Registered in England and Wales: No. 04045531

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24 DECEMBER 2021

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

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41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

Directors	Neil Gardiner Carl Williams
Company secretary	Aviva Company Secretarial Services Limited
Registered number	04045531
Registered office	St Helen's 1 Undershaft London EC3P 3DQ United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom
Legal form	Private limited company
Country of incorporation	United Kingdom

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 24 DECEMBER 2021

The Directors have the pleasure in submitting their report together with the audited financial statements for the year ended 24 December 2021.

Principal activities

The principal activity of 41-42 Lowndes Square Management Company Limited ("the Company") is to act as an intermediary vehicle for the administration of ground rent in respect of the leasehold interest in the property at 41-42 Lowndes Square, London SW1. Under the Company's lease with the freeholder, the Company is required to manage the service charge of the common parts of the underlying property for its own lessees, the residential tenants.

Results and business review

The Company made a profit for the financial year of £5,754 (2020: loss of £725).

The results for the year and financial position of the Company are shown in the financial statements.

Financial risk management

Due to the nature and principal activity of the Company, which exists to collate receipts of ground rent payable by tenants and pass these amounts to the freeholder, the Directors would normally expect any profit or loss earned by the Company in any given year will be marginal. Revenue earned from the leaseholder enfranchisement in the current and prior year does not represent any additional risk to the Company due to the amounts recognised in relation to each individual transaction being prescribed by a specific contractual agreement between the lessee and the freeholder. In particular, we note that the Company is not exposed to the credit risk arising from outstanding lease payments due from leaseholders on the basis that a fellow subsidiary of the Group ("Aviva plc and its subsidiaries") provides a guarantee to cover any default amounts should they arise. As a result, and on the basis that Aviva Life & Pensions has the ability to honour the guarantee, the Directors consider that there are no principal risks affecting the Company.

COVID-19

On 30 January 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On 22 February 2022 the United Kingdom government lifted all remaining COVID-19 restrictions. The Directors will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Ukraine Russia conflict

Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the Directors are actively monitoring the situation and will assess any impact as it is deemed to arise. The Directors recognise that the overall impact of the conflict may not yet be apparent and do not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Company and its investments. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Directors do not envisage that this will have a material impact on the Company.

Going concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. After making enquiries, the Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

No change to the activities of the Company is anticipated in the foreseeable future.

Political and charitable contributions

During the year the Company made no political or charitable donations.

Directors

The Directors who served during the year were:

Neil Gardiner
Carl Williams

Independent auditors

It is the intention of the Directors to reappoint the independent auditors, PricewaterhouseCoopers LLP, 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, the Company's ultimate parent, 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 has applied to the Directors of the Company since incorporation. 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.

Events after the reporting date

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no material events to be disclosed or adjusted for in these audited financial statements.

On behalf of the Board:

DocuSigned by:
Carl Williams
5382574C08734BB...

Carl Williams
Director

Date: 30 September 2022

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 24 DECEMBER 2021

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Directors' confirmations

In the case of the directors in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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. A strategic report has not been included in these audited financial statements as the company qualifies for exemption as a small entity under part 414B of the Companies Act 2006 relating to small entities.

On behalf of the Board:

DocuSigned by:
Carl Williams
5382574C08734BB...
Carl Williams
Director

Date: 30 September 2022

Report on the audit of the financial statements

Opinion

In our opinion, 41-42 Lowndes Square Management Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 24 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 24 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 24 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present more favourable financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

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.

Victoria Music

Victoria Music (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2022

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 24 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	3	**11,453**	11,400
Administrative expenses	4	**(12,401)**	(12,295)
Operating loss		**(948)**	(895)
Other income		**6,522**	-
Profit/(loss) before taxation		**5,574**	(895)
Tax on profit/(loss)	6	**180**	170
Profit/(loss) and total comprehensive income/(expense) for the financial year		**5,754**	(725)

All amounts reported in the Statement of Comprehensive Income for the years ended 24 December 2021 and 24 December 2020 relate to continuing operations.

The primary statements and notes on pages 8 to 18 form part of these financial statements.

REGISTERED NUMBER:04045531

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 24 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors	7	**3,094**		3,080	
Cash at bank and in hand	8	**703**		485	
		3,797		3,565	
Creditors: amounts falling due within one year	9	**(2,950)**		(8,472)	
Net current assets/(liabilities)			**847**		(4,907)
Net assets/(liabilities)			**847**		(4,907)
Capital and reserves					
Called up share capital	10		**9**		9
Retained earnings/(accumulated losses)			**838**		(4,916)
Total equity			**847**		(4,907)

These financial statements on pages 8 to 18 were approved and authorised for issue by the Board and were signed on its behalf by:

DocuSigned by:

Carl Williams

Carl Williams
Director

Date: 30 September 2022

The primary statements and notes on pages 8 to 18 form part of these financial statements.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 24 DECEMBER 2021

	Called up share capital	Retained earnings/ (accumulated losses)	Total Equity
	£	£	£
Balance as at 25 December 2019	**9**	**(4,191)**	**(4,182)**
Loss and total comprehensive expense for the financial year	**-**	**(725)**	**(725)**
Balance as at 24 December 2020 and 25 December 2020	**9**	**(4,916)**	**(4,907)**
Profit and total comprehensive income for the financial year	**-**	**5,754**	**5,754**
Balance as at 24 December 2021	**9**	**838**	**847**

The primary statements and notes on pages 8 to 18 form part of these financial statements.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2021

1. General information

41-42 Lowndes Square Management Company Limited ("the Company") acts as an intermediary vehicle for the administration of ground rent in respect of the leasehold interest in the property at 41-42 Lowndes Square, London SW1.

The Company is registered as a private company limited by its shares and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year except where noted below.

2.1 Statement of Compliance with FRS 102

The Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2.2 Basis of preparation

The financial statements have been prepared under the historical costs convention and on a going concern basis. The accounting policies have been consistently applied throughout the year and are consistent with those applied in previous years.

These financial statements have been presented in British Pounds as this is the Company's functional currency, being the primary economic environment in which it operates.

2.3 Critical accounting judgements and estimation uncertainty

Any estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors confirm that no critical accounting judgments have been made in relation to the 2021 accounts.

2.4 Going concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. After making enquiries, the Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

2.5 Strategic report and Directors' report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities. The Directors' report has been prepared with reduced disclosures in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006.

2.6 Cash flow statement

The Company has taken advantage of the exemption under FRS 102 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company's cash flows are included within the consolidated statement of cash flows of its ultimate parent company, Aviva plc.

2.7 Income and expenses

Income is recognised on an accruals basis and net of rebates due to lessees in respect of ground rent receivable by the Company. All income is derived from operations performed in the United Kingdom and is recognised net of any VAT. Expenses include ground rent payable and administrative costs and are recognized on an accrual basis.

2.8 Financial instruments

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

(i) Financial assets

Financial assets, including trade and other debtors, are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including other receivables, 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 costs 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.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

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) despite having retained some significant risks and rewards of ownership, 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.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2021

2.8 Financial instruments (continued)

(ii) Financial liabilities

Financial liabilities, including trade and other creditors, are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial liabilities classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make payments which meet the conditions above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Taxation

Current Tax

Taxation is based on the profits and income for the period as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current taxation is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss recognised outside the profit and loss account, in which case the current tax is recognised in the Statement of Comprehensive Income, or equity, as applicable.

Deferred Tax

Deferred taxation is recognised on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates used are the rates that have been enacted or substantively enacted at the balance sheet date.

Full provision is made for the deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss recognised outside the profit and loss account, in which case the deferred taxation is recognised in the Statement of Comprehensive Income, or equity, as applicable.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2021

2. Accounting policies (continued)

2.11 Share Capital

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, of the proceeds.

3. Turnover

	2021	2020
	£	£
Rent receivable from tenants	**11,453**	11,400

All income is derived from operations performed in the United Kingdom and is recognised net of any VAT. Income is recognised net of rebates due to lessees in respect of ground rent receivable by the Company.

4. Administrative expenses

	2021	2020
	£	£
Rent payable to the freeholder	**11,453**	11,400
Bank Charges	**90**	30
Professional fees	**858**	865
	12,401	12,295

Audit fees of £8,611 (2020: £8,320) plus non-recoverable VAT have been borne by a fellow subsidiary of the Group and were not recharged to the Company (2020: same).

The auditors did not provide any non-audit services to the Company during the year (2020: none).

5. Other income

	2021	2020
	£	£
Other finance income	**6,522**	-

During the year, Aviva Life & Pensions UK Limited, the freehold owner of the property agreed to write off the balance of £6,522 due by the Company.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2021

6. Tax on profit/(loss)

Analysis of tax charge for the year

	2021 £	2020 £
Corporation tax		
UK corporation tax credit on profit/(loss) for the year	**(180)**	(170)
Total current tax credit	**(180)**	(170)

Factors affecting tax charge for the year

The tax on the Company's profit/(loss) before taxation is lower than (2020: the same as) the theoretical amount that would arise using the tax rate 19.00% (2020: 19.00%) in the United Kingdom as follows:

	2021 £	2020 £
Profit/(loss) before taxation	**5,574**	(895)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	**1,059**	(170)
Income not taxable for tax purposes	**(1,239)**	-
Total tax credit for the year	**(180)**	(170)

In the Finance Bill 2021, which was substantively enacted on 24 May 2021, the corporation tax will increase to 25% from 1 April 2023. There is no impact on the Company's net assets as a consequence of this amendment.

7. Debtors

	2021	2020
	£	£
Amounts owed from group undertakings	**576**	825
Other debtors	**2,518**	2,255
	3,094	3,080

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Cash at bank and in hand

Cash and cash equivalents comprise the following:

	2021	2020
	£	£
Cash at bank and in hand	**703**	485

Financial assets have been measured at amortised cost.

9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	**-**	5,522
Accruals	**2,950**	2,950
	2,950	8,472

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2021

10. Called up share capital

	2021	2020
	£	£
Issued:		
9 "A" (2020: 9) ordinary shares of £0.25 each, fully paid	**2**	2
27 "B" (2020: 27) ordinary shares of £0.25 each, fully paid	**7**	7
	9	9

The voting rights and dividend entitlements of the holders of all ordinary shares are the same and all ordinary shares rank pari passu on a winding up.

11. Staff costs

The monthly average number of employees of the Company during the year was Nil (2020: Nil). Staff costs for the year were £Nil (2020: £Nil).

Costs associated with the administration of the Company were borne by Friends Life Services Limited, a fellow subsidiary of the Group, and were not recharged to the Company (2020: the same). The administration fees are charged under normal market conditions.

12. Related party transactions

During the year, the Company was charged ground rent of £11,453 (2020: £11,400), by Aviva Life & Pensions UK Limited, the freehold owner of the property. In turn, the Company charged ground rent of £11,483 (2020: £11,400) to its lessees, who are all shareholders of the Company. In addition, as disclosed in Note 6, an amount of £576 (2020: £825) is due from the lessees to the Company.

Amounts due from and to related parties at the year-end were as follows:

	2021	2020
	£	£
Amounts owed to group undertakings	-	5,522

13. Directors' emoluments

The Directors are employed by, and receive their emoluments from, Friends Life Services Limited, Friends Life Management Services Limited or Aviva Employment Services Limited. The Directors holding office during the year consider their services to the Company were incidental to their other duties within the Group and accordingly no remuneration has been apportioned to the Company (2020: none).

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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14. Ultimate parent undertaking & controlling party

The immediate parent undertaking of the Company is Friends SL Nominees Limited.

The ultimate parent undertaking and controlling party of the Company is Aviva plc, a company incorporated in the United Kingdom.

Aviva plc is the parent undertaking of both the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Aviva plc are available at www.aviva.com or are on application to the:

Group Company Secretary
Aviva plc
St. Helen's
1 Undershaft
London
EC3P 3DQ

15. Events after the reporting date

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no material events to be disclosed or adjusted for in these audited financial statements.

Registered in England No: LP015429

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

PARTNER, ADVISERS AND OTHER INFORMATION

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1 Undershaft
London
EC3P 3DQ

Fund Manager
Aviva Investors UK Fund Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Portfolio Manager
Aviva Investors Global Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

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EC4R 9HA

Registered Office
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1 Undershaft
London
EC3P 3DQ

Registered Number
Registered in England and Wales: No. LP015429

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors of the General Partner (the "Directors") present their strategic report of Aviva Investors UK Commercial Real Estate Senior Debt L.P. (the "Partnership") for the year ended 31 December 2021.

THE PARTNERSHIP

The Partnership was established on 17 July 2013 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008. The total drawn amount of the Partners as at 31 December 2021 is £186,723,923 (2020: £216,574,612).

PRINCIPAL ACTIVITIES OF THE PARTNERSHIP

The principal activity of the Partnership is to carry on the business of investment and in particular (but without limitation) to identify, research, negotiate, make and monitor the progress of, and sell, realise, exchange, distribute or otherwise dispose of investments in loans secured by UK commercial mortgages.

REVIEW OF THE PARTNERSHIP'S BUSINESS

Objective and strategy

The strategy of the Partnership is to provide investors with a fixed-income style return through investment in medium-term, generally between 3 and 10 years, senior mortgage loans secured by UK real estate. Aviva Commercial Finance Limited (the "Fronting Lender") acts as lender of record and security trustee and holds the loans (and related security) on trust for the Partnership. Loans are written on a bilateral basis by the Fronting Lender, to finance the acquisition or refinancing of core / core plus UK commercial real estate (predominantly offices, retail and industrial, although the Partnership may have some exposure to the leisure, hotel, residential and student accommodation sectors).

Investors participate in the Partnership by becoming limited partners, pursuant to the Limited Partnership Agreement (the "LPA").

Investments are fixed rate being fixed shortly before drawdown of each eligible loan above the equivalent Gilt for its duration.

The Partnership is closed ended and adopts a hold-to-maturity strategy. It is managed on a discretionary basis by Aviva Investors UK Fund Services Limited (the "Fund Manager"). The Fund Manager delegates a number of its responsibilities under the Fund Management Agreement to Aviva Investors Global Services Limited (the "Portfolio Manager") under the Portfolio Management Agreement.

The first close occurred in July 2013.

The Partnership terminates in July 2026. This period may, however, be extended by Investor Special Consent for up to an additional year. Given the Fund's investment period has closed all capital receipts received are to be distributed to investors via capital distributions over the Fund's remaining life.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

PARTNERSHIP PERFORMANCE

The financial position of the Partnership at 31 December 2021 is shown in the Statement of Financial Position on page 13, with the results shown in the Statement of Comprehensive Income on page 12 and the Cash Flow Statement on page 15.

The business review is required to contain financial and where applicable, non-financial key performance indicators ("KPIs"). The General Partner considers that, in line with the activities and objectives of the business, the financial KPIs set out below are those which communicate the performance of the Partnership as a whole.

These KPIs comprised:

	2021	2020
Net asset value (NAV) as per IFRS	£183,127,397	£210,690,695
Distributions during the year	£4,477,459	£7,188,053
Number of loans	17	15
Carrying value of loans	£183,057,202	£162,844,315
Profit/(loss) for the year	£2,287,391	(£5,762,860)

The Partnership produced a gross return for the year of 4.14% (2020: 1.02%) The Partnership invests in loans with a target fixed gross annual yield of at least 2.00% (2020: 2.00%) per annum above the equivalent Gilt. At 31 December 2021, the weighted average gross annual yield of the Partnership's investments was 2.53% (2020: 2.48%) over the equivalent Gilt.

CAPITAL MANAGEMENT AND OBJECTIVES

The Partnership operates as an ungeared fund.

£29,850,689 was distributed by the Partnership during the year ended 31 December 2021 (2020: £33,056,713) in the form of capital contributions and advances.

LOANS RECEIVABLE

The Partnership issued four new loans totalling £56,379,299 during the year ended 31 December 2021 (2020: three new loans totalling £25,250,139, refinance of one loan totalling £6,930,000). Capital repayments of loans receivables amounted to £37,748,468 during the year ended 31 December 2021 (2020: £75,843,388). The expected credit loss model has been used to calculate any provision or impairment.

LOAN REDEMPTIONS

During the year, one loan was fully repaid ahead of scheduled maturity; £13,930,153 Stars Ealing Partner Limited loan was repaid in March 2021.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

POST BALANCE SHEET EVENTS

Post balance sheet events have been evaluated up to the date the audited financial statements were approved and authorised for issue by the General Partner and there are no material events to be disclosed or adjusted for in these audited financial statements, except those noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks arising in the Partnership are market, interest rate, credit, operational and liquidity risks which are further discussed in the Note 5 of the financial statements.

COVID-19

On 30 January 2020, the World Health Organisation ("WHO") declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On 22 February 2022, the United Kingdom government lifted all remaining COVID-19 restrictions. COVID-19 has had an adverse effect on the valuation of a portion of underlying investments as highlighted through the impairment provisions, however in totality there has been a write back of the impairment provisions in the current year as the investments were not as adversely impacted as expected at prior year end. The General Partner will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Ukraine Russia conflict

Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the General Partner is actively monitoring the situation and will assess any impact as it is deemed to arise. The General Partner recognises that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Partnership and its investment. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the General Partner does not envisage that this will have a material impact on the Partnership.

EMPLOYEES

The Partnership has no employees (2020: Nil). The key management personnel have been identified as the Directors of Aviva Investors UK CRESD GP Limited. The Directors received no remuneration (2020: £Nil).

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

ENVIRONMENTAL

Our approach to responsible investment in real assets

Our duty as long-term stewards of our clients' assets is the responsible allocation and management of capital. We do this to create stable income and capital growth for our clients, contributing to long-term value creation. To create and protect value, we must balance the needs of our clients with the needs of our stakeholders: customers, partners, communities and wider society. We do this by understanding material environmental, social and governance (ESG) factors and sustainability risks that can impact investment returns and assessing investments for their potential to adversely impact our stakeholders.

Governance and oversight of our responsible investment activity is led by our real assets stewardship forum, which is chaired by the chief investment officer and has membership from our senior leadership team as well as the chief responsible investment officer. The stewardship forum oversees the direction of our ESG and stewardship activities, as well as the delivery of our sustainability goals and external stakeholder matters. Our real assets investment oversight committee retains oversight of ESG integration in our investment activities and is supported by our origination forum, which guides ESG integration in our investment strategy.

We encourage a culture of team and individual accountability through integrating ESG in asset planning and review meetings. Our reporting on ESG metrics through these meetings allows us to hold our teams to account for delivering our responsible investment goals. The integration of ESG factors in investment decisions is part of the pay criteria of our main investment desk heads. In addition, through our global reward framework, all investment employees are expected to support our responsible investment activities and integrate ESG issues into their investment processes.

Find out more about our approach to responsible investment at https://www.avivainvestors.com/engb/about/responsible-investment/

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

For and on behalf of the Partnership:

DocuSigned by:

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S Stock
Director of Aviva Investors UK CRESD GP Limited

Date: 29 June 2022

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors of the General Partner present their annual report and the audited financial statements (hereafter "the financial statements") of the Partnership for the year ended 31 December 2021.

RESULTS AND DISTRIBUTIONS

The total comprehensive income for the Partnership for 2021 was £2,287,391 (2020: loss £5,762,860). Distributions to the Limited Partners were £4,477,459 (2020: £7,188,053).

DIRECTORS

The current Directors of Aviva Investors UK CRESD GP Limited and those in office throughout the year, except as noted, are as follows:

A W L Hook
K M Mcphail
S Stock

PARTNERS' ACCOUNTS

Partners' accounts consist of capital contributions and non-interest-bearing loans. The Partnership has classified the Partners' accounts as a financial liability based on the contractual arrangements within the LPA which require repayment of the net assets/liabilities upon wind up of the Partnership.

The Partners' accounts include capital contributions and partners advances as follows:

As at 31 December 2021	Capital Contributions £	Capital Advance £
Limited Partners	3,260	186,720,663
Aviva Investors UK CRESD GP Limited	-	-
Total	3,260	186,720,663

As at 31 December 2020	Capital Contributions £	Capital Advance £
Limited Partners	3,260	216,571,352
Aviva Investors UK CRESD GP Limited	-	-
Total	3,260	216,571,352

GOING CONCERN

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries, the Directors of the General Partner have a reasonable expectation that the Partnership 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.

THE AVIVA GROUP'S APPROACH TO RISK AND CAPITAL MANAGEMENT

The Aviva plc and subsidiaries ("Aviva Group") operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). Aviva has an Audit Committee, which includes shareholder representatives.

FINANCIAL INSTRUMENTS

The business of the Partnership includes use of financial instruments. Details of the Partnership's risk management objectives and policies, and exposures to market risk, interest rate risk, credit risk, operational risk and liquidity risk relating to financial instruments are set out in the Note 5 of the financial statements.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP ("PwC") have indicated their willingness to continue in office and a resolution to consider their appointment will be proposed at the board meeting of the General Partner.

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who was a Director of the General Partner on the date that this report was approved confirms that:

- 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 Partnership's auditors are unaware, and

- 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 Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

The general partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Under company law, as applied to qualifying partnerships, a general partner 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 partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the International Accounting Standards Board (IASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The general partner is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

For and on behalf of the Partnership:

DocuSigned by:
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S Stock
Director of Aviva Investors UK CRESD GP Limited

Date: 29 June 2022

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors UK Commercial Real Estate Senior Debt L.P.'s financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Limited Partners and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the general partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the partnership's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Strategic Report and General Partner's report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 as applied to qualifying partnerships requires us also to report certain opinions and matters as described below.

Strategic Report and General Partner's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Strategic Report and General Partner's report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Strategic Report and General Partner's report.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the general partner is responsible for assessing the partnership'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 general partner either intends to liquidate the partnership or to cease operations, or has 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgemental areas of the financial statements such as assessment of loans for impairment. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing assumptions and judgements made by management in their significant accounting estimates in relation to the impairment of loans.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of general partner's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2022

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**1 Jan 2021 to 31 Dec 2021 £**	1 Jan 2020 to 31 Dec 2020 £
Finance income	6	**5,875,939**	8,223,617
Gross profit		**5,875,939**	8,223,617
Administrative expenses	7	**(113,923)**	(159,479)
Net impairment losses on financial assets		**2,009,008**	(5,867,827)
Operating profit		**7,771,024**	2,196,311
Other finance income		**6,584**	146,587
Distributions to Limited Partners	9	**(4,477,459)**	(7,188,053)
General Partner's Share	16	**(1,012,758)**	(917,705)
Total comprehensive profit/(loss) for the year		**2,287,391**	(5,762,860)

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2021 and 31 December 2020 relate to continuing operations.

The notes on pages 16 to 32 form an integral part of these financial statements.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 £	31 Dec 2020 £
ASSETS			
Non-current assets			
Loans receivable - amounts falling due after more than one year	10	**180,054,685**	146,545,851
		180,054,685	146,545,851
Current assets			
Loans receivable - amounts falling due within one year	10	**3,002,517**	16,298,464
Trade and other receivables	11	**588,227**	434,379
Cash and cash equivalents		**2,004,198**	50,206,368
		5,594,942	66,939,211
Total assets		**185,649,627**	213,485,062
LIABILITIES			
Non-current liabilities			
Trade and other payables due after more than one year	13	**361,585**	368,071
Current liabilities			
Trade and other payables due within one year	12	**2,160,645**	2,426,296
Total liabilities		**2,522,230**	2,794,367
Net assets		**183,127,397**	210,690,695
Net assets attributable to Limited Partners		**183,127,397**	210,690,695

These audited financial statements were approved and authorised for issue by the Board of Directors of Aviva Investors UK CRESD GP Limited, the General Partner, on 29/06/2022 and were signed on its behalf by:

DocuSigned by:

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S Stock
Director of Aviva Investors UK CRESD GP Limited

The notes on pages 16 to 32 form an integral part of these financial statements.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2021

	Proceeds from Limited Partners	Accumulated losses	Total
	£	£	£
Balance at 1 January 2020	**249,631,325**	**(121,057)**	**249,510,268**
Total comprehensive loss for the year	-	(5,762,860)	(5,762,860)
Limited Partners' loan advances repaid during the year	(33,056,713)	-	(33,056,713)
Balance at 31 December 2020 and 1 January 2021	**216,574,612**	**(5,883,917)**	**210,690,695**
Total comprehensive income for the year	-	2,287,391	2,287,391
Limited Partners' loan advances repaid during the year	(29,850,689)	-	(29,850,689)
Balance at 31 December 2021	**186,723,923**	**(3,596,526)**	**183,127,397**

The notes on pages 16 to 32 form an integral part of these financial statements.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Cash flows from operating activities		
Total comprehensive profit/(loss) for the year	**2,287,391**	(5,762,860)
Adjustments for:		
Finance Income	**(5,875,939)**	(8,223,617)
Other finance income	**(6,584)**	(146,587)
Finance costs:		
(Reversal)/provision for impairment	**(2,009,008)**	5,867,827
Distributions to the Limited Partners	**4,477,459**	7,188,053
General Partner's share	**1,012,758**	917,705
Changes in working capital		
(Increase)/decrease in trade and other receivables	**(153,848)**	569,667
Decrease in trade and other payables	**(19,248)**	(699,910)
Cash used in operations	**(287,019)**	(289,722)
Finance income received	**6,302,891**	7,748,441
General Partner's share paid	**(986,296)**	(988,415)
Net cash generated from operating activities	**5,029,576**	6,470,304
Cash flows from investing activities		
Receipts on loan	**37,748,468**	75,798,537
Increase in loan advance	**(56,379,299)**	(25,250,139)
Other finance income received	**6,584**	146,587
Net cash (used in)/generated from investing activities	**(18,624,247)**	50,694,985
Cash flows from financing activities		
Limited Partners' loan advances repaid	**(29,850,689)**	(33,056,713)
Distributions paid to the Limited Partners	**(4,756,810)**	(7,847,741)
Net cash used in financing activities	**(34,607,499)**	(40,904,454)
Net (decrease)/increase in cash and cash equivalents	**(48,202,170)**	16,260,835
Cash and cash equivalents as at 1 January	**50,206,368**	33,945,533
Cash and cash equivalents at as 31 December	**2,004,198**	50,206,368

The notes on pages 16 to 32 form an integral part of these financial statements.

1. General information

Aviva Investors UK Commercial Real Estate Senior Debt L.P. (the "Partnership") was established as a limited partnership by an agreement dated 17 July 2013.

The Partnership is registered as a limited partnership in England and Wales under the Limited Partnership Act 1907 and its registered address is St. Helen's, 1 Undershaft, London, EC3P 3DQ. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

The General Partner is Aviva Investors UK CRESD GP Limited and is responsible for the management, operation and administration of the Partnership.

The purpose of the Partnership is to carry on the business of investment and in particular (but without any limitation) to identify, research, negotiate, make and monitor the progress of, and sell, realise, exchange, distribute or otherwise dispose of investments in loans secured by UK commercial mortgages.

The financial statements are presented in pounds sterling (£).

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") and the Companies Act 2006.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared on a going concern basis, applying the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Classification to current and non-current

Non-current assets and liabilities consist of amounts expected to be recovered or paid after more than 12 months from the reporting date.

Current assets and current liabilities consist of amounts expected to be recovered or paid within 12 months of the reporting date.

3.3 Changes in accounting policies and disclosures

During the financial year, the Partnership adopted a number of new and amended standards and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2021.

3. Summary of significant accounting policies (continued)

3.3 Changes in accounting policies and disclosures (continued)

New and amended standards adopted by the Partnership

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Partnership.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Standard/interpretation	**Content**	**Applicaple for financial years beginning on/after**
IFRS 3	Business Combinations - update references to Conceptual Framework of Financial Reporting	1 January 2022
IAS 1	Presentation of Financial Statements	1 January 2022
IFRS 17	Insurance contracts	1 January 2023

The General Partner does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Partnership in future periods. There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Partnership.

3. Summary of significant accounting policies (continued)

3.4 Financial assets

In accordance with IFRS 9, 'Financial Instruments', financial assets are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortised cost, as appropriate. The classification of financial assets is determined at initial recognition.

The Partnership's financial assets consist only financial assets at amortised cost. Financial assets at amortised cost include investments in loans, trade and other receivables and cash and cash equivalents.

Financial assets at amortised cost are initially recognised at fair value plus directly attributable transaction costs (arrangement fee), and subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Partnership derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Partnership transfers substantially all risks and rewards of ownership.

3.4.1 Expected credit loss allowance for financial assets measured at amortised cost

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

The measurement of expected credit losses will primarily be based on the investment's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate ("EIR").

The estimated credit loss ("ECL") is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

The General Partner has therefore adopted several metrics which are reviewed to determine an investment's credit risk as part of the annual review process, which is performed on each investment in the Fund. Reviews are carried out on a more regular basis for investments classified as "high risk" under the Aviva Investors Asset Management Policy.

Key performance indicators include but are not limited to:

- Investment's "Loan to Value" ("LTV"), compared to the LTV at completion
- Loan service (income and capital) has not been paid in full on the due date; or
- Any part of the maturity capital repayment remains outstanding after the due date; or
- A running covenant breach e.g. capital or income covenant.

3. Summary of significant accounting policies (continued)

3.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cash on deposit with banks, both of which are immediately available. For the purpose of the Statement of Cash Flows, cash includes bank overdrafts, which are included within current liabilities.

3.6 Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate. The Partnership's financial liabilities consist of trade and other payables. They are classified as being measured at amortised cost in accordance with IFRS 9.

Financial liabilities included in trade and other payables are recognised initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled.

3.7 Net assets attributable to the Limited Partners

The Limited Partners' net assets consist of capital contributions and non-interest-bearing loans. The Partnership has classified the net assets attributable to the Limited Partners as a financial liability based on the contractual arrangements within the Limited Partnership Agreement ("LPA") which require repayment of the net assets upon wind up of the Partnership.

3.8 Distributions

In accordance with the LPA, income produced by the Partnership's investment in loans and other sources is distributed quarterly to the Limited Partners to the extent that the Partnership's income exceeds expenses. Capital distributions may be made following the disposal of investment in loans.

The General Partner and the Fund Manager are required to ensure that no distribution is made that would render the Partnership insolvent or unable to pay its expenses for the six-month period following a distribution, having regard to the expected receipts of the Partnership.

Net income and capital proceeds shall be distributed in the following order of priority (after payment of the expenses and liabilities of the Partnership):

i) in repayment of any interest-free loan to the General Partner;
ii) in making any repayment (together with borrowing costs) of debts or liabilities to the General Partner;
iii) in payment of the General Partner's share; and
iv) to investors (in proportion to their respective holdings of units).

In accordance with the LPA, the General Partner's Share for each accounting period is payable quarterly in arrears and calculated as 0.55% per annum of the aggregate principal balances of the investments and the value of cash held by the Partnership (except in relation to cash to be distributed as income).

3. Summary of significant accounting policies (continued)

3.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and other sales taxes or duty.

Interest income is recognised as it accrues using the effective interest rate method. Early repayment fee is recognised in full upon early redemption of the loan.

3.10 Expense recognition

Finance costs

Finance costs include interest paid on bank overdrafts, loans and borrowings and is recognised on an accrual basis in the Statement of Comprehensive Income.

One-off costs which are in relation to finance arrangements are recognised in the period in which they arise on an accruals basis.

Professional fees and administrative expenses

Professional fees and administrative expenses include all costs not directly incurred in the operation of the Partnership's investment portfolio. This includes administration and management expenses.

3.11 Taxation

The provisions of Section 111 of the Income and Corporation Taxes Act 1988 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly, no provision has been made for taxation in these financial statements.

3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants as at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Partnership uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observables inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

3. Summary of significant accounting policies (continued)

3.13 Statement of cash flows

The Partnership reports cash flows from operating activities using the indirect method. Interest received from loans receivable is included within net cash flows from operating activities. Interest received from cash and cash equivalents is presented within cash flows from investing activities. Investment in loans is disclosed as cash flows from investing activities because this most appropriately reflects the Partnership's business activities.

3.14 Events after reporting year

Events after reporting year that provide additional information about a position of the Partnership at the end of the reporting year (adjusting event) are reflected in the financial statements. Events after the reporting year that are non-adjusting events are disclosed in the notes when material.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Partnership's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expense, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affect in future periods.

4.1 Valuation of Loans

The General Partner elected to value the portfolio of loans at amortised cost less impairment in accordance with IFRS 9, 'Financial Instruments'. This methodology is consistent with the objective to hold the loan investments to maturity in order to receive contractual cash flows of interest and principal on specified future dates. The General Partner believes that it is less volatile in nature than the fair value method. The valuation of the loans are further discussed in Note 10.

4.2 Impairment of loans

The General Partner reviews its loans at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. Impairment is assessed on Expected Credit Loss (ECL) approach as per IFRS 9, please refer note 3.4. In particular, judgement by the General Partner is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

5. Risk management

The Partnership has exposure to a variety of financial risks, including market risk, credit risk, liquidity risk and other risks associated with its operations. The Partnership's risk management policies are established to identify and analyse the risks faced by the Partnership, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Partnership's exposure to different types of risk is limited by the nature of its business as follows:

5.1 Market risk

Market risk is the risk that the market value of the underlying securities will fall to levels approaching the loan value and thereby threaten the recoverability of the loans.

Market risk is mitigated by advancing loans mainly at a maximum loan-to-value of 65% and requiring borrowers to covenant to maintain certain financial ratios, (for example loan-to-value ratio and debt service cover ratio) at levels which enable the lender to take action when there is still sufficient equity to maximise loan recoveries.

Where applicable, loan covenants are monitored in accordance with the respective facility documentation.

Interest rate risk

The Partnership is not exposed to significant interest rate risk. All loans are written on a fixed rate basis which mitigates the borrower's exposure to adverse fluctuations in interest rates, thereby enhancing their ability to service their debt over the term of the facility. Cash and cash equivalents are held at floating interest rates. Had the interest rate applicable to these deposits increased or decreased over the period, there would have been no significant impact on the net assets attributable to the Limited Partners.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Partnership only enters into transactions denominated in pounds sterling, the Partnership's exposure to foreign currency is minimal.

5. Risk management (continued)

5.2 Credit risk

The Partnership assesses all counterparties for credit risk before contracting with them. The credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, as far as the credit rating assigned by international credit-rating agencies to those financial institutions exceeds the minimum level agreed by the Aviva Group.

The Partnership's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out by the General Partner. This risk is monitored on a periodic basis.

The Partnership requires the borrowers to pledge collateral in the form of a first-ranking senior mortgage over the UK commercial real estate.

The fair value of collateral, which is £327,218,129 (2020: £378,977,273), exceeds carrying value of loan receivables. There are no under collateralized loans.

A material portion of the Partnership's assets is made up of loans receivable and cash and cash equivalents. The Partnership provides loans to commercial real estate investors, which are represented as non-current and current assets. The credit quality of the loans receivable is based on the financial performance of the individual company and the strength of the cash flows generated by the underlying security. The General Partner believes that the risk of default is low, and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions.

Cash and cash equivalents are held by Royal Bank of Scotland (rated A3 by Moody's as at 31 December 2021). Bankruptcy or insolvency of the depositary may cause the Partnership's rights with respect to cash held by the depositary to be delayed or limited. The General Partner monitors the Partnership's risk by monitoring the credit rating and financial positions of the depositary the Partnership uses in accordance with the Partnership's policy.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Under the investment structure, the Partnership acquires the beneficial interest in loans made available by the Fronting Lender (which is the lender of record with whom the relevant borrower enters into a direct contractual relationship). There is therefore counterparty risk (including the risk of default or insolvency) on the Fronting Lender which the Partnership has sought to address through (a) including a declaration of trust in respect of the relevant loans (and related security) which will be granted by the Fronting Lender in favour of the Partnership, and (b) including certain "elevation" rights such that, in certain circumstances, the Partnership may require the Fronting Lender to transfer its legal interest to the Partnership or its nominee(s). Details of these arrangements are set out in a trust deed between the Fronting Lender and the Partnership (amongst others).

The maximum exposure to credit risk is represented by the carrying amount of the financial assets owned by the Partnership, as shown below:

	31 Dec 2021	31 Dec 2020
	£	£
Loans receivable	183,057,202	162,844,315
Trade and other receivables	588,227	434,379
Cash and other equivalents	2,004,198	50,206,368
Total	185,649,627	213,485,062

5. Risk management (continued)

5.3 Liquidity risk

Liquidity risk arises as a result of investments in long-term loans. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Partnership's obligations as and when they fall due. The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2021 and 2020 are set out below and are based on the contractual undiscounted cash flows:

As at 31 December 2021

	On demand	1-3 months	4-12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Loans receivable *	-	1,732,416	5,094,790	200,304,229	207,131,435
Trade and other receivables	588,227	-	-	-	588,227
Cash and cash equivalents	2,004,198	-	-	-	2,004,198
Total	**2,592,425**	**1,732,416**	**5,094,790**	**200,304,229**	**209,723,860**
Financial liabilities					
Distributions to Limited Partners	1,109,915	-	-	-	1,109,915
Amount due to General Partner	257,894	-	-	-	257,894
Deposit held	578,505	-	-	-	578,505
Accruals	82,591	-	-	-	82,591
Net assets attributable to the Limited Partners	-	-	-	183,127,396	183,127,396
Total	**2,028,905**	**-**	**-**	**183,127,396**	**185,156,301**

As at 31 December 2020

	On demand	1-3 months	4-12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Loans receivable *	-	1,877,486	16,648,002	161,550,025	180,075,513
Trade and other receivables	434,379	-	-	-	434,379
Cash and cash equivalents	50,206,368	-	-	-	50,206,368
Total	**50,640,747**	**1,877,486**	**16,648,002**	**161,550,025**	**230,716,260**
Financial liabilities					
Distributions to Limited Partners	1,389,266	-	-	-	1,389,266
Amount due to General Partner	231,432	-	-	-	231,432
Deposit held	622,257	-	-	-	622,257
Accruals	45,116	-	-	-	45,116
Net assets attributable to the Limited Partners	-	-	-	210,690,695	210,690,695
Total	**2,288,071**	**-**	**-**	**210,690,695**	**212,978,766**

* Loans receivable includes future interest cashflows.

5. Risk management (continued)

5.4 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 plc and its subsidiaries ("Aviva Group") approach to operational risk are set out in the financial statements of Aviva Investors UK Fund Services Limited, which manages and administers the Partnership's investments.

6. Finance income

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Loan interest income	**5,736,637**	6,975,423
Early repayment fee	**139,302**	1,248,194
	5,875,939	8,223,617

All turnover arose within the United Kingdom.

7. Administrative expenses

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Administrator fees	**36,384**	44,998
Trustee fees	**39,268**	52,127
Audit fees*	**33,250**	36,400
Professional fees	**3,098**	17,040
Bank charges	**350**	750
Reverse charge VAT	**1,371**	8,164
Other operating expenses	**202**	-
	113,923	159,479

*During the year no non-audit fees were paid to statutory auditors (2020: £Nil).

The Partnership had no employees in the current or prior year. The Directors received no emoluments from the Partnership for services to the Partnership for the financial year (2020: £Nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

The Partnership is not subject to taxation and no provision for taxation on Partnership's profit has been made in the financial statements. Any tax on income or capital is the responsibility of each individual partner.

9. Distributions to Limited Partners

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Distributions declared and paid during the year	**3,367,544**	5,798,787
Proposed distributions as at year end	**1,109,915**	1,389,266
Total amounts of distributions as per the Statement of Comprehensive Income	**4,477,459**	7,188,053

In accordance with the LPA, distributions of net income have been allocated to the Partners in proportion to their ownership percentage for the year to which the distribution relates.

10. Loans receivable

	31 Dec 2021 £	31 Dec 2020 £
Non-current		
Loans receivable	**184,717,249**	153,217,423
Provision for impairment	**(4,662,564)**	(6,671,572)
Total loans receivable falling due after more than one year	**180,054,685**	146,545,851
Current		
Loans receivable	**1,313,019**	14,182,016
Finance income receivable	**1,689,498**	2,116,448
Total loans receivable falling due within one year	**3,002,517**	16,298,464
Total loans receivable	**183,057,202**	162,844,315

In accordance with IFRS 9, loans are categorised as loans held at amortised cost.

The Partnership issued four new loans totalling £56,379,299 during the year ended 31 December 2021 (2020: three new loans totalling £25,250,139, refinance of one loan totalling £6,930,000). Capital repayments of loans receivables amounted to £37,748,471 during the year ended 31 December 2021 (2020: £75,843,388).

The Company has made impairment provisions totalling £4,662,564 (2020: £6,671,572). All loans are not past due.

Below is the ratio of loan's carrying amount to fair value of collateral pledged.

LTV	31 Dec 2021 £	31 Dec 2020 £
1. LTV <45%	**49,797,185**	16,926,470
2. LTV >45 =<65%	**113,284,875**	95,737,736
3. LTV >65%	**19,975,142**	50,180,109
Total	**183,057,202**	162,844,315

10. Loans Receivable (continued)

Valuation technique

The General Partner elected to value the portfolio of loans at amortised cost less impairment in accordance with IFRS 9, 'Financial Instruments'. This methodology is consistent with the objective to hold the loan investments to maturity in order to receive contractual cash flows of interest and principal on specified future dates. The General Partner believes that it is less volatile in nature than the fair value method.

Under the accounting standard, in accordance with the recognition of the loans at amortised cost, the fair value is required to be disclosed in the notes to the financial statements and is calculated by using valuation techniques based on non-observable data corresponding to level 3 in the IFRS 13 fair value hierarchy.

The fair value of loans is calculated based on a discounted cash flow model taking into account the future contractual payments and discounting them at the interest rate that would be charged for a new loan of a similar type. It is calculated as the sum of:

- the current Gilt yield for a Gilt of an appropriate term, matching the remaining loan term as closely possible; and
- the current reinvestment margin over the Gilt yields.

Loans receivables are categorised within level 3 in the IFRS 13 fair value hierarchy. There have been no transfers between fair value hierarchy levels during the year.

All other factors being equal, a higher/ lower Gilt margin rate would lead to a decrease/ increase in the valuation of a loan.

A 1% increase in the total interest rate applicable to the loans receivable would lead to a decrease in the level 3 valuation to £183,339,848 (2020: £165,429,957).

A 1% decrease in the total interest rate applicable to the loans receivable would lead to an increase in the level 3 valuation to £195,603,469 (2020: £177,039,376).

The table below shows an analysis of the loan receivables had the loans been subsequently measured at fair value:

As at 31 December 2021

Assets for which fair value is disclosed		Level 1	Level 2	Level 3	balance as at 31 Dec 2021
Loans receivable	£	-	-	189,348,423	189,348,423

As at 31 December 2020

Assets for which fair value is disclosed		Level 1	Level 2	Level 3	balance as at 31 Dec 2020
Loans receivable	£	-	-	171,101,448	171,101,448

11. Trade and other receivables

	31 Dec 2021 £	31 Dec 2020 £
Short-term deposit (*)	**578,505**	434,379
Other receivables	**9,722**	-
	588,227	434,379

(*) amount held on Aviva Investors Sterling Fund on behalf of the borrowers of one loan receivable (2020: one) (see Note 12).

The carrying value of trade and other receivables approximates the fair value due to the relatively short maturity and no indication of impairment to date.

12. Trade and other payables due within one year

	31 Dec 2021 £	31 Dec 2020 £
Deferred arrangement fees	**130,243**	138,225
Distributions payable to Limited Partners	**1,109,915**	1,389,266
Amount due to the General Partner	**257,894**	231,432
Deposit held (*)	**578,505**	434,379
Accruals	**82,591**	45,116
Other payables	**1,497**	187,878
	2,160,645	2,426,296

(*) amount held on Aviva Investors Sterling Liquidity Fund on behalf of the borrowers of one loan receivable (2020: one) (see Note 11).

The carrying value of trade and other payables approximates their fair value due to the relatively short maturity.

13. Trade and other payables due after more than one year

	31 Dec 2021 £	31 Dec 2020 £
Deferred arrangement fees	**361,585**	368,071

14. Financial instruments

As at 31 December 2021	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	£	£	£
Assets			
Non-current assets			
Loans receivables	180,054,685	-	**180,054,685**
Current assets			
Loans receivables	3,002,517	-	**3,002,517**
Trade and other receivables	588,227	-	**588,227**
Cash and cash equivalents	2,004,198	-	**2,004,198**
Liabilities			
Current liabilities			
Trade and other payables	-	2,028,905	**2,028,905**

As at 31 December 2020	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	£	£	£
Assets			
Non-current assets			
Loans receivables	146,545,851	-	**146,545,851**
Current assets			
Loans receivables	16,298,464	-	**16,298,464**
Trade and other receivables	434,379	-	**434,379**
Cash and cash equivalents	50,206,368	-	**50,206,368**
Liabilities			
Current liabilities			
Trade and other payables	-	2,288,071	**2,288,071**

15. Net assets attributable to Limited Partners

	Limited Partners (100%) £	Total £
Proceeds from Limited Partners		
As at 1 January 2021	216,574,612	216,574,612
Proceeds repaid	(29,850,689)	(29,850,689)
As at 31 December 2021	**186,723,923**	**186,723,923**
Income account		
As at 1 January 2021	(5,883,917)	(5,883,917)
Total comprehensive income for the year	2,287,391	2,287,391
As at 31 December 2021	**(3,596,526)**	**(3,596,526)**
Net assets attributable to Partners at 31 December 2021	**183,127,397**	**183,127,397**

	Limited Partners (100%) £	Total £
Proceeds from Limited Partners		
As at 1 January 2020	249,631,325	249,631,325
Proceeds repaid	(33,056,713)	(33,056,713)
As at 31 December 2020	**216,574,612**	**216,574,612**
Income account		
As at 1 January 2020	(121,057)	(121,057)
Total comprehensive income for the year	(5,762,860)	(5,762,860)
As at 31 December 2020	**(5,883,917)**	**(5,883,917)**
Net assets attributable to Partners at 31 December 2020	**210,690,695**	**210,690,695**

16. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions.

The General Partner is a related party of the Partnership, being responsible for the financial and operational decisions of the Partnership according to the terms of the Limited Partnership Agreement (LPA). In accordance with the LPA, the General Partner's Share for each accounting year is payable quarterly in arrear and calculated as 0.55% per annum of the aggregate principal balances of the investments and the value of cash held by the Partnership (except in relation to cash to be distributed as income).

	2021 Expense paid in year £	**2021 Payable at year end £**	2020 Expense paid in year £	2020 Payable at year end £
General Partner - share (see Note 12)	**(1,012,758)**	**(257,894)**	(917,705)	(231,432)
Limited Partners - distributions (see Notes 9 and 12)	**(4,477,459)**	**(1,109,915)**	(7,188,053)	(1,389,266)
Total	**(5,490,217)**	**(1,367,809)**	(8,105,758)	(1,620,698)

The related parties' receivables and payables are not secured and no guarantees were recovered in respect thereof. The receivables and payables will be settled in accordance with normal credit terms.

The directors received no emoluments for services to the Partnership for the financial year (2020: Nil).

17. Parent and ultimate controlling undertaking

The General Partner of the Partnership is Aviva Investors UK CRESD GP Limited, a company incorporated in the Great Britain and registered in England and Wales.

The immediate parent undertaking of the General Partner is Aviva Investors Real Estate Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking and controlling party of Aviva Investors Real Estate Limited is Aviva plc, a company incorporated and domiciled in the United Kingdom.

18. Commitments

There was no undrawn committed facility as of 31 December 2021 (2020: £Nil).

19. Post balance sheet events

Post balance sheet events have been evaluated up to the date the audited financial statements were approved and authorised for issue by the General Partner and there are no material events to be disclosed or adjusted for in these audited financial statements, except those noted above.

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.
RECONCILIATION OF THE NET ASSET VALUE - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the LPA, the net asset value of the Partnership on which unit transactions are based is calculated using IFRS and is adjusted.

Adjustments arise from capitalisation and amortisation, over 5 years, of establishment costs, as required by the LPA to determine the net asset value whereas for IFRS purposes they are expensed as incurred.

A reconciliation between the Partnership's net asset attributable to Limited Partners under IFRS and the trading NAV calculation as per LPA is provided below:

	31 December 2021	31 December 2020
	£	£
Net assets attributable to Limited Partners (IFRS)	**183,127,397**	210,690,695
Unamortised establishment costs	**-**	-
Net assets attributable to Limited Partners as per LPA	**183,127,397**	210,690,695

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2021

REMUNERATION

In line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), Aviva Investors UK Fund Services Limited ("AIUKFSL") is subject to a remuneration policy which is reviewed annually and is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under AIFMD.

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives.
There are four components of pay:

- Basic Salary – set within an appropriate market range, which is sufficient to allow the possibility, where performance so warrants, that an employee may receive no variable pay.

- Annual bonus – a discretionary short-term incentive plan where individuals may receive a bonus based on business and individual performance against targets. Where bonuses are equal to or greater than £75,000, a 3 year deferral with pro-rata vesting in Aviva funds and/or Aviva Group Plc shares occurs, following this a further holding period applies where regulation requires.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- A rounded assessment of financial performance is made accounting for a range of financial considerations, including, but not limited to operating profit, investment performance and net flows. The assessment of Aviva Investors' financial performance is formed with reference to -:

    - Actual results vs. prior period results
    - Actual results vs. agreed plans
    - Actual results relative to competitors
    - Actual results vs., and progress towards, our long-term target ambition.

- The remuneration of employees in Control Functions (defined as Risk, Compliance and Audit) is determined independently of the financial results of Aviva Investors in order to reinforce the independence of these functions.

- The non-financial considerations include consideration of risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions.

- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

- Through Aviva Investors' Global Reward Framework, all investment employees should support responsible investment and integrate ESG considerations into their investment processes, including the consideration of Sustainability Risk. ESG metrics and research are embedded in the investment process and form part of the investment scorecard and annual risk attestation. The Chief Investment Officers and investment desk heads consider how investment employees demonstrate their commitment to ESG processes as part of the determination of performance and pay outcomes.

REMUNERATION (continued)

- Long Term Incentive Awards (LTIA) – discretionary long-term incentive plan to align reward with long-term investment performance, Aviva Group and Shareholders, and with the additional intention to help retain key talent. Part of the long-term incentive plan is in Aviva Investors Funds and part is in Aviva Restricted Share Units (RSUs), for the AI CEO the RSUs have additional performance conditions of Total Shareholder Return and Solvency II Return on Equity. Vesting is after 3 years and awards for Identified Staff will be subject to a pre-vesting assessment of individual performance, behaviours, and alignment with the company values of Aviva Investors throughout the three-year performance period.

- Benefits in Kind – standard benefits are provided that are appropriate to the market.

Code Staff are not permitted to undertake personal hedging strategies in respect of any variable remuneration.

Aviva Investors believes in rewarding strong performance and achievement of our business and individual goals; however, the manner in which these goals are achieved is also important. We do not consider it appropriate to reward people who have engaged in inappropriate behaviour or conduct which is not in line with Aviva's values and variable pay awards are subject to the Aviva Group Malus and Clawback Policy. As such, Aviva may decide that a Deferred Award which has not vested will lapse wholly or in part if they consider that:

- the participant or their team has, in the opinion of the Directors, engaged in misconduct which ought to result in the complete or partial forfeit or repayment of their award;

- there has been, in the opinion of the Directors, a material failure of risk management by reference to Group risk management standards, policies and procedures, taking into account the proximity of the participant to the failure of risk management in question and the level of the participant's responsibility;

- there is, in the opinion of the Directors, a materially adverse misstatement of Aviva's or the participant's relevant business unit's financial statements for which the participant has some responsibility;

- the participant participated in or was responsible for conduct which resulted in significant, or potentially significant, loss(es) to their relevant business unit, Aviva or any member of the Aviva Group;

- the participant failed to meet appropriate standards of fitness and propriety;

- there is evidence of misconduct or material error that would justify, or would have justified, had the participant still been employed, summary termination of their contract of employment; or

- any other circumstances required by local regulatory obligations to which any member of the Group or business unit is subject.

REMUNERATION (continued)

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the Alternative Investment Funds ("AIF's") it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2021, apportioned remuneration based on the time assessed to be spent on AIUKFSL

	Senior Management	Other Code Staff
Total Remuneration:	£1.3m	£1.1m
Of which, Fixed Remuneration:	33%	38%
Variable Remuneration:	63%	56%
Pension/Benefits:	4%	6%
Number of Code staff:	20	26

AVIVA INVESTORS UK COMMERCIAL REAL ESTATE SENIOR DEBT L.P.

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2021

Leverage

Leverage as required to be calculated by the AIFM Directive

Pursuant to its regulatory obligations, the Manager is required to express the level which the Partnership's leverage will not exceed. For the purposes of this disclosure, leverage is any method by which the Partnership's exposure is increased beyond its holding of securities and cash. The Partnership's exposure may be increased by using derivatives, by reinvesting cash borrowings, through securities lending or securities borrowing arrangements, or by such other means as may be permitted to be used pursuant to the Partnership's investment objectives and strategy (such increase referred to herein as the "Incremental Exposure"). The AIFMD prescribes two methodologies for calculating overall exposure of the Partnership: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below but are set out in full detail in the AIFMD.

The commitment methodology takes account of the hedging and netting arrangements employed by the Partnership at any given time (purchased and sold derivative positions will be netted where both relate strictly to the same underlying asset). This calculation of exposure includes all Incremental Exposure as well as the Partnership's own physical holdings and cash. By contrast, the gross methodology includes all Incremental Exposure as well as the Partnership's own physical holdings, excluding cash.

The AIFMD requires that each leverage ratio to be expressed as the ratio between the Partnership's total exposure (including securities and cash) and its net asset value. Using the methodologies prescribed under the AIFMD, the Group is generally expected to be leveraged at the ratio 1:1 using the commitment methodology and 1:1 using the gross methodology- The Group may, however, have higher levels of leverage, including atypical and volatile market conditions. In such circumstances, leverage will not exceed the ratio of 3:1 using the commitment methodology and 2:1 using the gross methodology.