AVIVA INVESTORS GR SPV 12 LIMITED
(formerly EMLOR PROPERTY NO.4 LIMITED)
Registered in England and Wales Number 03824389

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

DIRECTORS AND OFFICERS

Directors

J Gottlieb
C J Urwin

Officer – Company Secretary

Dorchester Ground Rent Management Limited
ECHQ
34 York Way
London
N1 9AB

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered Office

ECHQ
34 York Way
London
N1 9AB

Company Number

Registered in England and Wales: No. 03824389

DIRECTORS' REPORT
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

The directors present their report and financial statements for the Company for the period from 1 June 2013 to 31 December 2013.

Directors
The current directors and those in office during the year are as follows:

D Marlow	appointed on 1 August 2013	ceased on 19 December 2013
C J McCarthy	ceased on 19 December 2013	
S J McCarthy	ceased on 19 December 2013	
J Gottlieb	appointed on 19 December 2013	
J M W Lindsey	appointed on 19 December 2013	ceased on 8 May 2014
C J Urwin	appointed on 19 December 2013	

Principal Activities
The principal activity of the company is that of investment in ground rent properties.

Business Review
On 19 December 2013 the Company was acquired by Aviva Investors Ground Rent Holdco Limited and changed its name from Emlor Property No.4 Limited to Aviva Investors GR SPV 12 Limited on 13 January 2014. The Company acquired a portfolio of ground rent investment properties on 19 December 2013 for £3.3 million (including costs) which has been financed through a loan from parent undertaking.

Financial Position and Performance
The financial position of the Company at 31 December 2013 is shown in the balance sheet on page 9, with the results shown in the profit and loss account on page 8.

Future Outlook
The directors have reviewed the activities of the business for the period and the position as at 31 December 2013 and consider them to be satisfactory. The directors expect the level of activity to be maintained in the foreseeable future.

Principle Risks and Uncertainties
The key risks arising in the Company are market, credit, operational, interest rate and liquidity risks which are discussed in more detail below.

Risk Management Policies
Approach to risk and capital management
The Company operates within the governance structure and priority framework of the Aviva Group ('Aviva').

Management of financial and non-financial risks
The Company's exposure to different types of risk is limited by the nature of its business as follows:

(i) *Market risk*
The Company's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Company.

DIRECTORS' REPORT (CONTINUED)
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

(ii) Credit risk

The Company does not have a significant exposure to credit risk as receivables are mainly short-term trading items and related party receivables. The Company's investments are managed by agents who have responsibility for the prompt collection of amounts due.

(iii) Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's investments.

(iv) Interest rate risk

Interest rate risk arises as a result of the Company borrowing from its parent undertaking. Interest rate risk is managed by the Company borrowing at a fixed rate of interest.

(v) Liquidity risk

Liquidity risk arises as a result of property assets being inherently illiquid. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

Key Performance Indicators ('KPI')

The directors consider that the key performance indicators for the Company's business are as below:

	7 months to 31 December 2013	12 months to 31 May 2013
	£	£
Investment properties valuation	3,798,073	-
Operating (loss)/result	(10,740)	-

Dividend

The directors do not recommend the payment of a dividend for the financial period ending 31 December 2013 (year ended 31 May 2013:£nil).

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Company has no employees (year ended 31 May 2013: none).

Disclosure of Information to the Auditors

Each person who was a director of the Company on the date that this report was approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and

(b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

Independent Auditors
It is the intention of the directors to reappoint the auditor under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying Indemnity Provisions
The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Statement of Directors' Responsibilities
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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing their report, the directors' have taken advantage of the exemption for small companies in accordance with section 415(A) of the Companies Act 2006.

By order of the Board on 20 May 2014

C. J. U

C J Urwin
Director

Independent auditors' report to the members of Aviva Investors GR SPV 12 Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Aviva Investors GR SPV 12 Limited, comprise:

- the profit and loss account;
- the statement of total recognised gains and losses;
- the balance sheet as at 31 December 2013;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Aviva Investors GR SPV 12 Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 May 2014

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PROFIT AND LOSS ACCOUNT
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

	Notes	7 months to 31 December 2013 £	12 months to 31 May 2013 £
Turnover	1	4,500	-
Administrative expenses		(15,240)	-
Operating (loss)/result	2	(10,740)	-
Interest payable and similar charges	3	(6,979)	-
(Loss)/result on ordinary activities before taxation		(17,719)	-
Tax on (loss)/result on ordinary activities	4	-	-
(Loss)/result for the financial period/year		(17,719)	-

Continuing Operations
Turnover and loss/result on ordinary activities derive wholly from continuing operations.

Note of Historical Cost Profits and Losses
There is no material difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

	7 months to 31 December 2013 £	12 months to 31 May 2013 £
(Loss)/result for the financial period/year	(17,719)	-
Unrealised gain on revaluation of investment properties	470,002	-
Total recognised gains relating to the period/year	452,283	-

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BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	31 December 2013 £	31 May 2013 £
FIXED ASSETS			
Investment Properties	5	3,798,073	-
CURRENT ASSETS			
Debtors	6	150,802	2
		150,802	2
CREDITORS			
Amounts falling due within one year	7	(230,628)	-
Net current (liabilities)/assets		(79,826)	2
Total assets less current liabilities		3,718,247	2
CREDITORS			
Amounts falling due after more than one year	8	(3,265,962)	-
Net assets		452,285	2
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Revaluation reserve	10	470,002	-
Profit and loss account	10	(17,719)	-
Total shareholders' funds	11	452,285	2

The financial statements on pages 8 to 13 were approved by the Board of Directors on 20 May 2014 and signed on its behalf by:

C. J. Urwin

C J Urwin
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

1 ACCOUNTING POLICIES

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investment properties held as fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice).. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash Flow Statement
A cash flow statement has not been included in these financial statements as the Company qualifies for exemption as a small entity under the terms of Financial Reporting Standard No.1 (Revised) 'Cash Flow Statements'.

Investment properties
In accordance with Statement of Standard Accounting Practice No 19: investment properties are revalued annually and the aggregate gain or loss is transferred to a revaluation reserve; permanent diminution in the value of investment properties to below their original cost is charged directly to the profit and loss account; and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The company has re-valued its investment properties to comply with SSAP 19.

This treatment, as regards the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided in accordance with FRS 19. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are only recognised to the extent that they are recoverable. Deferred tax assets and liabilities are not discounted.

Turnover
Turnover represents amounts receivable from ground rents and other services, in all cases excluding value added tax, and all in the UK.

2 OPERATING (LOSS)/RESULT

	7 months to 31 December 2013	12 months to 31 May 2013
This is stated after charging:	£	£
Auditors remuneration – audit	9,200	-

The Company did not have any employees during the current period or previous year.
The directors received no emoluments for services to the Company for the period (year to 31 May 2013: nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

3 INTEREST PAYABLE AND SIMILAR CHARGES

	7 months to 31 December 2013	12 months to 31 May 2013
	£	£
Loan interest payable to parent undertaking	6,979	-

4 TAX ON (LOSS)/RESULT ON ORDINARY ACTIVITIES

	7 months to 31 December 2013	12 months to 31 May 2013
	£	£
Corporation tax at 23% (31 May 2013 – 23.8%)	-	-

Factors affecting the tax charge for the period/year:
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 23.25%. The differences are explained below.

Loss on ordinary activities before taxation	(17,719)	-
Tax at 23% (31 May 2013 – 23.8%)	(4,075)	-
Effect of:		
Losses utilised in year and/or carried forward	4,075	-
	-	-

There is an unrecognised potential deferred tax liability relating to investment properties which were revalued in the period and an unrecognised potential deferred tax asset relating to losses carried forward. Further details are given in note 12.

5 INVESTMENT PROPERTIES

Freehold investment properties	31 December 2013	31 May 2013
Cost / Valuation		£
At start of period/year	-	-
Additions in period/year	3,328,071	-
Revaluation in period/year	470,002	-
At end of period/year	3,798,073	-

The historical cost of the investment properties as at 31 December 2013 was £3,328,071 (31 May 2013 - £nil). The investment properties were revalued on a market value basis as at 31 December 2013 by CBRE Limited, Chartered Surveyors. The valuation was carried out in accordance with the Valuation Standards published by the Royal Institute of Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

6 DEBTORS

Amounts fall due within one year:	31 December 2013 £	31 May 2013 £
Amount owed by parent undertaking	150,802	-
Other debtors	-	2
	150,802	2

7 CREDITORS – Amounts falling due within one year

	31 December 2013 £	31 May 2013 £
Accruals and deferred income	230,628	-
	230,628	-

8 CREDITORS – Amounts falling due after more than one year

	31 December 2013 £	31 May 2013 £
Loan from parent undertaking	3,265,962	-

The loan from parent undertaking is unsecured, bears interest at 6% per annum and is repayable on demand. The parent has undertaken not to recall the loan within the next 12 months, and therefore this loan has been classified as due after more than one year.

9 CALLED UP SHARE CAPITAL

	31 December 2013 £	31 May 2013 £
Issued and fully paid		
Ordinary Shares of £1 each	2	2

10 RESERVES

	Revaluation reserve £	Profit & loss account £
At start of period	-	-
Loss for the financial period	-	(17,719)
Revaluation in period	470,002	-
At end of period	470,002	(17,719)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 7 MONTHS PERIOD TO 31 DECEMBER 2013

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2013	31 May 2013
	£	£
Opening shareholders' funds	2	2
(Loss)/result for the financial period/year	(17,719)	-
Revaluation in period/year	470,002	-
Closing shareholders' funds	452,285	2

12 DEFERRED TAX ASSETS AND LIABILITIES

There is a potential deferred tax liability of £94,000 relating to investment properties which were revalued in the period. The amount is not recognised as there were no binding agreements in place to dispose of these assets at the balance sheet date.

Deferred tax assets of £3,544 relating to losses carried forward have not been recognised on the basis that there is not expected to be taxable profits against which to utilise them in the foreseeable future.

13 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Aviva Investors Ground Rent Holdco Limited, a company incorporated in the United Kingdom.

Aviva Investors REaLM Ground Rent Limited Partnership is the undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Aviva Investors REaLM Ground Rent Limited Partnership is available from No1 Poultry, London EC2R 8EJ.

14 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemptions allowed by FRS 8 Related Party Disclosures, in respect of related transactions with other group companies, on the ground that it is wholly owned by a partnership which has publically available consolidated financial statements. The consolidated financial statements of Aviva Investors REaLM Ground Rent Limited Partnership is available from No1 Poultry, London EC2R 8EJ.

15 POST BALANCE SHEET EVENTS

The Company has issued 809,758 Ordinary £1 shares at par on 12 March 2014 to Aviva Investors Ground Rent Holdco Limited, the Company's immediate parent undertaking paid for by a reduction in its' loan with its' immediate parent undertaking.