



VERTUS A2 LIMITED

Registered number: 09463315

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



VERTUS A2 LIMITED

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VERTUS A2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITY

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

The building reached practical completion on 30 November 2020.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £172,976 (2019 - £109,870).

No dividends have been paid or proposed in the year (2019 - £NIL).

DIRECTORS

The directors who served during the year were:

Sir George Iacobescu CBE
S Z Khan
R J J Lyons

On 17 May 2021, subsequent to the year end, R J Worthington and A H Mullens were appointed directors of the company. On 1 July 2021, subsequent to the year end, K J Kingston was appointed a director of the company. On 17 May 2021, R J J Lyons resigned as a director of the company. On 1 July 2021, Sir George Iacobescu CBE resigned as a director of the company.

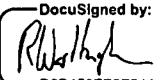
The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2020 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 2021 and signed on its behalf.

DocuSigned by:

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R J Worthington
Director

VERTUS A2 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 judgements 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 of Vertus A2 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 Financial reporting Council ('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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 in the financial statements, which indicates that the bank loan is due for repayment in November 2021. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

VERTUS A2 LIMITED

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

VERTUS A2 LIMITED

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

VERTUS A2 LIMITED

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

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.

Matters on which we are required to report by exception

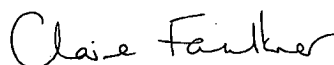
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Claire Faulkner (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 August 2021

VERTUS A2 LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Administrative expenses		(95,623)	(76,684)
Movement in fair value of investment property	10	(97,860)	(553,647)
OPERATING LOSS		(193,483)	(630,331)
Interest receivable and similar income	6	1,687	14,572
Interest payable and similar charges	7	(255,799)	(23,435)
LOSS BEFORE TAX		(447,595)	(639,194)
Tax on loss	8	620,571	749,064
PROFIT FOR THE FINANCIAL YEAR		172,976	109,870
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Fair value movement on derivative financial instrument		125,184	(88,629)
Deferred tax on fair value movement	16	(21,281)	15,067
OTHER COMPREHENSIVE INCOME FOR THE YEAR		103,903	(73,562)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		276,879	36,308

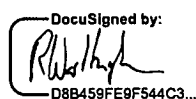
The notes on pages 10 to 24 form part of these financial statements.

VERTUS A2 LIMITED
REGISTERED NUMBER: 09463315

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investments		1	-
Investment property	10	127,268,691	105,019,766
		<u>127,268,692</u>	<u>105,019,766</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	11	48,657	37,581
Debtors: amounts falling due within one year	11	20,077,401	17,193,063
Cash at bank and in hand		138,409	541,327
		<u>20,264,467</u>	<u>17,771,971</u>
Creditors: amounts falling due within one year	12	(77,017,331)	(53,984,111)
		<u>(56,752,864)</u>	<u>(36,212,140)</u>
NET CURRENT LIABILITIES		<u>70,515,828</u>	<u>68,807,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>70,515,828</u>	<u>68,807,626</u>
Creditors: amounts falling due after more than one year	13	(16,430,111)	(15,015,597)
Deferred tax	16	(1,118,899)	(1,102,090)
NET ASSETS		<u>52,966,818</u>	<u>52,689,939</u>
CAPITAL AND RESERVES			
Called up share capital	18	46,607,665	46,607,665
Hedging reserve	19	-	(103,903)
Retained earnings	19	6,359,153	6,186,177
		<u>52,966,818</u>	<u>52,689,939</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 August 2021.

DocuSigned by:

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R J Worthington
Director

The notes on pages 10 to 24 form part of these financial statements.

VERTUS A2 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Hedging reserve £	Retained earnings £	Total equity £
At 1 January 2020	46,607,665	(103,903)	6,186,177	52,689,939
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	172,976	172,976
Fair value movement on effective hedging instrument	-	103,903	-	103,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>103,903</u>	<u>172,976</u>	<u>276,879</u>
AT 31 DECEMBER 2020	<u>46,607,665</u>	<u>-</u>	<u>6,359,153</u>	<u>52,966,818</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Hedging reserve £	Retained earnings £	Total equity £
At 1 January 2019	46,607,665	(30,341)	6,076,307	52,653,631
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	109,870	109,870
Fair value movement on effective hedging instrument	-	(73,562)	-	(73,562)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>(73,562)</u>	<u>109,870</u>	<u>36,308</u>
AT 31 DECEMBER 2019	<u>46,607,665</u>	<u>(103,903)</u>	<u>6,186,177</u>	<u>52,689,939</u>

The notes on pages 10 to 24 form part of these financial statements.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Vertus A2 Limited is a private company limited by shares incorporated in the UK under the Companies Act 2006 and registered in England and Wales 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 Replacement of LIBOR as an interest rate benchmark

It is anticipated that LIBOR will be replaced or discontinued after the end of 2021, as part of global financial regulators' project to reform interest rate benchmarks. The Company will therefore renegotiate and/or otherwise amend to accommodate such change in benchmarks, where related instruments mature after 2021.

2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due for the foreseeable future.

As indicated in Note 13, the company's bank loan is due for repayment in November 2021. Due to delays in construction in light of the COVID-19 pandemic, the company will refinance or extend this loan. In the event that the loan cannot be refinanced or extended, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have concluded that these circumstances represent a material uncertainty which casts significant doubt upon the company's ability to continue as a going concern.

Refinance or extension of the loan will be sought in 2021. As the directors believe that a new loan will be secured, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2020.

2.4 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.

2.5 Revenue

Rental income from operating leases is recognised in the Income Statement on a straight line basis over the term of the lease. Direct costs incurred in negotiating and arranging new leases are also amortised on the same straight line basis.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.6 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.

2.7 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 separately identified accrued rent, amortised lease incentives and negotiation costs. The gain or loss on remeasurement is recognised in the income statement.

2.8 Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Income from investments is recognised as the company becomes entitled to receive payment. Dividend income from investments in companies is recognised when received or irrevocably declared.

VERTUS A2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 fair value less attributable transaction cost. 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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Where loans are subject to contractual terms and arrangements that are non-standard they are carried 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.

2.10 Derivative financial instruments

The company uses interest rate derivatives to help manage its risks of changes in interest rates. The company does not hold or issue derivatives for trading purposes.

In order for a derivative to qualify for hedge accounting, the company is required to document the relationship between the item being hedged and the hedging instrument. The company is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument for its economic relationship, effects of credit risk and hedge ratio. This shows that the hedge will be effective on an on-going basis. The effectiveness testing is re-performed at each balance sheet date to ensure that the hedge remains effective.

The changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The changes in the fair value of derivative financial instruments that are designated and effective as fair value hedges are recognised against the item being hedged. The changes in the fair value of any ineffective portions of hedges or undesignated financial instruments are recognised in the profit and loss account.

If a cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. ACCOUNTING POLICIES (CONTINUED)**

financial asset or liability, amounts deferred in equity are recognised in the profit and loss account over the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

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.

The preparation of financial statements also requires use of judgements, apart from those involving estimation, that management makes in the process of applying the entity's accounting policies.

Impairment of investments

Investments in subsidiaries are stated at cost less any provision for impairment. In assessing provisions for impairment, the directors have valued each subsidiary at its net asset value, as adjusted for material differences between the fair value and carrying value of its assets and liabilities.

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.

Derivative financial instruments

The fair values of derivative financial instruments are provided by counter party financial institutions, which is level 2 of the fair value hierarchy.

Consistent with International Accounting Standards, the value provided is then reduced for the company's own credit risk, in the case of credit balances, and for the counterparty's credit risk, in the case of debit balances. These adjustments are calculated by using a calculation tool provided by Bloomberg.

For the year ended 31 December 2020, the financial statements of the company did not contain any significant items that required the application of judgements, apart from those involving estimation.

4. AUDITOR'S REMUNERATION

	2020 £	2019 £
Fees payable for the audit of the company's annual accounts	2,700	2,700

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****5. EMPLOYEES**

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Bank interest receivable	1,687	14,572
	<u>1,687</u>	<u>14,572</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £	2019 £
Bank interest payable	36	35
Bank loan	2,631,118	3,296,372
Loans from group undertakings	503,772	470,697
Finance charge on operating lease liabilities	23,400	23,400
Capitalised interest	(2,902,527)	(3,767,069)
	<u>255,799</u>	<u>23,435</u>

8. TAXATION

	2020 £	2019 £
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>
DEFERRED TAX		
Origination and reversal of timing differences	(620,571)	(749,064)
TOTAL DEFERRED TAX	<u>(620,571)</u>	<u>(749,064)</u>
TAXATION ON LOSS ON ORDINARY ACTIVITIES	<u>(620,571)</u>	<u>(749,064)</u>

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****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 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(447,595)	(639,194)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(85,043)	(121,447)
EFFECTS OF:		
Non deductible expenses	(547,407)	-
Non-taxable income	-	(715,743)
Changes in the rates of tax	11,879	88,126
Group relief	-	-
TOTAL TAX CHARGE FOR THE YEAR	(620,571)	(749,064)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Enacted in the Finance Act 2020 is a provision to hold the rate of corporation tax at 19.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

Following the year end, in the 2021 Budget, HM Treasury announced their intention to raise corporation tax to 25% in 2023.

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
Additions	1
At 31 December 2020	1

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****9. FIXED ASSET INVESTMENTS (CONTINUED)****SUBSIDIARY UNDERTAKING**

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Vertus 8 Water Street Limited	England and Wales	Property investment	Ordinary £1 shares	100%

During the year the company acquired 1 ordinary £1 share in Vertus 8 Water Street Limited.

The subsidiary is registered at One Canada Square, Canary Wharf, London E14 5AB.

In accordance with Section 400 of the Companies Act 2006, financial information is only presented in these financial statements about the company as an individual undertaking and not about its group because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group (Note 22).

The directors are of the opinion that the value of the company's investments at 31 December 2020, net of the provision for impairment, was not less than the amount shown in the company's statement of financial position.

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****10. INVESTMENT PROPERTY**

	Long term leasehold investment property £
VALUATION	
At 1 January 2020	105,019,766
Additions at cost	22,346,785
Revaluation	(97,860)
AT 31 DECEMBER 2020	127,268,691

The company owns a long leasehold interest in a residential property at 8 Water Street, which reached practical completion on 30 November 2020.

At 31 December 2020, 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:

	2020 £	2019 £
Historic cost	120,683,257	98,336,472
	<u>120,683,257</u>	<u>98,336,472</u>

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

	2020 £	2019 £
Leasehold properties	127,268,691	105,019,767
Operating lease liabilities	(217,348)	(217,348)
Negotiation costs	48,657	37,581
	<u>127,100,000</u>	<u>104,840,000</u>

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****11. DEBTORS**

	2020 £	2019 £
DUE AFTER MORE THAN ONE YEAR		
Negotiation costs	48,657	37,581
	<u>48,657</u>	<u>37,581</u>

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Amounts owed by parent undertaking	8,309	8,310
Amounts owed by subsidiary undertaking	500,000	-
Amounts owed by CWG related parties	17,788,793	16,062,835
Other debtors	141,799	99,517
Deferred taxation	1,638,500	1,022,401
	<u>20,077,401</u>	<u>17,193,063</u>

Amounts owed by CWG related parties comprise:

	2020 £	2019 £
Canary Wharf Contractors Limited	2,969,940	2,801,881
CWG (Wood Wharf Two) Limited	14,814,853	13,260,954
Vertus Residential Management Limited	4,000	-
	<u>17,788,793</u>	<u>16,062,835</u>

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

12. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Bank loans (see Note 14)	45,742,758	28,235,836
Trade creditors	11,193	10,820
Accrued interest on loan from Wood Wharf Finance Company Limited	1,492,858	989,086
Amounts owed to CWG related parties	29,767,822	24,712,017
Accruals and deferred income	2,700	36,352
	<u>77,017,331</u>	<u>53,984,111</u>

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Amounts owed to related parties comprise:

	2020 £	2019 £
Canary Wharf Group plc	9,648	-
Canary Wharf Limited	4,004,802	2,821,693
Vertus A2 Development Company Limited	21,642,669	18,408,514
Vertus G3 Development Company Limited	8	-
Wood Wharf Finance Company Limited	44,523	28,453
Wood Wharf Infrastructure Development Company Limited	4,066,172	3,453,357
	<u>29,767,822</u>	<u>24,712,017</u>

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

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

	2020 £	2019 £
Loan from Wood Wharf Finance Company Limited	16,212,763	14,673,065
Operating lease liabilities	217,348	217,348
Derivative financial instruments	-	125,184
	<u>16,430,111</u>	<u>15,015,597</u>

14. BANK LOANS

The amounts at which bank loans are stated comprise:

	2020 £	2019 £
Principal drawdowns	46,006,827	29,222,297
Acquisition fees	(531,549)	(1,272,249)
Accrued interest	230,503	196,890
Accrued commitment fees	36,977	88,898
	<u>45,742,758</u>	<u>28,235,836</u>

On 23 March 2015, the company entered into a loan facility for £58,500,000. On 23 July 2018, the first drawdown was made. The loan carries interest at LIBOR plus 3% and is repayable five years and six months from the date of the agreement.

During the year, the repayment date of the loan was extended to November 2021.

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 2020****15. OPERATING LEASE LIABILITIES**

Minimum lease payments under operating lease liabilities fall due as follows:

	2020 £	2019 £
Within one year	23,400	23,400
Between 1-5 years	93,600	93,600
Over 5 years	5,522,400	5,545,800
	<u>5,639,400</u>	<u>5,662,800</u>

The amount at which operating lease obligations are stated comprises:

	2020 £	2019 £
Brought forward	217,348	-
Obligation at inception	-	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%.

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****16. DEFERRED TAXATION**

	2020 £
At beginning of year	(79,689)
Credited to profit or loss	620,571
Charged to other comprehensive income	(21,281)
AT END OF YEAR	519,601

The deferred tax balance is made up as follows:

	2020 £	2019 £
Tax losses	1,732,755	1,001,120
Derivative financial instruments	-	21,281
Revaluation of investment properties	(1,213,154)	(1,102,090)
	<u>519,601</u>	<u>(79,689)</u>
COMPRISING:		
Asset	1,638,500	1,022,401
Liability	(1,118,899)	(1,102,090)
	<u>519,601</u>	<u>(79,689)</u>

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****17. DERIVATIVE FINANCIAL INSTRUMENTS**

	2020 £	2019 £
Interest rate swap	-	125,184
	<u>-</u>	<u>125,184</u>

The company used an interest rate swap to hedge the exposure to the variability in cash flows on floating rate debt caused by movements in market rates of interest.

The swap served to fix the interest on the loan to a rate of 1.147% before it expired on 23 September 2020.

At 31 December 2019 the fair value of the interest rate swap resulted in the recognition of a liability of £125,184. The swap qualified for hedge accounting and was been designated as a highly effective hedge.

The fair values of derivative financial instruments have been determined by reference to market values provided by the relevant counter party.

The terms of the derivative financial instrument correlates with the terms of the financial instruments to which they relate. Consequently the cash flows and effect on profit or loss are expected to arise over the term of the financial instrument.

The following table shows the undiscounted cash outflows in relation to the company's interest rate swap based on the company's prediction of future movements in interest rates:

	2020 £	2019 £
Within one year	-	146,231
In one to two years	-	-
In two to five years	-	-
	<u>-</u>	<u>146,231</u>

Changes in interest rates would primarily affect the market value of derivative financial instruments.

These changes would impact on the income statement for those derivatives which are not designated as being in effective hedging relationships and would impact the reserves for those derivatives which are highly effective.

A 0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would have the following impact:

	2019 £
0.5% increase in interest rates	
Impact on hedging reserve	144,325
Impact on net assets	<u>144,325</u>

A -0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would have the following impact:

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2019 £
0.5% decrease in interest rates	
Impact on hedging reserve	(145,587)
Impact on net assets	<u>(145,587)</u>

The 0.5% sensitivity has been selected based on the directors' view of a reasonable interest rate curve movement assumption.

The impact on the net assets of the company arises because the company's borrowings are subject to interest rate swaps, which are carried at valuation in the balance sheet.

18. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
46,607,665 (2019 - 46,607,665) Ordinary shares of £1.00 each	<u>46,607,665</u>	<u>46,607,665</u>

19. RESERVES

The distributable reserves of the company differ from its retained earnings as follows:

	2020 £	2019 £
Retained earnings	6,359,153	6,186,177
Revaluation of development properties	(6,368,087)	(6,465,948)
Deferred tax on revaluation of development properties	1,213,154	1,102,090
Distributable reserves	<u>1,204,220</u>	<u>822,319</u>

20. OTHER FINANCIAL COMMITMENTS

As at 31 December 2020 the company had given fixed and floating charges over substantially all its assets to secure the commitments of its loans in note 14.

21. RELATED PARTY TRANSACTIONS

The company has contracted Vertus A2 Development Company Limited to act as a developer for the residential building at 8 Water Street, Wood Wharf, London. During the year £Nil (2019 - £16,403,441) 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.

During the year, the following additions to the company's investment property were incurred by the below wholly owned, indirect subsidiaries of Canary Wharf Investment Holdings plc:

VERTUS A2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Canary Wharf Group plc	9,648	-
Canary Wharf Limited	698,960	99,004
Wood Wharf Infrastructure Development Company 1 Limited	1,544,207	4,326,676
	<u>2,252,815</u>	<u>4,425,680</u>

Debtor balances with related parties are disclosed in Note 11 and creditor balances with related parties are disclosed in Notes 12 and 13.

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

22. CONTROLLING PARTY

The company's immediate parent undertaking is Vertus A2 Holdings Limited.

As at 31 December 2020, 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.