interest receivable and similar income	6	713	19
Interest payable and similar charges	7	(23,404)	(23,402)
PROFIT/(LOSS) BEFORE TAX		4,165,898	(3,032,865)
Tax on profit/(loss)	8	1,019,286	731,759
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>5,185,184</u>	<u>(2,301,106)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,185,184</u>	<u>(2,301,106)</u>

The notes on pages 9 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Investment property	9	46,278,042	27,352,348
		<u>46,278,042</u>	<u>27,352,348</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	10	11,806	-
Debtors: amounts falling due within one year	10	27,014,823	2,464,116
Cash at bank and in hand		146,212	18
		<u>27,172,841</u>	<u>2,464,134</u>
Creditors: amounts falling due within one year	11	(6,576,780)	(24,487,415)
NET CURRENT ASSETS/(LIABILITIES)		<u>20,596,061</u>	<u>(22,023,281)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>66,874,103</u>	<u>5,329,067</u>
Creditors: amounts falling due after more than one year	12	(10,988,824)	(217,348)
Deferred tax	14	(1,272,396)	(2,291,682)
NET ASSETS		<u><u>54,612,883</u></u>	<u><u>2,820,037</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	46,607,665	3
Retained earnings	16	8,005,218	2,820,034
		<u><u>54,612,883</u></u>	<u><u>2,820,037</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2018.



R J J Lyons
Director

The notes on pages 9 to 19 form part of these financial statements.

VERTUS A2 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2017	3	2,820,034	2,820,037
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	5,185,184	5,185,184
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	5,185,184	5,185,184
Shares issued during the year	46,607,662	-	46,607,662
AT 31 DECEMBER 2017	<u>46,607,665</u>	<u>8,005,218</u>	<u>54,612,883</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2016	3	5,121,140	5,121,143
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(2,301,106)	(2,301,106)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(2,301,106)	(2,301,106)
AT 31 DECEMBER 2016	<u>3</u>	<u>2,820,034</u>	<u>2,820,037</u>

The notes on pages 9 to 19 form part of these financial statements.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Vertus A2 Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland").

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The principal accounting policies have been applied consistently throughout the year and the preceding year and are summarised below:

2.2 Going concern

At the year end, the company is in a net asset position.

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2.4 Investment properties

Investment properties, including land and buildings held for development and investment properties under construction, are measured initially at cost including related transaction costs. The finance costs associated with direct expenditure on properties under construction or undergoing refurbishment are capitalised.

Where a property interest is acquired under a lease the investment property and the associated lease liability are initially recognised at the lower of the fair value and the present value of the minimum lease payments including any initial premium. Lease payments are apportioned between the finance charge and a reduction in the outstanding obligation for future amounts payable. The total finance charge is allocated to accounting periods over the lease term so as to produce a constant periodic charge to the remaining balance of the obligation for each accounting period.

Investment properties are subsequently revalued, at each reporting date, to an amount comprising the fair value of the property interest plus the carrying value of the associated lease liability less any separately identified lease incentive assets. The gain or loss on remeasurement is recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments

The directors have taken advantage of the exemption in paragraph 1.12c of FRS 102 allowing the company not to disclose the summary of financial instruments by the categories specified in paragraph 11.41.

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other payables

Trade and other creditors are stated at cost.

Borrowings

Standard loans payable are recognised initially at the net proceeds including transaction costs, unless the gross proceeds do not represent the value of a financing transaction on an arm's length basis. In this case the present value of future payments discounted at a market rate of interest for a similar debt instrument is used in place of proceeds and the difference between the two amounts is accounted for as a capital contribution.

Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

Where loans are subject to contractual terms and arrangements that are non-standard they are recognised initially at fair value. The fair value is assessed as the present value of most likely cash flows, subject to the limitations of the underlying terms. Any movements are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Current and deferred taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investment properties

The company uses valuations performed by independent valuers as the fair value of its properties. The valuations are based upon assumptions including future rental income, anticipated void costs and the appropriate discount rate or yield. The valuers also make reference to market evidence of transaction prices for similar properties.

4. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's financial statements	2,500	-

Auditor's remuneration of £1,600 for the audit of the company for the prior year was borne by Canary Wharf Group plc.

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****5. EMPLOYEES**

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank interest receivable	713	19
	<u>713</u>	<u>19</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Bank interest payable	4	2
Finance charge on operating lease liabilities	23,400	23,400
	<u>23,404</u>	<u>23,402</u>

8. TAXATION

	2017 £	2016 £
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>
DEFERRED TAX		
Origination and reversal of timing differences	(1,019,286)	(563,790)
Changes to tax rates	-	(167,969)
TOTAL DEFERRED TAX	<u>(1,019,286)</u>	<u>(731,759)</u>
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>(1,019,286)</u>	<u>(731,759)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	4,165,898	(3,032,865)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	801,935	(606,573)
EFFECTS OF:		
Adjustments to tax charge in respect of prior periods	(1,663,586)	(48,706)
Indexation allowance	(298,833)	(13,696)
Changes in the rates of tax	134,906	(68,476)
Group relief	6,292	5,692
TOTAL TAX CREDIT FOR THE YEAR	(1,019,286)	(731,759)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate of 19.25% has been calculated by reference to the current corporation tax rate of 19% which was in effect for the final three quarters of the year and the previous rate of 20% which was in effect for the first quarter of the year.

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. INVESTMENT PROPERTY

	Long term leasehold investment property £
VALUATION	
At 1 January 2017	27,352,348
Additions at cost	14,727,110
Revaluation	4,198,584
AT 31 DECEMBER 2017	46,278,042

At 31 December 2017, the property was valued externally by CBRE Limited, qualified valuers with recent experience in office properties at Canary Wharf. The fair value was determined in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, using:

- Discounted cash flows based on inputs provided by the company (current rents, terms and conditions of lease agreements) and assumptions and valuation models adopted by the valuers (estimated rental values, terminal values and discount rates).

- Yield methodology based on inputs provided by the company (current rents) and assumptions and valuation models adopted by the valuers (estimated rental values and market capitalisation rates).

The resulting valuations are cross checked against the initial yields and the fair market values per square foot derived from actual market transactions.

No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	36,710,044	22,197,934
	<u>36,710,044</u>	<u>22,197,934</u>

The fair value has been allocated to the following balance sheet items:

	2017 £	2016 £
Leasehold properties	46,278,042	27,352,348
Operating lease liabilities	(217,348)	(217,348)
Negotiation costs	11,806	-
	<u>46,072,500</u>	<u>27,135,000</u>

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. DEBTORS

	2017 £	2016 £
DUE AFTER MORE THAN ONE YEAR		
Negotiation costs	11,806	-
	<u>11,806</u>	<u>-</u>

	2017 £	2016 £
DUE WITHIN ONE YEAR		
Amounts owed by parent undertaking	3	-
Amounts owed by CWG related parties	23,711,995	98,390
Amounts owed by Vertus E1/2 Limited	32,490	32,490
Other debtors	-	8,273
Prepayments and accrued income	3,270,335	2,324,963
	<u>27,014,823</u>	<u>2,464,116</u>

Amounts owed by CWG related parties comprise:

	2017 £	2016 £
Canary Wharf Limited	9,982,546	-
Canary Wharf Contractors Limited	2,041,612	-
CWG (Wood Wharf Two) Limited	11,584,449	-
Vertus WW Properties Limited	-	3
CW Wood Wharf A1 Limited	65,905	65,904
CW Wood Wharf A3 Limited	37,483	32,483
Canary Wharf A2 SPV2 Limited	-	-
	<u>23,711,995</u>	<u>98,390</u>

Amounts owed from related parties are interest free and repayable on demand.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Accrued interest on loan from Wood Wharf Finance Company Limited	50,936	-
Amounts owed to CWG related parties	6,392,910	24,487,415
Other taxation and social security	122,930	-
Accruals and deferred income	10,004	-
	<u>6,576,780</u>	<u>24,487,415</u>

Amounts owed to related parties comprise:

	2017 £	2016 £
Canary Wharf Limited	-	2,556,658
Canary Wharf Contractors Limited	-	22,675
CWG (Wood Wharf Two) Limited	-	1,507,899
CW Wood Wharf F2 Limited	444	-
CW Wood Wharf H1 Limited	444	-
CW Wood Wharf H4 Limited	444	-
Vertus A2 Development Company Limited	3,643,128	3,961,261
Vertus G3 Limited	444	-
Wood Wharf Finance Company Limited	5,077	-
Wood Wharf Infrastructure Development Company Limited	2,742,929	16,438,922
	<u>6,392,910</u>	<u>24,487,415</u>

Amounts owed to related parties are interest free and repayable on demand.

12. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Loan from Wood Wharf Finance Company Limited	10,771,476	-
Operating lease liabilities	217,348	217,348
	<u>10,988,824</u>	<u>217,348</u>

The loan from Wood Wharf Finance Company Limited bears interest at a rate linked to EC Reference Rate and is repayable on 23 March 2023.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. OPERATING LEASE LIABILITIES

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	23,400	23,400
Between 1-5 years	93,600	93,600
Over 5 years	5,592,600	5,616,000
	<u>5,709,600</u>	<u>5,733,000</u>

The amount at which operating lease obligations are stated comprises:

	2017 £	2016 £
Obligation at inception	217,348	217,348
Finance rents paid	(23,400)	(23,400)
Finance charges	23,400	23,400
	<u>217,348</u>	<u>217,348</u>

The rent payable is the greater of £23,400 and £250 per residential unit per annum until 28 December 2261, subject to revision if the composition of the Wood Wharf development is altered from its original development plan. The interest rate implicit in the leases is 11.5%.

14. DEFERRED TAXATION

	2017 £
At beginning of year	(2,291,682)
Credited to profit or loss	1,019,286
AT END OF YEAR	<u><u>(1,272,396)</u></u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Revaluation of investment properties	(1,272,396)	(2,291,682)
	<u>(1,272,396)</u>	<u>(2,291,682)</u>

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
46,607,665 (2016 - 3) Ordinary shares of £1 each	46,607,665	3

During the year, the company issued 46,607,662 Ordinary £1 shares at par.

16. RESERVES

The company has no distributable reserves at 31 December 2017. The total of the company's realised gains and losses was as follows:

	2017 £	2016 £
Retained earnings	8,005,218	2,820,034
Revaluation of development properties	(9,567,998)	(5,154,414)
Deferred tax on revaluation of development properties	1,272,396	2,291,682
	<u>(290,384)</u>	<u>(42,698)</u>

17. OTHER FINANCIAL COMMITMENTS

As at 31 December 2017 the company had given fixed and floating charges over substantially all its assets to secure the commitments of its loans in note 12.

18. RELATED PARTY TRANSACTIONS

The company has contracted Vertus A2 Development Company Limited to act as developer for the residential building at 8 Water Street of the New District, London. During the year £13,118,323 (2016: £3,961,261) of the additions to the company's investment property were incurred by Vertus A2 Development Company Limited. Vertus A2 Development Company Limited is a wholly owned, indirect subsidiary of Canary Wharf Investment Holdings plc.

Debtor balances with related parties are disclosed in Note 10 and creditor balances with related parties are disclosed in Note 11 and 12.

The CWG related parties listed therein are wholly owned, indirect subsidiary undertakings of Canary Wharf Group Investment Holdings plc.

Vertus E1/2 Limited is a joint venture of an indirect subsidiary of Canary Wharf Group Investment Holdings plc and is ultimately controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

VERTUS A2 LIMITED

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19. CONTROLLING PARTY

Until 30 March 2017, the company's immediate parent undertaking was Vertus WW Properties Limited. On that date, the company became a subsidiary of Vertus A2 Holdings Limited.

As at 31 December 2017, the smallest and largest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Wood Wharf A2 Limited Partnership. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The group headed by Wood Wharf A2 Limited Partnership is controlled as to 50% by a wholly owned subsidiary of Canary Wharf Group Investments Holdings Limited, as to 25 % by Brookfield Property Partners LP and as to 25% by Qatar Investment Authority.

Canary Wharf Group Investments Holdings Limited is in turn ultimately controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.