

# **VCI Property Holding Limited**

**Directors' report and audited financial statements**

**For the period from 14 December 2015 to 31 March 2017**

# VCI Property Holding Limited

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# VCI Property Holding Limited

## Company Information

For the period from 14 December 2015 to 31 March 2017

<b>Directors</b>	Philip Thomas Hendy Nasser Abdulmaen Mohammed Alshawaf Timothy Adrian Knight Abdullah Mubarak Al Suwaiket Martin Gordon Cudlipp
<b>Company Secretary</b>	JTC (Jersey) Limited
<b>Registered number</b>	120257
<b>Registered office</b>	28 Esplanade St Helier Jersey JE2 3QA
<b>Independent Auditor</b>	Baker Tilly Channel Islands Limited 1 <sup>st</sup> Floor Kensington Chambers 46/50 Kensington Place St Helier Jersey JE4 0ZE

# VCI Property Holding Limited

## Directors' report

### For the period from 14 December 2015 to 31 March 2017

The directors of VCI Property Holding Limited (the "Company") present their report to the members together with the financial statements for the period from 14 December 2015 to 31 March 2017.

#### Incorporation and domicile

The Company was incorporated in Jersey, Channel Islands on 14 December 2015.

#### Principal activities

The purpose of the Company is to acquire and develop a property in the UK. The property is situated at Vauxhall Cross, 47 Wandsworth Road, London SW8 2NJ. The property will be developed into a mixed use scheme offering prime apartments, hotel, retail and office space in Vauxhall London.

#### Results and dividends

The results of the Company are set out in the statement of comprehensive income (page 7). The directors do not recommend the payment of a dividend for the period.

#### Going concern

The Company is dependent on the ultimate controlling party, Al Suwaiket Trading and Contracting Company, for the provision of adequate financial support to meet its obligations. The Company has continually received the funding it needs for its operations and has received a letter of support from the ultimate controlling party to confirm that sufficient funding will be provided to settle its liabilities as they fall due for a period of no less than 12 months from the signing of these financial statements.

The directors acknowledge the coronavirus (COVID-19) outbreak and its adverse economic impact globally. The Directors consider the group to be well placed to manage the on-going volatility in the markets due to the following factors:

The group's Shareholder (Al Suwaiket Trading and Contracting Company) has provided a guarantee in form of a letter of support to keep the business running for at least next 12 months from the date of the approval of these financial statements.

The Company's main operation is linked to the development of property which is in initial phase. The Company has not started the construction and hence is not expecting any hindrance in construction.

Key service providers such as the Administrator have robust business continuity plans in place so as to be able to avoid any interruptions in service and maintain a "business as usual" approach.

The above considerations alongside other factors provide adequate comfort to the directors of the company's ability to meet its on-going operational liabilities within the next 12 months.

#### Directors

The directors who held office during the period, and subsequently, are set out below. Except where indicated they served for the entire period.

Stuart James Pinnington	(appointed 14 December 2015, resigned 23 February 2018)
Ahmed Mohammed Alhatti	(appointed 29 September 2016, resigned 14 May 2017)
Philip Thomas Hendy	(appointed 14 December 2015, resigned 31 July 2019)
Nasser Abdulmaen Mohammed Alshawaf	(appointed 14 December 2015, resigned 26 May 2020)
Timothy Adrian Knight	(appointed 29 September 2016)
Abdullah Mubarak Al Suwaiket	(appointed 6 July 2017)
Martin Gordon Cudlipp	(appointed 23 February 2018)
Carlo Martinengo	(appointed 31 July 2019; resigned 26 May 2020)

#### Secretary

The secretary of the Company who held office during the period and subsequently was JTC (Jersey) Limited who was appointed on 14 December 2015.

# VCI Property Holding Limited

## Directors' report (continued)

For the period from 14 December 2015 to 31 March 2017

### Independent Auditor

Baker Tilly Channel Islands Limited were appointed on 23 July 2020 and have indicated their willingness to continue in office.

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

### By order of the Board



For and on behalf of  
JTC (Jersey) Limited  
Secretary

04 September 2020

### Registered office

28 Esplanade  
St Helier  
Jersey  
JE2 3QA

# **VCI Property Holding Limited**

## **Statement of directors' responsibilities**

**For the period from 14 December 2015 to 31 March 2017**

The directors are responsible for preparing the 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, including FRS 102 Section 1A "The Financial Reporting Standard in the UK and Republic of Ireland" applicable to small entities ("FRS 102 1A"). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable UK Accounting Standards including FRS 102 1A have been followed; 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 accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. 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.

### **Disclosure of information to the auditors**

The directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The directors confirm that they have complied with their responsibilities and with the above requirements throughout the period and subsequently.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCI PROPERTY HOLDING LIMITED**

### **Opinion**

We have audited the financial statements of VCI Property Holding Limited (referred to as the "company") for the period ended 31 March 2017 which comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the related notes including a summary of significant accounting policies. The financial framework that has been applied in their preparation is applicable law and Financial Reporting Standard 102 Section 1A ("FRS 102 1A").

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with FRS 102 1A; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991 as amended.

### **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 Jersey, 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors has 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 authorized for issue.

### **Other matter**

This is the first period of the entity's incorporation and thus the first period that the company's financial statements have an auditor's report included therein. Our opinion is not modified in respect of this matter.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the audited 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. 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 performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCI PROPERTY HOLDING LIMITED - CONTINUED**

### **Matter on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper 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.

### **Responsibilities of the Directors**

As explained more fully in the Directors' responsibilities statement on page 4, 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 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.

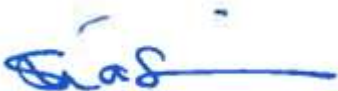
### **Auditor's responsibilities for the audit of the financial statements**

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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of this report**

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991 as amended. 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.



**Dickson Wasake**  
**For and on behalf of Baker Tilly Channel Islands Limited**  
**Chartered Accountants**  
**St Helier, Jersey**

Date: 07/09/2020



# VCI Property Holding Limited

## Statement of comprehensive income

For the period from 14 December 2015 to 31 March 2017

		14 December 2015 to 31 March 2017
	Notes	£
<b>Income</b>		
Other income		3,288
<b>Operating expenses</b>		
Legal and professional fees		(76,589)
Administration fees		(37,394)
Audit fees		(24,125)
Directors fees		(18,152)
Accounting fees		(14,275)
Taxation Services		(1,575)
Annual filing fee		(840)
Bank charges		(639)
Formation expenses		(400)
		(173,989)
<b>Impairment loss on inventory</b>	4	(10,050,807)
<b>Loss for the period before tax</b>		(10,221,508)
Taxation	11	-
<b>Total comprehensive loss for the period after tax</b>		(10,221,508)

There is no other comprehensive income for the period.

All items dealt with in arriving at the results for the period ended 31 March 2017 relate to continuing operations.

The notes on pages 10 to 15 form an integral part of the financial statements.

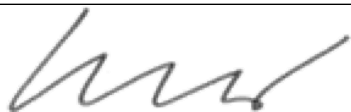
# VCI Property Holding Limited

## Statement of financial position As at 31 March 2017

	Notes	2017 £
<b>Non-current assets</b>		
Inventories	4	94,000,000
<b>Current assets</b>		
Cash and cash equivalents	5	3,942,087
Trade and other receivables	6	92,440
<b>Total current assets</b>		4,034,527
<b>Creditors: Amounts falling due within one year</b>		
Trade and other payables	7	(66,433,311)
Loans payable to parent company	8	(41,822,722)
<b>Total current liabilities</b>		(108,256,033)
<b>Net current liabilities</b>		(104,221,506)
<b>Net liabilities</b>		(10,221,506)
<b>Capital and reserves</b>		
Share capital	9	2
Retained earnings		(10,221,508)
<b>Shareholders' funds</b>		(10,221,506)

The financial statements on pages 7 to 15 were approved and authorised for issue on behalf of the board of directors on

04 September 2020 and signed on its behalf by:

  
Director

  
Director

The notes on pages 10 to 15 form an integral part of the financial statements.

## VCI Property Holding Limited

### Statement of changes in equity

For the period from 14 December 2015 to 31 March 2017

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 14 December 2015</b>	-	-	-
Issue of shares	2	-	2
Total comprehensive loss for the financial period	-	(10,221,508)	(10,221,508)
<b>At 31 March 2017</b>	<b>2</b>	<b>(10,221,508)</b>	<b>(10,221,506)</b>

The notes on pages 10 to 15 form an integral part of the financial statements.

# VCI Property Holding Limited

## Notes to the financial statements

For the period from 14 December 2015 to 31 March 2017

### 1. Organisation and business purpose

VCI Property Holding Limited (the "Company") is a private limited company incorporated on 14 December 2015 in Jersey, Channel Islands with its purpose being to acquire and develop a property in the UK. The Company's registered address is 28 Esplanade, St Helier, Jersey JE2 3QA.

### 2. Principal accounting policies

The Company's financial statements have been prepared in compliance with applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A "The Financial Reporting Standard in the UK and Republic of Ireland" applicable to small entities ("FRS 102 1A"). The financial statements are required by law to 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. The Company has chosen to apply the reporting requirements of the small entities regime as set out in FRS 102 1A and in compliance with the requirements of the Companies (Jersey) Law 1991.

The accounting policies have been consistently applied throughout the current period.

#### a) Income and expenses

Income and expenses are accounted for on an accruals basis.

#### b) Taxation

The Company is liable for Jersey income tax at 0%.

The Company is liable to UK Corporation tax as it is a non-UK resident company which derives profits from trading in and developing UK land.

#### c) Presentation and functional currency

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates. The functional and presentation currency of the Company is Pound Sterling ("£") which reflects the Company's primary activities.

#### d) Foreign exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period.

#### e) Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Unquoted investments, are accounted for at cost unless there is evidence of a permanent diminution in value in which case these are written down to their estimated realisable value. Any such provision, together with any realised gains and losses, are included in the statement of comprehensive income.

# VCI Property Holding Limited

## Notes to the financial statements (continued)

For the period from 14 December 2015 to 31 March 2017

### 2. Principal accounting policies (continued)

#### (i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loan payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

#### f) Equity instruments

Equity instruments comprise ordinary share capital, share premium and participating share capital. An instrument is an equity instrument if it includes no contractual obligation to transfer cash or other assets to the holder. Such instruments issued by the Group are recorded at proceeds received. Ordinary shares and participating shares are classified as equity where there is no obligation to transfer cash or other assets.

#### g) Statement of cash flows

The Company has not prepared a statements of cash flows as allowed for small entities under FRS 102 Section 1A.

#### h) Contingent liabilities

Contingent liabilities arise as a result of past events where (i) it is probable that there will be outflows of resources or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain events not wholly within the Company's control. Disclosure of a contingent liability is required unless the possibility of an outflow of resource is remote.

#### i) Going concern

The Company is dependent on the ultimate controlling party, Al Suwaiket Trading and Contracting Company, for the provision of adequate financial support to meet its obligations. The Company has continually received the funding it needs for its operations and has received a letter of support from the ultimate controlling party to confirm that sufficient funding will be provided to settle its liabilities as they fall due for a period of no less than 12 months from the signing of these financial statements.

The directors acknowledge the coronavirus (COVID-19) outbreak and its adverse economic impact globally. The Directors consider the group to be well placed to manage the on-going volatility in the markets due to the following factors:

The group's Shareholder (Al Suwakeit Trading and Contracting Company) has provided a guarantee in form of a letter of support to keep the business running for at least next 12 months from the date of the approval of these financial statements.

The Company's main operation is linked to the development of property which is in initial phase. The Company has not started the construction and hence is not expecting any hindrance in construction.

Key service providers such as the Administrator have robust business continuity plans in place so as to be able to avoid any interruptions in service and maintain a "business as usual" approach.

The above considerations alongside other factors provide adequate comfort to the directors of the company's ability to meet its on-going operational liabilities within the next 12 months.

#### j) Property under development

Property under development is shown as inventories.

#### k) Inventories

Inventories are stated at the lower of cost and estimated selling price less cost to complete and sell. Cost comprises land under development for sale to third parties, being the purchase price of the land, development costs and all directly attributable costs in bringing the inventories to a saleable condition, including borrowing costs and property transfer taxes.

# VCI Property Holding Limited

## Notes to the financial statements (continued)

For the period from 14 December 2015 to 31 March 2017

### 2. Principal accounting policies (continued)

#### l) Finance costs

Finance costs related to the acquisition and development of the investment property are capitalised and included in the inventories up to the point when activity related to the development of the investment property is substantially completed. Borrowing costs comprise interest expenses charged on the debt instruments used to finance both acquisition and development of the investment property.

#### m) Leases

Leases are classified as operating leases where a significant portion of the risks and rewards of ownership is retained by the lessor. Payments made by the lessees under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

### 3. Critical accounting estimates and judgements in applying accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Valuation of inventory

To ensure that the cost of the inventory is not overstated, the directors have obtained a valuation of the development property. As at 31 March 2017 the capitalised cost of the site was £104,050,807 compared to the residual value of the land of £96,088,532. The directors believe the net realisable value of the inventory is higher than the cost, however it is decided that it is prudent to state the inventory at the purchase price of the land.

4. Inventory	2017 £
<b>Cost</b>	
Purchase price	94,000,000
Acquisition costs	3,923,245
Development costs	2,627,243
Capitalised finance costs	3,500,319
Impairment	(10,050,807)
	<hr/>
	94,000,000

The inventories comprise of the cost of the property and property development located at Vauxhall Cross, 47 Wandsworth Road, London SW8 2NJ.

The cost includes the purchase price of the land (including option premiums), directly attributable purchase and development costs and all borrowing costs incurred on the debt instruments used to finance its acquisition and development.

The cost includes the purchase price of the land (including option premiums), directly attributable purchase and development costs and all borrowing costs incurred on the debt instruments used to finance its acquisition and development.

On 8 January 2016, the Company entered into a Sale and Purchase Agreement (SPA) for the purchase of Vauxhall Cross, 47 Wandsworth Road, London SW8 2NJ. A Supplemental SPA was entered on 15 April 2016. On 10 November 2016, the Company terminated the two SPAs noted above and instead entered into an Option Agreement. The Option Agreement provided for the following;

- \* payment of option premium of £24,100,000 within the period to 11 January 2017
- \* payment of option premium of £1,714,286 within the period to 31 March 2017
- \* further option payment of £1,285,714 within the period to 31 March 2017
- \* completion payment of £5,900,000 within the period to 31 March 2017

# VCI Property Holding Limited

## Notes to the financial statements (continued)

For the period from 14 December 2015 to 31 March 2017

### 4. Inventories (continued)

Management decided to write down the cost of inventories to purchase price as the initial development cost, finance cost and acquisition cost incurred to date apart from the purchase price are may not be recoverable in the long run.

Following the exercise of the Option Agreement on 31 March 2017, the Company obtained title to the Property and the remaining purchase price of the Property was to be paid in two instalments of £31 million on 29 September 2017 and £30 million on 13 April 2018. Late payments fees arising from the deferred premiums have been capitalised in the value of the Property.

### 5. Cash and cash equivalents

2017  
£

Herbert Smith Freehills LLP	3,897,061
Standard Chartered Bank	45,026
	<b>3,942,087</b>

Cash and cash equivalent include cash at bank and cash held at escrow at Herbert Smith Freehills LLP. The escrow cash was used to pay for the purchase of the property and related legal and professional fees.

### 6. Trade and other receivables

2017  
£

Trade receivables	92,438
Unpaid share capital	2
	<b>92,440</b>

### 7. Trade and other payables

2017  
£

Deferred consideration (refer to Note 10)	64,500,319
Trade creditors in respect of development costs	1,867,237
Accrued administration and accounting fees	41,630
Accrued audit fees	24,125
	<b>66,433,311</b>

### 8. Loan payable to VCI Intermediate Limited

2017  
£

VCI Intermediate Limited - £50,000,000 interest free	27,722,722
VCI Intermediate Limited - £14,100,000 interest free	14,100,000
	<b>41,822,722</b>

The above loans are unsecured, interest free and with no specified repayment date.

### 9. Share capital

2017  
£

<b>Authorised</b>	
500,000,000 ordinary shares of £1.00 each	<b>500,000,000</b>
<b>Issued and not fully paid</b>	
2 ordinary shares of £1.00 each	<b>2</b>

#### Rights attaching to shares

The ordinary shareholders are not entitled to a fixed dividend. At any General Meeting of the Company each ordinary shareholder is entitled to have one vote for each share held. The ordinary shares also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided pari passu among the holders of ordinary shares in proportion to the number of ordinary shares held by them. The ordinary shareholders also have a right to receive back capital invested.

# VCI Property Holding Limited

## Notes to the financial statements (continued)

For the period from 14 December 2015 to 31 March 2017

10. Deferred premium	2017 £
Deferred payment 1 (DP1) - due on 29/09/2017	31,000,000
Deferred payment 2 (DP2) - due on 30/03/2018	30,000,000
Late payment fee 1 (LPF1) - due on 11/05/2017	1,620,382
Late payment fee 2 (LPF2) - due on 10/11/2017	1,318,402
Late payment fee 3 (LPF3) - due on 30/03/2018	561,535
	<b>64,500,319</b>

As disclosed in note 4, following the exercise of the Option Agreement on 31 March 2017, the Company obtained title to the Property and the remaining purchase price of the Property was to be paid in two instalments of £31 million on 29 September 2017 and £30 million on 13 April 2018. The late payments fees (LPF1 LPF2 and LPF3) arising from the deferred premiums have been capitalised in the value of the Property.

### 11. Taxation

Any profits arising in the Company for the 2017 period of assessment would have been subject to Jersey Income Tax at the rate of 0%.

Following the changes in the UK legislation, which required non- UK resident companies who derive profits from trading in and developing UK land to register for Corporation Tax, the Company applied for Corporation Tax registration on the 5th of October 2016. The Company has incurred a loss in the period, therefore, no corporation tax is payable by the Company in respect of the current period.

### 12. Financial risk assessment

The specific risks arising from the Company's exposure to these instruments, and the Board's policies for managing these risks, which have been applied throughout the year, are summarised below.

#### (i) Currency risk

Currency risk, commonly referred to as exchange-rate risk, arises from the change in price of one currency in relation to another. The company is not exposed to foreign currency risk as the company's operational, functional and presentation currency is GBP. All its financial instruments are denominated in GBP. The Directors have assessed that there is no material impact on the financial statements and therefore no sensitivity analysis is required.

#### (ii) Price risk

Price risk is the risk of potentially adverse changes to the value of financial instruments and their derivatives because of changes in market conditions and volatility in security prices. The company is not exposed to price risk because none of its financial instruments are classified as fair value through profit or loss. The Directors have assessed that there is no material impact on the financial statements and therefore no sensitivity analysis is required.

#### (iii) Interest rate risk

Interest rate risk is the potential for losses that result from a change in interest rates. The Company has interest free loans from VCI Intermediate Limited hence not exposed to interest rate risk.

#### (iv) Credit risk

Credit risk is the risk of financial loss to the company if the borrower fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Company maintains an escrow cash account with Herbert smith Freehills LLP which will be used to conclude the payments for the purchase of the property. The details are set out in Note 4 and 5. Additionally, Trade and other receivable is mainly a receivable from HMRC against VAT hence has no material credit risk.

There were no significant changes in the Company's exposure to credit risk, or its management and measurement during the period. The Directors have assessed that the risks identified have no material impact on the financial statements and therefore no maturity analysis is required.



# VCI Property Holding Limited

## Notes to the financial statements (continued)

For the period from 14 December 2015 to 31 March 2017

### 13. Related party transactions

For the purposes of these financial statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Company's operations.

The Company's administrators JTC (Jersey) Limited are considered to be a related party by virtue of the common directorship of the board of directors (Tim Knight and Martin Cudlipp). Administration and accountancy fees charged by JTC (Jersey) Limited during the period amounted to £51,669 and directors fees amounted to £18,152. At period end a total amount of £25,272 was outstanding in respect of administration fees and accounting fees.

The Company's shareholder VCI Intermediate Limited is considered related party as it holds 100% of the issued ordinary shares. Short-term loans provided by the entity are disclosed in note 8.

### 14. Ultimate controlling party

Al Suwakeit Trading and Contracting Company is considered the ultimate controlling party.

### 15. Post balance sheet events

On 28 April 2017, the ultimate beneficial owners of the group has been changed. Cayan International Real Estate Development LLC and Tamin Bin Abdulaziz Al-Salem disinvested their share capital in the Company. These shares were then acquired by Rassmal Investments LLC.

On 27 June 2017 a new investor (Al Suwaiket Trading and Contracting Company) joined the group through the acquisition of 350,000 participating shares of £1 each with a share premium of £99 each.

In December 2018, the Lambeth Council approved a new scheme for the land that meets the Council's aspiration for a new district centre for Vauxhall.

On 12 April 2018 the Company had entered into an interest bearing loan agreement (the Loan Agreement) dated 12 April 2018 between the Shareholder (as lender) and the Company (as borrower), pursuant to which the Shareholder had made available an interest-bearing loan facility of up to £34,000,000 to the Company which is listed at The International Stock Exchange (TISE).

The outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted global financial markets and, as such, market activity has been impacted in many sectors. So far, no significant issues have been identified and an estimate of the effects of these subsequent events cannot be made at present but are not expected to be material as the Company's activities are still at infancy.

On 12 April 2018 the Company entered into a master murabaha facility agreement between VCI Intermediate Limited (as purchaser) and Abdullah Al Suwaiket and Sons (Al Suwaiket Trading and Contracting) (as seller) with VCI Property Holding Limited and VCI Limited as guarantors pursuant to which the Seller had agreed to make available a murabaha facility equal to £60,000,000 to the Purchaser.