Commercial in confidence

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

OCEAN TERMINAL LIMITED

OCEAN TERMINAL LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

OCEAN TERMINAL LIMITED

COMPANY INFORMATION
for the year ended 31 December 2018

DIRECTORS:	Mr Kevin Michael Crowley
REGISTERED OFFICE:	Shepherd and Wedderburn LLP 1 Exchange Crescent Conference Square Edinburgh EH3 8UL
REGISTERED NUMBER:	SC178696 (Scotland)
AUDITORS:	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG

OCEAN TERMINAL LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the ownership and letting of a retail and leisure complex in Leith and this is expected to continue for the foreseeable future.

GOING CONCERN
Notwithstanding that the company is in a net liability position the financial statements have been prepared under the going concern assumption as the directors believe the Company will be able to meet its liabilities as they fall due for the foreseeable future. Following the acquisition of all shares in Ocean Terminal Limited on 27th November 2019, the purchaser ICG-Longbow Debt Investments No. 4 Sarl, has confirmed they will continue to support the entity to meet its liabilities as they fall due for 12 months from the date of these financial statements. The company will continue to own the property. The shareholder loans payable to Tonnant S.à r.l as at 31 December 2018 were £20,797,580 are intended to be written off and should have a positive impact to the net asset value of the company. The bank debt reported as at 31 December 2018 will be converted to shareholder loans on the same terms.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mrs M Renault (resigned on 27 November 2019)
Mr H C Millard-Beer (resigned on 27 November 2019)
Miss J A Perrier (resigned on 27 November 2019)
Mr Kevin Michael Crowley (appointed on 27 November 2019)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

OCEAN TERMINAL LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2018

AUDITORS
The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

RISK MANAGEMENT
The Company director manages the financial risks relating to the operations of the Company. These activities involve the use of financial instruments. The risks associated with these are market risk, credit risk, liquidity risk, capital risk etc. These risks and the management procedures adopted by the Company are disclosed in note 14 of the financial statements.

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

SUBSEQUENT EVENTS

In May 2019 the entity defaulted on their bank loan as a result of a decrease in the property valuation. As a result on the 27th November 2019, all the shares owned by Tonnant S.à r.l and current shareholder loan payable to Tonnant S.à r.l were acquired by ICG-Longbow Debt Investments No. 4 Sarl (bank loan provider) for a consideration of £2 (£1 in respect of the shares; and £1 in respect of the shareholder loan). For the year ended 31 December 2019, the current bank debt will be converted into shareholder loan.

ON BEHALF OF THE BOARD:

....
Mr Kevin Michael Crowley - Director

Date: 5/2/20

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OCEAN TERMINAL LIMITED

Opinion
We have audited the financial statements of Ocean Terminal Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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 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.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OCEAN TERMINAL LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Grant Thornton UK LLP

Elizabeth Collins BSc(Hons) ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 5/2/2020

OCEAN TERMINAL LIMITED

STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue		5,166,180	5,102,590
Cost of sales		(1,718,675)	(1,461,125)
GROSS PROFIT		3,447,505	3,641,465
Administrative expenses		(404,795)	(403,616)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		3,042,710	3,237,849
Loss from fair value adjustment on property		(5,846,236)	(3,150,136)
OPERATING (LOSS)/PROFIT		(2,803,526)	87,713
Finance costs	5	(5,371,396)	(2,177,983)
Finance income	5	1,932	1,810
LOSS BEFORE INCOME TAX		(8,172,989)	(2,088,460)
Income tax	6	-	-
LOSS FOR THE YEAR		(8,172,990)	(2,088,460)

The notes form part of these financial statements

OCEAN TERMINAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

	2018 £	2017 £
LOSS FOR THE YEAR	(8,172,990)	(2,088,460)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(8,172,990)	(2,088,460)

The notes form part of these financial statements

OCEAN TERMINAL LIMITED (REGISTERED NUMBER: SC178696)

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Investment property	7	44,002,653	49,634,301
CURRENT ASSETS			
Trade and other receivables	8	2,049,964	2,551,949
Cash and cash equivalents	9	1,069,627	6,879,891
		3,119,591	9,431,840
TOTAL ASSETS		47,122,244	59,066,141
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	29,139,600	29,139,600
Other reserves	14	8,576,740	8,576,740
Retained earnings		(51,750,718)	(43,577,728)
TOTAL EQUITY		(14,034,378)	(5,861,388)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	11	59,665,015	63,907,718
CURRENT LIABILITIES			
Trade and other payables	11	1,491,607	1,019,811
TOTAL LIABILITIES		61,156,622	64,927,529
TOTAL EQUITY AND LIABILITIES		47,122,244	59,066,141

The financial statements were approved by the Board of Directors on ....5/6/20.............. and were signed on its behalf by:

....

Mr Kevin Michael Crowley - Director

The notes form part of these financial statements

OCEAN TERMINAL LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2017	29,139,600	(41,489,268)	-	(12,349,668)
Changes in equity				
Total comprehensive income		(2,088,460)		
Capital contribution	-		8,576,740	6,488,280
Balance at 31 December 2017	29,139,600	(43,577,728)	8,576,740	(5,861,388)
Changes in equity				
Total comprehensive income	-	(8,172,990)	-	(8,172,990)
Balance at 31 December 2018	29,139,600	(51,750,718)	8,576,740	(14,034,378)

The notes form part of these financial statements

OCEAN TERMINAL LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	4,016,490	3,338,104
Net cash from operating activities		4,016,490	3,338,104
Cash flows from investing activities			
Additions to investment property		(214,589)	(427,259)
Interest received		1,932	1,810
Net cash from investing activities		(212,657)	(425,449)
Cash flows from financing activities			
New loans in year		-	38,619,806
Loan repayments in year		-	(41,691,000)
Financing of bank loan		(2,606,098)	(1,844,614)
Financing of shareholder loan		(600,000)	-
Proceeds from related party loan		467,000	8,002,887
Repayment of related party loan		(6,875,000)	-
Net cash from financing activities		(9,614,098)	3,087,079
(Decrease)/increase in cash and cash equivalents		(5,810,264)	5,999,734
Cash and cash equivalents at beginning of year	2	6,879,891	880,157
Cash and cash equivalents at end of year	2	1,069,627	6,879,891

The notes form part of these financial statements

OCEAN TERMINAL LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Loss before income tax	(8,172,990)	(2,088,460)
Fair value adjustment on investment	5,846,236	3,150,136
Finance costs	5,371,396	2,177,983
Finance income	(1,932)	(1,810)
	3,042,710	3,237,849
Decrease in trade and other receivables	501,985	143,083
Increase/(decrease) in trade and other payables	471,795	(42,828)
Cash generated from operations	4,016,490	3,338,104

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	1,069,627	6,879,891

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	6,879,891	880,157

OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 15 Atholl Crescent, Edinburgh, Midlothian, EH3 8HA.

The Company was incorporated on 10 September 1997.

2. STATUTORY INFORMATION

Ocean Terminal Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial statements have been prepared under the historical cost convention.

The financial statements are presented for the year to 31 December 2018. Comparative information is provided for the year to 31 December 2017.

Going concern
Notwithstanding that the company is in a net liability position the financial statements have been prepared under the going concern assumption as the directors believe the Company will be able to meet its liabilities as they fall due for the foreseeable future. Following the acquisition of all shares in Ocean Terminal Limited on 27th November 2019, the purchaser ICG-Longbow Debt Investments No. 4 Sarl, has confirmed they will continue to support the entity to meet its liabilities as they fall due for 12 months from the date of these financial statements. The company will continue to own the property. The shareholder loans payable to Tonnant S.à r.l as at 31 December 2018 were £20,797,580 are intended to be written off and should have a positive impact to the net asset value of the company. The bank debt reported as at 31 December 2018 will be converted to shareholder loans on the same terms.

Significant judgements, estimates and assumptions
The Company makes judgements, estimates and assumptions concerning the future that are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant estimate is the market value of the investment property at the year-end which has been based on a valuation recognised by the Company's directors. The resulting accounting entries will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Investment property</u>
Under the cost model, the historical cost of the Company's investment property as at 31 December 2018 was £139,200,848 (31 December 2017: £138,986,259). Please refer note 7 for further details.

Revenue recognition
IFRS 15 'Revenue from Contracts with Customers' replaces the previous measurement standards IAS 18 'Revenue' and IAS 11 'Construction Contracts'. IFRS 15 excludes rental income, which is within the scope of IAS 17 (until the adoption of IFRS 16 for accounting periods beginning on 1 January 2019). There has been no change to the measurement of revenue as a result of the adoption of IFRS 15.

continued...

OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

3. **ACCOUNTING POLICIES - continued**

Revenue recognition - continued

Rental income receivable from operating leases, less the Company's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises. Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Investment property
Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property comprises freehold land and freehold buildings.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed annually by professionally qualified third party valuers. Changes in fair values are recorded in the statement of profit or loss.

Leases
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Properties leased out under operating leases and held for immediate sale are included in inventories. Lease income from operating leases shall be recognised in income on a straight- line basis over the lease term. Lease incentives shall be recognised on a straight-line basis over the lease term.

Income tax
Income tax on the profit for the year may comprise current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustments in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences
(i) arising on the initial recognition of assets or liabilities in a transaction other than on business combination and, at the time of the transaction, affects neither accounting nor taxable profit and
(ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

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OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

3. ACCOUNTING POLICIES - continued

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Company's best estimate of the expenditure required to settle the obligation at the date of the statement of financial position.

Trade and other payables
Trade and other payables are non-interest bearing and are recognised at amortised cost.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the contract. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a trade receivable is impaired. The amount of the provision is based on management's best estimate of the likelihood of the recoverable amount. The carrying amount of the asset is reduced through the use of a bad debt provision account and the amount of the loss is recognised in the profit or loss section of the consolidated statement of profit or loss. When a trade receivable is uncollectable, it is written off against the bad debt provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit or loss statement.

Interest expense
Interest expenses for borrowings are recognised within 'finance costs' in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, and balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value and have a maturity of three months or less, and bank overdrafts. This definition is also used for the statement of cash flows.

Share capital
Shares are classified as equity where there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings and borrowing costs
Borrowings other than bank overdrafts are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to property acquired or being constructed for sale in the ordinary course of business are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

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OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

New Standards adopted as at 1 January 2018

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. On review of the existing revenue and expected revenue streams for entities it has been concluded that no impact has arisen in the recognition of revenue following implementation of IFRS 15.

IFRS 9 'Financial Instruments'
IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The adoption of IFRS9 has had no material impact on the financial statements.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. These Standards, amendments or Interpretations have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Management have assessed the impact of the Standard and do not consider it to have an impact on the accounts.

4. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2018 nor for the year ended 31 December 2017.

continued...

OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

5. NET FINANCE COSTS

	2018	2017
	£	£
Finance income:		
Deposit account interest	1,932	1,810
Finance costs:		
Bank loan interest	3,436,587	1,834,107
Interest on shareholder loan	1,917,668	333,369
Bank charges	17,141	10,507
	5,371,396	2,177,983
Net finance costs	5,369,464	2,176,173

6. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Loss before income tax	(8,172,990)	(2,088,460)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	(1,552,868)	(402,029)
Effects of:		
Revaluation adjustments	1,181,015	606,401
Tax losses brought forward utilised	-	(204,372)
Tax losses carried forward	371,853	-
Tax expense	-	-

The Company has tax losses carried forward of £25,083,211 (2017: £22,756,458) for which no deferred tax asset has been recognised due to the uncertainty over their use.

continued...

OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

7. INVESTMENT PROPERTY

	Total
	£
FAIR VALUE	
At 1 January 2018	49,634,301
Additions	214,589
Impairments	(5,846,237)
At 31 December 2018	44,002,653
NET BOOK VALUE	
At 31 December 2018	44,002,653
At 31 December 2017	49,634,301

Under the cost model, the historical cost of the Company's investment property as at 31 December 2018 was £139,200,848 (31 December 2017: £138,986,259).

The Company's investment property was valued at 31 December 2018 by an independent third party (Jones Lang LaSalle) at £46,000,000 (2017: £52,000,000). The valuation is inclusive of tenant incentives see illustration below:

	2018	2017
	£	£
Investment property	44,002,653	49,634,301
Tenant incentives (note 7)	1,997,347	2,380,472
Fair value of investment property	**46,000,000**	**52,014,773**

The valuation was based on active market prices, adjusted, if necessary, for any difference in nature, location or condition of the specific asset.

The company's property is Level 3, as defined by IFRS 13 Fair Value Measurement, in the fair value hierarchy as at 3 April 2019 and there were no transfers between Levels during the period. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

Investment property is valued by Jones Lang LaSalle adopting the "investment method" of valuation. The "investment method" approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

The following table shows the significant unobservable inputs used:

Significant observable inputs	**Inter-relationship between key unobservable inputs and fair value measurement**
	The estimated fair value would increase (decrease) if:
-market rental value	- market rental values were higher (lower)
- void estimate	- void estimates were lower (higher)
- Void periods	- void periods were shorter (longer)
- Occupancy rate	- the occupancy rate were higher (lower)
- Rent free periods	- the rent free periods were shorter (longer)

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OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

8. **TRADE AND OTHER RECEIVABLES**

	2018	2017
	£	£
Current:		
Trade debtors	5,904	-
Tenant incentives	1,997,347	2,380,472
Prepayments and accrued income	46,713	171,477
	2,049,964	2,551,949

The Company estimates that the carrying amount of trade debtors approximates to their fair value. The maximum exposure to credit risk in relation to trade receivables at the reporting date is the fair value of the trade receivables.

9. **CASH AND CASH EQUIVALENTS**

	2018	2017
	£	£
Bank accounts	1,069,627	6,879,891

Cash and cash equivalents (which are presented as a single class on the face of the statement of financial position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
42,000,000	Ordinary	£0.6938	29,139,600	29,139,600

The Company has one class of ordinary shares which carry no right to fixed income. All issued shares are fully paid.

11. **LIABILITIES**

	2018	2017
	£	£
Current:		
Trade creditors	89,851	52,994
Other creditors	54,855	-
Accrued expenses	1,308,504	849,387
VAT	38,397	117,430
	1,491,607	1,019,811

	2018	2017
	£	£
Non- current:		
Bank loans*	38,867,435	38,619,806
Shareholder loan*	20,797,580	25,287,912
	59,665,015	63,907,718
Aggregate amounts	61,156,622	64,927,529

**Please refer to Note 13 for ageing debt.*

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12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	2,779,980	3,860,488
Between one and five years	3,807,496	4,676,077
In more than five years	4,500,849	3,177,284
	11,088,325	11,713,849

The property rental income earned in the year by the Company from its trading property, all of which are leased out under operating leases, was £5,166,180 (2017: £5,102,950).

13. FINANCIAL INSTRUMENTS

The movement in the fair value of the derivative financial instrument is set out below:

Financial risk management

The Company held the following financial instruments at 31 December:

		Note	2018	2017
			£	£
Financial assets				
Loans and receivables at amortised cost	-Trade receivables	8	5,904	-
	-cash and cash equivalents	9	1,069,627	6,879,891
			1,075,531	932,375
Financial liabilities				
Financial liabilities at amortised cost	-Bank loans and other borrowings	13	(59,665,015)	(63,907,718)
	-Trade payables		(89,851)	(52,994)
			(59,754,866)	(63,960,712)
Net financial instruments			(58,679,335)	(57,080,821)

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13. **FINANCIAL INSTRUMENTS - continued**

Financial risk
The Company's activities expose it to a variety of financial risks: market (interest rate) risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company regularly reviews its exposure to interest and liquidity risk. Where appropriate, the Company will take action to minimise the impact on the business of movements in interest rates. In addition, the Company only enters into financial instruments with counterparties of appropriate credit quality.

The Company's principal financial instruments during the year comprised bank loans and cash. The Company has various other short-term financial instruments such as debtors and creditors which arise directly from its operations.

Interest rate risk and risk management
The Company's interest rate risk arises from the impact that changes in interest rates might have on its cost of borrowing. An analysis of financial assets and liabilities exposed to interest rate risk is set out below:

	Floating rate 2018 £	Fixed rate 2018 £	Weighted average fixed interest rate 2018 £	Floating rate 2017 £	Fixed rate 2017 £	Weighted average fixed interest rate 2017 £
Financial assets						
Cash and cash equivalents	1,069,627	-	-	6,879,891	-	-
	1,069,627	-		6,879,891	-	
Financial Liabilities						
Bank Loans		38,867,435	8.14%	-	38,619,806	8.14%
Related-party loans	-	20,797,580	9.22%	-	25,287,912	1.32%
	-	59,665,015		-	69,179,000	

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps that have the economic effect of converting borrowings from floating to fixed rates.

At 31 December 2018, it is estimated that an increase or decrease of one percentage point in interest rates would impact on the Company's annual loss before tax by £0.0m (2017: £0.0m).

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13. FINANCIAL INSTRUMENTS - continued

Credit risk and risk management
The Company's exposure to credit risk arises from the potential financial loss if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the Company's receivables from tenants and other third parties.

The Company's exposure to credit risk arising from trade and other receivables is influenced by the individual characteristics of each tenant. The Company operates a policy whereby the creditworthiness of each tenant is assessed prior to lease or pre-lease terms being agreed. The process includes seeking external ratings where available and reviewing financial information in the public domain. In certain cases, the Company will require collateral to support these lease obligations. This usually takes the form of a rent deposit, parent company guarantee or a bank guarantee.

Rent collection is outsourced to managing agents who report regularly on payment performance and provide the Company with intelligence on the continuing financial viability of tenants. Arrears are monitored internally on a quarterly basis following the rental quarter by the internal property management teams of the related party, Resolution Real Estate Advisers LLP, together with the property's external property agents. Established procedures are in place to review and collect outstanding rent arrears and resulting actions are put into place on a timely basis.

Credit risk also arises in relation to holdings of cash. Surplus funds are typically placed onto the wholesale inter-bank money markets, usually in the form of short-term fixed rate deposits with approved banks.

Liquidity risk and risk management
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company keeps its short, medium and long term funding requirements under constant review. Cash levels are monitored to ensure sufficient resources are available to meet the Company's operational requirements. Short and long term cash flow forecasts are produced regularly to assist in identifying liquidity requirements.

The Company's policy is to finance its activities using equity and medium term debt, the proportions depending on the profile of the operational and financial risks to the business. The Company generally borrows on a secured basis with charges over investment property.

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OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

13. **FINANCIAL INSTRUMENTS - continued**

Terms and debt repayment schedule

Current year:

	1 year or less	Between 1and 5 years	Totals
	£	£	£
Bank loans	-	38,867,435	38,867,43
Related-party loans	-	20,797,580	20,797,58
	-	59,665,015	59,665,015

Prior year:

	1 year or less	Between 1and 5 years	Totals
	£	£	£
Bank loans	-	38,619,806	38,619,806
Related-party loans	-	25,287,912	25,287,912
	-	63,907,718	63,907,718

The fair values of bank loans are deemed equal to their nominal value where property values exceed loan values and debt continues to be serviced, but is restricted to the Company's net asset value otherwise. The shareholder loans are held at amortised cost.

The current bank debt is with ICG-Longbow Debt Investments No. 4 S.à r.l. ('Longbow'). The facility with Longbow was for £39,600,000 less debt issue costs of £980,194. Debt issue costs are amortised over the life of the loan which is four years from December 2017.

The bank loan incurs a weighted average fixed interest rate of 8.84%. The bank loan is duc to expire in December 2021.

The shareholder loans are due to expire in December 2021. The shareholder loan now incurs interest at 10% on £12.4m payable per annum and the remainder interest free.

All bank loans arc secured on investment property and shareholder loan are unsecured on investment property.

OCEAN TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

Capital risk management
The Company manages capital to ensure that it has available resources and access to markets to ensure the continued growth of the Company and to meet immediate short-term borrowing requirements. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure that complies with loan covenants and other measures. Access to capital takes many forms and includes but is not limited to investor contributions, debt capital markets and bank markets.

During the year to 31 December 2018, the Company maintained sufficient debt facilities which ensured its objectives were met.

14. OTHER RESERVES

Last year, a capital contribution of £8,576,740 was recognised which represents the equity element that arises over the recognition of the renewed terms of the shareholder loan that was extended on 15 December 2017.

15. ULTIMATE PARENT COMPANY

As at 31 December 2018, the ultimate and immediate parent company is Resolution III Holdings S.à r.l., a company incorporated in Luxembourg. The Company is a subsidiary undertaking of Tonnant S.à r.l., a company incorporated and domiciled in Luxembourg.

On 21st November 2019, the ultimate parent company changed to ICG-Longbow UK Real Estate Debt Investments IV SCSP as the shares of Ocean Terminal were acquired by ICG-Longbow Debt Investments No.4 Sarl (refer to Note 17.

16. RELATED PARTY DISCLOSURES

During the year, the company repaid £6,875,000 to Tonnant S.à r.l.. and obtained loans of £467,000. During the previous year, the Company obtained loans of £8,002,887 from Tonnant S.à r.l.. This related-party loan is included in bank loans and other borrowings in note 11. Interest of £1,917,668 (2017: £333,369) was accrued on the related-party loan during the year and at the balance sheet date the Company owed £20,797,580 (2017: £25,287,912) to Tonnant S.à r.l.. Related-party loans expire in December 2021.

The owners of the Company have a service agreement with Resolution Real Estate Advisers LLP for the provision of property advisory services. An amount of asset management fees of £236,876 for the provision of such services to 31 December 2018 is included in administrative expenses in the statement of profit or loss (2017: £213,528).

Audit fees of £12k incurred by the Company are payable by Resolution III Holdings S.à r.l. (2017: £12k) and £6k by the entity.

17. SUBSEQUENT EVENTS

In May 2019 the entity defaulted on their bank loan as a result of a decrease in the property valuation. As a result on the 27th November 2019, all the shares owned by Tonnant S.à r.l and current shareholder loan payable to Tonnant S.à r.l were acquired by ICG-Longbow Debt Investments No. 4 Sarl (bank loan provider) for a consideration of £2 (£1 in respect of the shares; and £1 in respect of the shareholder loan). For the year ended 31 December 2019, the current bank debt will be converted into shareholder loan.