

AMENDED - 2011 QUALIFYING LIMITED PARTNERSHIP
ACCOUNTS APPENDED

LIME PROPERTY FUND (GENERAL PARTNER) LIMITED

Registered in England and Wales No: 5118252

ANNUAL REPORT AND FINANCIAL STATEMENTS 2011



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Lime Property Fund (General Partner) Limited

Directors and Officers

Directors:

P F Ellis

M J Green

J M W Lindsey

Officer – Company Secretary

Aviva Company Secretarial Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Auditor

Einst & Young LLP

1 More London Place

London

SE1 2AF

Registered Office

No 1 Poultry

London

EC2R 8EJ

Company Number

Registered in England and Wales No 5118252

Other information

The Lime Property Fund (General Partner) Limited is a member of the Aviva plc group of companies (the "Group")

Directors' Report

For the year ended 31 December 2011

The directors present their annual report and audited financial statements for Lime Property Fund (General Partner) Limited ("the Company") for the year ended 31 December 2011

Directors

The current directors and those in office throughout the period, except as noted, are as follows

P F Ellis appointed on 15 December 2011
M J Green appointed on 15 December 2011
C J W Laxton resigned on 16 December 2011
J M W Lindsey appointed on 15 December 2011
M O Shepherd resigned on 16 December 2011
R B Stirling resigned on 16 December 2011
I B Womack resigned on 16 December 2011

Principal activities

The principal activity of the Company is property investment by way of a 0.00012% interest (2010 0.00013%) in The Lime Property Fund Limited Partnership (the "Partnership"). The General Partner's share in the Limited Partnership has been diluted during the course of 2011 by equity injected into the Partnership by investors in the Lime Property Fund Unit Trust. The Lime Property Fund Limited Partnership is a partnership within the meaning of the Limited Partnership Act 1907 and the Company is a General Partner to The Lime Property Fund Limited Partnership.

The Company also has a holding of a £1 ordinary share in Lime Property Fund (Nominee) Limited, a company set up to manage the developed properties held in The Lime Property Fund Limited Partnership. The directors consider that the Company's activities will continue unchanged into the foreseeable future.

Business Review

Financial Position and Performance

The directors have reviewed the activities of the business for the year and the position as at 31 December 2011 and consider them to be satisfactory. The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The position of the Company at the year end is shown in the Balance Sheet on page 9, with trading results shown in the Profit and Loss account on page 8.

Future Outlook

The directors expect the level of activity to be maintained in the foreseeable future.

Principal Risks and Uncertainties

The key risk arising in the Company is market risk which is discussed in more detail in Note 10.

Key performance indicators

The Directors consider that the key performance indicator for the Company's business is post tax profit. A post tax loss for the year amounted to £3,150 (2010 loss of £3,150).

Dividends

No dividends were paid during the year (2010 £nil). The directors do not propose the payment of a dividend (2010 £nil).

Going concern

The Company is reliant on the support of The Lime Property Fund Limited Partnership to be able to meet its liabilities as they fall due. The Lime Property Fund Limited Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements.

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

Creditor payment policy

It is the Company's policy to pay creditors when they fall due for payment. There is no trade creditor in both current and prior year.

Employees

The Company has no employees.

Disclosure of information to the auditor

Each person who was a director of the Company 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 auditor in connection with preparing their report, of which the auditor is unaware. 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 auditor is aware of that information.

Auditors

Following a competitive tender process by Aviva plc, PricewaterhouseCoopers LLP are to be proposed as auditor with effect from the receipt by the Company of a letter of resignation from Ernst & Young LLP subsequent to their signing of the Auditor's Report, and the Company will appoint PricewaterhouseCoopers LLP as auditor to the Lime Property Fund (General Partner) Limited in accordance with the provisions of the Companies Act 2006. The change of auditor for the Company will be subject to investor consent being obtained in relation to the change of auditor for The Lime Property Fund Limited Partnership and therefore board approval will be conditional on that investor consent being obtained for such partnership.

Directors' liabilities

The provisions in the Company's Articles of Association constitute "qualifying third party indemnities" 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 the transitional provisions to the Companies Act 2006.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

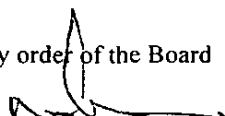
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

By order of the Board 20/9/2012



M J Green

Director

Lime Property Fund (General Partner) Limited

Auditors' report

Independent auditors' report to the members of Lime Property Fund (General Partner) Limited

We have audited the financial statements of Lime Property Fund (General Partner) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

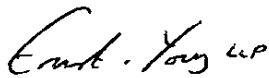
Auditors' report

Independent auditors' report to the members of Lime Property Fund (General Partner) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London, United Kingdom

24/9/2012

Profit and loss account
for the year ended 31 December 2011

		2011	2010
	Note	£	£
Administrative expenses		(3,150)	(3,150)
Loss on ordinary activities before taxation	2	(3,150)	(3,150)
Tax on loss on ordinary activities	3	-	-
Loss retained for the financial year	8	(3,150)	(3,150)

All amounts reported in the profit and loss account relate to continuing operations

There are no recognised gains or losses in the year other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses has been presented


The notes on pages 10 to 17 form an integral part of these financial statements

Balance sheet

as at 31 December 2011

		2011	2010
	Note	£	£
Fixed assets			
Investments	4	1,002	1,001
Debtors due after more than one year	5	1	1
		<u>1,003</u>	<u>1,002</u>
Creditors: Amounts falling due within one year	6	(3,150)	(3,150)
Net current liabilities		<u>(3,150)</u>	<u>(3,150)</u>
Total assets less current liabilities		<u>(2,147)</u>	<u>(2,148)</u>
Creditors due after more than one year	6	(19,655)	(16,504)
Net liabilities		<u>(21,802)</u>	<u>(18,652)</u>
Capital and reserves			
Share capital	7	1	1
Profit and loss account	8	(21,803)	(18,653)
Equity shareholders' funds	8	<u>(21,802)</u>	<u>(18,652)</u>

The financial statements were approved and authorised for issue by the Board on 20/9/2012 and signed on its behalf by



M J Green
Director

The notes on pages 10 to 17 form an integral part of these financial statements

Notes to the financial statements continued

for the year ended 31 December 2011

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments and in accordance with United Kingdom generally accepted accounting practice

The Company is a wholly-owned subsidiary of the Aviva plc group and therefore does not prepare consolidated accounts

These are the individual accounts of Lime Property Fund (General Partner) Limited

b) Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 3 to 5. The Company is reliant on the support of The Lime Property Fund Limited Partnership to be able to meet its liabilities as they fall due. The Lime Property Fund Limited Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

After making enquiries, the directors therefore have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

c) Investments

The investments are held at cost, subject to an annual impairment review.

d) Investment income

Investment income is recognised when the Company's right to receive such income has been established.

e) Taxation

The current tax expense is based on the taxable results for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from the creation of current year tax losses. The rates enacted or substantively enacted at the balance sheet date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be utilised.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is not provided on revaluations of investments in subsidiaries as under current tax legislation no tax will arise on their disposal.

f) Cash

The Company has no cash accounts, and expenses are recharged by The Lime Property Fund Limited Partnership.

Notes to the financial statements continued
for the year ended 31 December 2011

2 Loss on ordinary activities before taxation
This is stated after charging

	2011	2010
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	2,625	2,625

The directors received no emoluments for services to the Company for the financial year (2010 £nil)

The Company had no employees during the financial year (2010 nil)

3 Taxation

a) Profit and loss account
Tax charged to the profit and loss account is as follows

	2011	2010
	£	£
UK corporation tax	-	-

b) Factors affecting current tax charge for the year

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the tax rate in the United Kingdom as follows

	2011	2010
	£	£
Loss on ordinary activities before tax	(3,150)	(3,150)
	(3,150)	(3,150)
Tax calculated at the standard UK corporation tax rate of 26.5% (2010 28%)	(827)	(882)
Share of Limited Partnership taxable profits	15	18
Unutilised trading losses	812	864
Total current tax charge on ordinary activities for the year	-	-

Notes to the financial statements continued

for the year ended 31 December 2011

3. Taxation (continued)

b) Factors affecting current tax charge for the year (continued).

A reduction in the UK corporation tax rate from 28% to 26% was substantively enacted in March 2011 and was effective from 1 April 2011. A further reduction from 26% to 25% was substantively enacted in July 2011 and will be effective from 1 April 2012. Accordingly, these rates have been applied in the measurement of the deferred tax assets and liabilities as at 31 December 2011 where applicable.

A further reduction from 26% to 24% was substantively enacted in March 2012 and is effective from 1 April 2012. In addition, it was announced in the 2012 Budget on 21 March 2012 that the UK corporation tax would reduce to 23% from 1 April 2013 and to 22% from 1 April 2014. The aggregate impact of the proposed reductions would reduce the deferred tax assets to £4,386.

c) Factors that may affect future tax charges

At 31 December 2011 the Company had the following unrecognised deferred tax assets calculated at 25% (2010: 27%) to carry forward indefinitely against future taxable income:

	2011	2010
	£	£
Tax losses	4,984	4,543
	<u>4,984</u>	<u>4,543</u>

Notes to the financial statements continued
for the year ended 31 December 2011

4 Investments

Investments in Limited Partnership

	2011	2010
	£	£
Cost		
At 1 January	1,000	1,000
Additions	-	-
At 31 December	1,000	1,000

The investment represents 0.00013% (2010 0.00012%) of the total Partners' equity of The Lime Property Fund Limited Partnership. The General Partner's share in the Limited Partnership has been diluted during the course of 2010 by equity injected into the Partnership by investors in the Lime Property Fund Unit Trust.

The Lime Property Fund Limited Partnership is a limited partnership established under the Limited Partnership Act 1907 for the purpose of acquiring, developing and managing for investment purposes a number of low risk ventures.

Other investments

On 15 April 2010 The Lime Property Fund Limited Partnership purchased from The Royal Mail (the "seller") a distribution site at Northampton. As part of the obligations under the terms of the sale & purchase agreement the seller was required to transfer 73 shares in Swan Valley Management Limited to the buyer with the buyer becoming a member of this management company. These shares were issued to The Lime (General Partner) Limited who holds the legal interest in these shares. The shares for SVM Ltd were transferred at nil value.

Notes to the financial statements continued
for the year ended 31 December 2011

4 Investments (continued)

Investments in subsidiary undertakings

	2011	2010
	£	£
Shares at cost		
At 1 January	1	1
Additions	1	-
At 31 December	2	1

Investments in subsidiary undertakings are shown below

	Principal activity	Percentage or issued ordinary share capital held	Country of incorporation
Lime Property Fund (Nominee) Limited	Property management services	100%	England
Tyne Assets (No 2) Limited	Property management services	100%	England

Lime Property Fund (Nominee) Limited has been set up to manage the developed properties held in The Lime Property Fund Limited Partnership and was dormant for the year ended 31 December 2011

On 16 March the Company purchased the shares in Tyne Assets (No 2) for £1 as part of a transaction by The Lime Property Fund Limited Partnership

Notes to the financial statements continued
for the year ended 31 December 2011

5. Debtors due after more than one year

	2011	2010
	£	£
Amounts owed from group undertakings	1	1

6. Creditors

	2011	2010
	£	£
Amounts falling due within one year		
Accruals	3,150	3,150
Amounts falling due after more than one year		
Amounts owed to group undertakings	19,654	16,504
	22,804	19,654

7. Share capital

	2011	2010
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and called up		
1 ordinary share of £1	1	1

8 Reconciliation of movement in shareholders' funds

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2011	1	(18,653)	(18,652)
Retained loss for the year	-	(3,150)	(3,150)
At 31 December 2011	1	(21,803)	(21,802)

Notes to the financial statements continued

for the year ended 31 December 2011

9. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard 1 (revised 1996) on the grounds that it qualifies as a small company under section 381 of the Companies Act 2006

10. Risk management policies

The Aviva Group's approach to risk and capital management

The Aviva Group ("Aviva") 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 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.

Management of financial and non-financial risks

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

Market risk

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

Operational risk

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

Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The ongoing costs of the Company will be paid by The Lime Property Fund Partnership.

11. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date.

12. Related party transactions

(a) Key management compensation

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 2 of these financial statements.

There have been no transactions with, and there are no accounts receivable from or payments due to members of the Board of Directors.

(b) Services provided to related parties

During the period the Company served as General Partner for The Lime Property Fund Limited Partnership. No fees were received for services provided to the Limited Partnership.

Notes to the financial statements continued
for the year ended 31 December 2011

12 Related party transactions (continued)

(c) Services provided by related parties

At the balance sheet date the Company owed £19,654 (2010 £16,504) to The Lime Property Fund Limited Partnership

The related parties' payables are not secured and no guarantees were received in respect thereof

13. Parent and ultimate controlling entity

The immediate parent undertaking of Lime Property Fund (General Partner) Limited is Norwich Union (Shareholder GP) Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate controlling entity is Aviva plc whose registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ

Aviva plc's consolidated financial statements are available on application to the

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

and are available on the Aviva plc website at www.aviva.com

THE LIME PROPERTY FUND LIMITED PARTNERSHIP
Registered in England No: LP009538

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS 2011**

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No.....

The Lime Property Fund Limited Partnership

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The Lime Property Fund Limited Partnership

Partners, Advisers and Other Information

Partners:

Limited Partner:

The Lime Property Fund Unit Trust

General Partner:

Lime Property Fund (General Partner) Limited

No 1 Poultry

London

EC2R 8EJ

Auditor:

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Bankers:

Bank of Scotland

38 Threadneedle Street

London

EC2P 2EH

Registered Place of Business:

No 1 Poultry

London

EC2R 8EJ

Registered No. LP009538

The Lime Property Fund Limited Partnership

General Partner's Report to the Group

The General Partner has pleasure in presenting its report on the operations of The Lime Property Fund Limited Partnership (the 'Partnership') and The Norwich Union Public Private Limited Partnership ('NUPPP') (together, the 'Group') and the Partnership for the year ended 31 December 2011 together with the financial statements

Principal Activity

The principal activity of the Group is to acquire, develop and manage for investment purposes a number of low risk property ventures

Enhanced Business Review

1. Objectives/Strategy

The objective of the Group is to achieve investment returns in excess of 150bps above the gilt index over the medium to long term by investing in lower risk property assets with secure long-term income streams. To achieve its objectives the Group has adopted the following strategy for its portfolio

- Acquiring properties and indirect investments such as property for the public sector that meet the Group's specific investment criteria and will enhance returns and/or reduce risk
- Devise and implement business plan initiatives that improve projected investment returns and meet defined risk/reward criteria
- Targeting for sale assets which are not set to outperform the benchmark

The investment policy of the Group is to invest in property that meets the following investment criteria

- Properties, on acquisition, have occupational leases for a minimum un-expired term of 15 years
- On acquisition no single property will exceed 15% of the gross asset value of the Group
- Tenants of the property have a good credit quality where the average credit risk is low to medium or better

2. Group Performance

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 Group as a whole. These KPIs comprise of

	Year End 2011	Year End 2010
Fund Return	7.36%	9.24%
Benchmark (UK Gilt Index)	20.90%	8.98%
Distribution Yield	5.49%	6.05%
Market Value of Assets	£779m	£643m
No of Assets	47	42

The key driver of performance for the year was the increase in values through a fall in yields/gilts across the market and therefore the portfolio

The Lime Property Fund Limited Partnership

General Partner's Report (continued)

Enhanced Business Review (continued)

3 Capital Management & Objectives

The Group operates as an ungeared fund

£103.4m (2010 £219.4m) new equity, in the form of capital contributions and premiums was injected into the Partnership during 2011

4. Purchases & Disposals

On 7 January 2011 the Partnership entered into an agreement to develop Eastgate, Glasgow. At 31 December 2011, the worth of this property was £7.77m. There are expected to be further costs in 2012 of approximately £7.88m.

On 19 January 2011 the Partnership purchased the site at Longford House, Heathrow for an initial sum of £10.0m with future costs to come to be in the region of £22.70m. This is a forward funded development that has been pre-let to Premier Inn with a guarantee from Whitbread Plc.

On 24 June 2011 the Partnership purchased the heritable interest to Verity House, 19 Haymarket Yards, Haymarket, Edinburgh for £5.40m.

On 15 July 2011 the Partnership purchased the long leasehold interest to 10 Ballater Street, Glasgow for £27.86m.

On 11 November 2011 the Partnership purchased the long leasehold interest to Exchange House, 229 and 231 George Street, Glasgow for £47.00m.

Risks

The key risks arising in the Group are market, credit, operational and liquidity risks which are discussed in more detail in Note 21.

Results and Distributions

The profit for the Group, after minority interest, for 2011 was £43.12m (2010 £33.75m). Distributions to The Lime Property Fund Unit Trust were £42.69m (2010 £33.32m).

Partners and Partners' Interests

The Partners as at 31 December 2011 and their interests in the equity and advance capital were as follows:

	Equity Capital £'000	Advance Capital £'000
The Lime Property Fund Unit Trust	86	859,054
Lime Property Fund (General Partner) Limited	-	1
Total equity	86	859,055

The Lime Property Fund Limited Partnership

General Partner's Report (continued)

Statement of General Partners Responsibilities in relation to the Financial Statements

The Partnership (Accounts) Regulations 2008 require that a qualifying Partnership prepare financial statements in accordance with the applicable provisions of the Companies Act 2006

United Kingdom company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Partnership and of the profit or loss of the Group and Partnership for that period. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Partnership will continue in business,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Partnership will continue in business

The General Partner is responsible for maintaining adequate accounting records that disclose with reasonable accuracy, the financial position of the Group and Partnership at that time. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Group and Partnership and for the prevention and detection of fraud and other irregularities.

Payment Policy

It is the Partnership's policy that payments to suppliers for goods and services to the Partnership are made approximately 30 days from date of receipt of valid invoice unless agreed otherwise as part of a contractual agreement.

Auditors

Following a competitive tender process by Aviva plc, PricewaterhouseCoopers LLP are to be proposed as auditor with effect from the receipt by the Partnership of a letter of resignation from Ernst & Young LLP subsequent to their signing of the Auditor's Report, and the Partnership will appoint PricewaterhouseCoopers LLP as auditor to the Partnership in accordance with the provisions of the Companies Act 2006 and the Limited Partnership Deed. The change of auditor for the Partnership will require investor consent and therefore board approval will be conditional on that investor consent being obtained.

The Lime Property Fund Limited Partnership

General Partner's Report (continued)

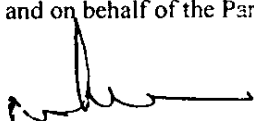
Disclosure of information to auditors

Each of the persons who was a director of the General Partner at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information needed by the auditor in connection with preparing its report of which the Group's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

For and on behalf of the Partnership



M J Green
Director
Lime Property Fund (General Partner) Limited

21 June, 2012

The Lime Property Fund Limited Partnership

Independent Auditors' Report

to the Partners of The Lime Property Fund Limited Partnership

We have audited the financial statements of The Lime Property Fund Limited Partnership ("the Partnership") for the year ended 31 December 2011 which comprise the Consolidated and Partnership Profit and Loss Account, Consolidated and Partnership Statement of Total Recognised Gains and Losses, Consolidated and Partnership Balance Sheets, Consolidated and Partnership Cash Flow Statements and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the General Partner and auditors

As explained more fully in the Statement of General Partner's Responsibilities on page 4, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the partners, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the consolidated financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The Lime Property Fund Limited Partnership Independent Auditors' Report (continued) to the Partners of The Lime Property Fund Limited Partnership

Opinion on financial statements

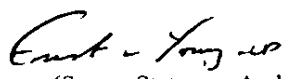
In our opinion the financial statements

- give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 31 December 2011 and of the group's and qualifying partnership's profit for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion

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


James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
15 June 2012

The Lime Property Fund Limited Partnership

Consolidated and Partnership Profit and Loss Account

For the year ended 31 December 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Turnover	2	55,348	46,756	33,248	20,530
Cost of sales	3	(7,832)	(10,074)	(176)	(107)
Gross profit		47,516	36,682	33,072	20,423
Administrative expenses		(4,883)	(3,742)	(3,651)	(2,738)
Operating profit	4	42,633	32,940	29,421	17,685
Profit/(loss) on sale of fixed assets		(62)	953	(62)	(1)
Investment income	19	-	-	12,872	15,402
Interest income		789	229	457	233
Interest expense		(28)	(28)	-	-
Profit for the financial year before taxation		43,332	34,094	42,688	33,319
Taxation	6	(209)	(339)	-	-
Profit for the financial year before distributions		43,123	33,755	42,688	33,319
Profit for the period attributable to:					
Limited Partners		42,688	33,319	42,688	33,319
Minority Interest		1	1	-	-
		42,689	33,320	42,688	33,319

All amounts reported in the Consolidated and Partnership profit and loss account relate to continuing operations

The notes on pages 13 to 31 form an integral part of these financial statements

The Lime Property Fund Limited Partnership

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2011

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Profit for the financial year before distributions	43,123	33,755	42,688	33,319
Unrealised surplus on revaluation of investment property	8,802	5,765	8,282	4,643
Total recognised gains since the last year	<u>51,925</u>	<u>39,520</u>	<u>50,970</u>	<u>37,962</u>

The notes on pages 13 to 31 form an integral part of these financial statements

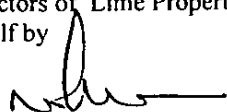
The Lime Property Fund Limited Partnership

Consolidated and Partnership Balance Sheets

As at 31 December 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Fixed Assets					
Investment properties	7	623,378	487,880	623,378	487,880
Amounts due under PFI agreements	8	155,482	155,185	-	-
Investments in subsidiaries	9	-	-	175,954	194,178
		<u>778,860</u>	<u>643,065</u>	<u>799,332</u>	<u>682,058</u>
Current Assets					
Debtors amounts falling due within one year	10	12,608	1,580	15,271	6,112
Other current assets	11	2,063	2,332	-	-
Cash at bank	12	94,227	117,883	67,207	73,291
		<u>108,898</u>	<u>121,795</u>	<u>82,478</u>	<u>79,403</u>
Creditors: amounts falling due within one year	13	<u>(35,963)</u>	<u>(30,615)</u>	<u>(20,768)</u>	<u>(17,304)</u>
Net current assets		<u>72,935</u>	<u>91,180</u>	<u>61,710</u>	<u>62,099</u>
Total assets less current liabilities		<u>851,795</u>	<u>734,245</u>	<u>861,042</u>	<u>744,157</u>
Provision for deferred tax liability	6	<u>(1,634)</u>	<u>(1,926)</u>	<u>-</u>	<u>-</u>
Net assets		<u>850,161</u>	<u>732,319</u>	<u>861,042</u>	<u>744,157</u>
Capital and Reserves					
Partners' capital	14	859,141	755,710	859,141	755,710
Revaluation reserve	15	(38,861)	(47,663)	(28,946)	(37,228)
Other reserve	15	25,216	20,045	27,506	22,335
Profit and loss account	15	4,644	4,209	3,341	3,340
Partners' funds		<u>850,140</u>	<u>732,301</u>	<u>861,042</u>	<u>744,157</u>
Minority interest	16	21	18	-	-
		<u>850,161</u>	<u>732,319</u>	<u>861,042</u>	<u>744,157</u>

The financial statements of the Partnership were approved and authorised for issue by the Board of Directors of Lime Property Fund (General Partner) Limited on 21 June 2012 and were signed on its behalf by



M J Green
Director

The notes on pages 13 to 31 form an integral part of these financial statements

The Lime Property Fund Limited Partnership

Consolidated and Partnership Cash Flow Statements

For the year ended 31 December 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Net cash inflow from operating activities	17(a)	35,127	77,116	20,807	59,265
Returns on investments and servicing of finance	17(b)	761	201	14,440	18,664
Taxation	17(c)	(209)	(339)	-	-
Capital expenditure	17(d)	(126,993)	(223,387)	(127,216)	(243,192)
Acquisitions and disposals	17(e)	-	-	18,224	-
Distribution to Limited Partners	17(f)	(40,942)	(29,753)	(40,941)	(29,753)
Cash outflow before financing		(132,256)	(176,162)	(114,686)	(195,016)
Financing	17(g)	108,600	230,373	108,602	230,373
Net (decrease)/increase in cash		(23,656)	54,211	(6,084)	35,357

Consolidated and Partnership Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2011

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Net (decrease)/increase in cash	(23,656)	54,211	(6,084)	35,357
Change in net debt arising from cash flows	(23,656)	54,211	(6,084)	35,357
Opening net debt	117,883	63,672	73,291	37,934
Net debt at 31 December	94,227	117,883	67,207	73,291

The notes on pages 13 to 31 form an integral part of these financial statements

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investment properties and amounts receivable under PFI agreements and in accordance with applicable United Kingdom generally accepted accounting practice, using the accounting policies as set out below which have been applied consistently throughout the year and the preceding period

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiary undertaking, The Norwich Union Public Private Partnership Fund (NUPPP), as at 31 December 2011. NUPPP has been included in the Group financial statements using the acquisition method of accounting. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in full.

(c) Investment property

Investment properties including development properties are revalued annually by reference to a third party valuation report produced by independent appraisers. Surpluses or deficits on individual properties are transferred to the revaluation reserve except where a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit is charged or credited to the profit and loss account. No depreciation is provided in respect of investment properties.

The Partnerships (Accounts) Regulations 2008 requires the accounts of the Partnership to be prepared, subject to certain modifications, in accordance with the Companies Act 2006. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The Directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. Purchased properties are included as investment property on completion date. The development properties are transferred to investment property upon completion of the development work.

(d) Amounts due under PFI agreements

When the Partnership's subsidiary undertakings enter the operational phase of the projects to provide facilities management services to the public sector, the properties are leased under PFI agreements.

The constructed assets are shown in the consolidated accounts reflecting the contractual nature of the PFI agreement. The Group reflects as a financial asset, the net present value of the payments to be received in respect of the property over the period of the lease.

Amounts due under PFI agreements represent outstanding amounts due under leases and are re-valued annually to a valuation based on discounted income streams by CB Richard Ellis (an independent valuer).

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent impairment in value, in which case an appropriate charge is made to the profit and loss account.

The General Partner considers that this accounting policy results in the financial statements giving a true and fair view.

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

1 Accounting policies (Continued)

(e) Investments in subsidiaries

Investments in subsidiaries are shown in the balance sheet of the Partnership at cost, subject to an annual impairment review

(f) Investment income

Investment income represents dividends from subsidiaries, which are recognised when they are approved by the subsidiary

(g) Interest income and expense

Interest is recognised on an accruals basis

(h) Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full

(i) Current liabilities

Other payables are recognised on an accruals basis

2 Turnover

Turnover, which excludes value added tax, represents rental income, amounts due under PFI concession agreements and fees for facilities management services provided. The amounts due under PFI concession agreements include an element of service charge which will be recognised on a straight line basis over the 30 year term of the agreement. Turnover is attributable to one continuing activity in the UK, the letting and management of property

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Gross rental income	47,454	38,576	33,248	20,530
Facilities management income	7,894	8,180	-	-
	<u>55,348</u>	<u>46,756</u>	<u>33,248</u>	<u>20,530</u>

3 Cost of sales

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Facility management costs	(6,990)	(9,381)	-	-
Other operating expenses	(842)	(693)	(176)	(107)
	<u>(7,832)</u>	<u>(10,074)</u>	<u>(176)</u>	<u>(107)</u>

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

4 Operating profit

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Operating profit is stated after charging				
Auditors' fees - audit services	(114)	(115)	(11)	(11)
Fund Manager fees	(3,221)	(2,396)	(3,118)	(2,300)
Property Manager fees	(869)	(843)	(50)	(37)

The Group and Partnership had no employees in the current or prior year

5 Distributions

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Distributions declared and paid	(30,457)	(23,417)	(30,457)	(23,417)
Proposed distributions at 31 December	(12,231)	(9,902)	(12,231)	(9,902)
Total amounts available for distribution as per profit & loss account	(42,688)	(33,319)	(42,688)	(33,319)

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

6 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 on Partnership profits in these financial statements.

Factors affecting current tax charge for the year

	<u>Consolidated</u>	
	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	43,332	34,094
Current charge at standard UK corporation tax rate of 26.5% (2010: 28%)	11,483	9,546
Effects of:		
Partnership profits not taxable	(11,115)	(9,025)
Non-taxable income	(2)	-
Tax losses brought forward utilised in year	(2)	(506)
Capital allowances in excess of finance lease repayment	(62)	(79)
Capital allowances in excess of depreciation	(35)	(21)
Short term timing differences	235	140
Losses carried forward	12	10
Current tax charge on ordinary activities for the year	<u>514</u>	<u>65</u>
UK Corporation tax from prior years	(12)	40
Deferred tax (credit)/charge	(293)	234
Total tax charge for the year	<u>209</u>	<u>339</u>

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

6 Taxation (continued)

Legislation already enacted at the balance sheet date means that with effect from 1 April 2012 the corporate tax rate is expected to reduce to 25% (from 26%). On the basis that it is anticipated that the company's deferred tax assets are expected to unwind after 1 April 2012 the closing unrecognised deferred tax asset balance has been tax effected at the lower rate of 25%.

Subsequent reductions of 1% each year thereafter until it reaches 23% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation. The maximum impact of the reduction in corporation tax to 23% is a reduction of £130,686 which could reduce the closing unrecognised deferred tax asset to £1,502,893.

Provision for deferred tax

	<u>Consolidated</u>	
	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Short term timing differences	456	405
Accelerated capital allowances	(2,426)	(2,683)
Tax losses carried forward	336	351
Deferred tax liability	<u>(1,634)</u>	<u>(1,927)</u>

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

7 Tangible fixed assets

Investment property at Group and Partnership level

	Investment Property £'000	Developments £'000	Total £'000
Net book value 1 January 2011	463,875	24,005	487,880
Capital expenditure on existing properties	5,835	8,091	13,926
Property acquisitions	80,130	33,160	113,290
Transfer to Investment properties	24,005	(24,005)	-
Revaluation surplus	7,260	1,022	8,282
Net book value at 31 December 2011	<u>581,105</u>	<u>42,273</u>	<u>623,378</u>

	Freehold £'000	Leasehold £'000	Total £'000
Net book value 1 January 2011	303,385	184,495	487,880
Capital expenditure on existing properties	8,418	5,508	13,926
Property acquisitions	38,430	74,860	113,290
Revaluation surplus	9,895	(1,613)	8,282
Net book value at 31 December 2011	<u>360,128</u>	<u>263,250</u>	<u>623,378</u>

The investment properties were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, on 31 December 2011 by Knight Frank and CB Richard Ellis, professionally qualified chartered surveyors

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

7 Tangible fixed assets (continued)

On the historical cost basis, investment property would have been included as

	Freehold £'000	Leasehold £'000	Total £'000
Cost at 1 January 2011	323,418	197,480	520,898
Capital expenditure on existing properties	8,418	5,508	13,926
Property acquisitions	38,430	74,860	113,290
Cost at 31 December 2011	<u>370,266</u>	<u>277,848</u>	<u>648,114</u>

Acquisitions in the year include,

On 7 January 2011 the Partnership entered into an agreement to develop Eastgate, Glasgow. At 31 December 2011, the worth of this property was £7.77m. There are expected to be further costs in 2012 of approximately £7.88m.

On 19 January 2011 the Partnership purchased the site at Longford House, Heathrow for an initial sum of £10.0m with future costs to come to be in the region of £22.70m. This is a forward funded development that has been pre-let to Premier Inn with a guarantee from Whitbread Plc.

On 24 June 2011 the Partnership purchased the heritable interest to Verity House, 19 Haymarket Yards, Haymarket, Edinburgh for £5.40m.

On 15 July 2011 the Partnership purchased the long leasehold interest to 10 Ballater Street, Glasgow for £27.86m.

On 11 November 2011 the Partnership purchased the the long leasehold interest to Exchange House, 229 and 231 George Street, Glasgow for £47.00m.

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

8 Amounts due under PFI agreements

	<u>Consolidated</u>	
	2011	2010
	£'000	£'000
Net book value 1 January	155,185	172,385
Movements in capital expenditure	(223)	(97)
Amortisation	-	-
Net proceeds on disposal	-	(19,180)
Result on disposal	-	954
Revaluation surplus	520	1,123
Valuation as at 31 December	<u>155,482</u>	<u>155,185</u>

The amounts due under PFI agreements were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors, on 31 December 2011 by CB Richard Ellis, professionally qualified chartered surveyors

The valuations are undertaken by CBRF and are derived on the basis of a discounted cash flow model in respect of each PFI asset. The portfolio value is reported as an aggregate of individual asset values

The key elements of the model are the unitary payments receivable, adjusted for the following

- Allowance for annual fund management fees,
- Where applicable to the asset in question, other negative cashflow items such as insurance shortfalls and contractual interest shortfalls on lifecycle fund accounts

Discount rate assumptions

The following sources of information are used to inform the base discount rate adopted in the valuation

- Direct evidence, where available, based on recent sales on the secondary market of investor stakes in comparable PFI investments,
- Data published by the listed infrastructure funds, of required investment returns on an unleveraged and/or leveraged basis for assets with a similar risk profile,
- IRR and discount rate derived from analysis of commercial real estate transactional evidence, particularly in respect of interests characterised by secure indexed income streams from public sector or blue-chip occupiers,
- Monthly monitoring of capital markets for both indexed and fixed-coupon gilts, and analysis of yield dynamics on a six month trailing basis,
- Analysis of income returns in analogous commercial property investment sectors on both a running and six-month trailing basis

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

9 Investments in subsidiaries

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Opening net book value	-	-	194,178	194,178
Capital repayment			(18,224)	
Historic cost of investment	-	-	175,954	194,178

On 17 June 2004 NULAP contributed its interest in The Norwich Union Public Private Partnership Fund (NUPPP) as an equity contribution. The investment in The Norwich Union Public Private Partnership Fund has been included in the Partnership's balance sheet at its cost

During the year a capital distribution was made to the Lime Property Fund Limited Partnership of £18,224,241 from NUPPP following the termination of the lease by Durham and Darlington Priority Services NHS Trust with NU Local Care Centres (West Park) Limited

At the year end the Group had the following material interests held in special purpose vehicles established for the delivery of the Group's projects and held by NUPPP

<u>Name</u>	<u>Holding</u>	<u>Held through</u>
NU 3PS Limited	100%	NUPPP
Mill NU Properties Limited	60%	NUPPP
NU Developments (Brighton) Limited	100%	NUPPP
Building a Future (Newham Schools) Limited	100%	NUPPP
NU Schools for Redbridge Limited	100%	NUPPP
NU Offices for Redcar Limited	100%	NUPPP
NU Local Care Centres (Farnham) Limited	100%	NUPPP

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

9 Investments in subsidiary (continued)

NU Library for Brighton Limited	100%	NUPPP
Limited		
The Square Brighton Limited	100%	NUPPP
Developments (Brighton) Limited	100%	NUPPP
NU Local Care Centres (Bradford) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 1) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 2) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 3) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 4) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 5) Limited	100%	NUPPP
Limited		
NU Local Care Centres (Chichester No 6) Limited	100%	NUPPP
Limited		
NU Local Care Centres (West Park) Limited	100%	NUPPP
Limited		
NU Technology and Learning Centres (Hackney) Limited	100%	NUPPP
Limited		
NUPPP (Care Technology and Learning Centres) Limited	100%	NUPPP
Limited		
Chichester Health Plc	-	
Chichester Health Holdings Limited	-	

All of the above named companies are registered in England and Wales and are involved in the delivery of services under PFI agreements with Public Sector bodies. This is not an exhaustive list of all companies owned by the Group, but only includes those which would have a material financial impact on the consolidated accounts.

The following Group companies, which are 100% owned, were dormant for the year (2010 dormant)

Mill NU Developments (Conference Centres) Limited
 NUPPP Hard Services Limited
 NUPPP Nominees Limited
 NU College for Canterbury Limited
 NU Local Care Centres Limited
 NU Offices for Surrey Limited
 NU Technology and Learning Centres Limited

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

9 Investments in subsidiary (continued)

Chichester Health Plc and Chichester Health Holdings Limited are accounted for as indirect subsidiary undertakings in accordance with FRS5 'Reporting on the Substance of Transactions' on the basis that they are controlled and influenced by the Group, and accordingly their accounts have been included in these consolidated accounts

The effect of including these indirect subsidiary companies in the consolidated accounts is as follows

	Chichester Health Holdings Ltd	Chichester Health plc
	£	£
Loss for the year	(8,442)	(36,491)
Total assets	50,002	25,015,484
Total liabilities	(103,095)	(24,968,787)
Total capital and reserves	(53,093)	46,697

10 Debtors amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Trade debtors	111	372	-	-
Other debtors - VAT	-	429	-	1,021
Other debtors	12,497	779	15,271	5,091
Total debtors due within one year	12,608	1,580	15,271	6,112

As at 31 December 2011 £9.5m (2010 £nil) was held by solicitors awaiting the purchase of an asset

11 Other current assets

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Prepayments	220	295	-	-
Accrued income	1,843	2,037	-	-
Total other current assets	2,063	2,332	-	-

12 Cash at bank

Cash and cash equivalents includes £12,031,990 (2010 £10,927,773) which relates to amounts paid into a sinking fund to fund the replacement and repair of certain assets

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

13 Creditors, amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Trade creditors	(887)	(340)	-	-
Deferred income	(7,304)	(6,103)	(7,304)	(6,103)
Sinking funds	(12,032)	(10,928)	-	-
Other creditors – VAT	(776)	-	(309)	-
Other creditors	(356)	(210)	(40)	(145)
Distribution payable	(12,231)	(9,902)	(12,231)	(9,902)
Accruals	(2,377)	(3,132)	(884)	(1,154)
Total creditors due within one year	<u>(35,963)</u>	<u>(30,615)</u>	<u>(20,768)</u>	<u>(17,304)</u>

14 Partners' capital

	The Lime Property Fund Unit Trust £'000	The Lime Property Fund (General Partner) Limited £'000	Total Partners Capital £'000
Opening contributions at 1 January 2011	755,709	1	755,710
Contributions during the year	103,431	-	103,431
Closing contributions at 31 December 2011	<u>859,140</u>	<u>1</u>	<u>859,141</u>
Equity capital	86	-	86
Advance capital	859,054	1	859,055
Contributions 31 December 2011	<u>859,140</u>	<u>1</u>	<u>859,141</u>

Partners' advance capital consists of non interest bearing advances which are repayable on winding up of the Partnership

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

15 Reconciliation of Partners' funds and movements on reserves

Reconciliation of revaluation reserve

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Opening revaluation reserve at 1 January	(47,663)	(53,428)	(37,228)	(41,871)
Unrealised surplus on revaluation in financial year in investment properties	8,282	4,643	8,282	4,643
Unrealised surplus on revaluation in financial year on amounts due under PFI agreements	520	1,122	-	-
Revaluation reserve at 31 December	(38,661)	(47,663)	(28,946)	(37,228)

Reconciliation of profit and loss account

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Opening profit and loss account at 1 January	4,209	3,774	3,340	3,340
Profit in financial year	43,123	33,755	1	-
Distributions in financial year	(42,688)	(33,320)	-	-
Profit and loss account at 31 December	4,644	4,209	3,341	3,340

Reconciliation of other reserve

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Opening other reserve at 1 January	20,045	9,075	22,335	11,364
Premiums paid by partners during the year	5,171	10,970	5,171	10,971
Other reserve at 31 December	25,216	20,045	27,506	22,335

Other reserve represents the premiums paid by new or existing Partners who contributed cash rather than property into the Partnership during the year. The premium is intended for use by the Partnership for the funding of acquisition costs incurred on future purchases made by the fund with the capital injected by new Partners.

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

16 Minority interests

Minority interests represent the 0.01% holding in the Norwich Union Public Private Partnership Fund held by NUPPP (GP) Limited (2010: 0.01%)

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Opening minority interests as at 1 January	18	18	-	-
Distributions	1	-	-	-
Redemption contribution by NUPPP (GP) Limited	2	-	-	-
Minority Interests as at 31 December	21	18	-	-

17 Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Operating profit	42,633	32,940	29,421	17,685
(Increase)/Decrease in debtors and other assets	(10,094)	42,771	(10,199)	39,426
Increase in creditors	2,588	1,405	1,585	2,154
Net cash inflow/(outflow) from operating activities	35,127	77,116	20,807	59,265

(b) Returns on investments and servicing of finance

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Interest received	789	229	457	233
Interest paid	(28)	(28)	-	-
Distributions received from subsidiary undertaking	-	-	13,983	18,431
	761	201	14,440	18,664

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

17 Notes to the statement of cash flows (continued)

(c) Taxation

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
UK corporation tax paid	(209)	(339)	-	-

(d) Capital expenditure and financial instruments

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Payments to acquire fixed assets	(126,993)	(243,095)	(127,216)	(243,192)
Proceeds on sale of fixed assets	-	19,708	-	-
	(126,993)	(223,387)	(127,216)	(243,192)

(e) Acquisitions and disposals

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Capital receipts from subsidiary	-	-	18,224	-
	-	-	18,224	-

(f) Distributions to Limited Partners

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Distributions paid to Limited Partners	(40,942)	(29,753)	(40,941)	(29,753)
	(40,942)	(29,753)	(40,941)	(29,753)

(g) Financing activities

	Group 2011 £'000	Group 2010 £'000	Partnership 2011 £'000	Partnership 2010 £'000
Partners' equity and advance capital	103,431	219,402	103,431	219,402
Premiums paid by Partners	5,171	10,971	5,171	10,971
Capital repayment to NUPPP (GP)	(2)	-	-	-
	108,600	230,373	108,602	230,373

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

17 Notes to the statement of cash flows (continued)

(h) Reconciliation of net Partnership debt

	At 1 Jan 2011 £'000	Cash flow £'000	Non cash movements £'000	At 31 December 2011 £'000
Cash at bank	73,291	(6,084)	-	67,207
	<u>73,291</u>	<u>(6,084)</u>	<u>-</u>	<u>67,207</u>

Reconciliation of net Group debt

	At 1 Jan 2011 £'000	Cash flow £'000	Non cash movements £'000	At 31 December 2011 £'000
Cash at bank	117,883	(23,656)	-	94,227
	<u>117,883</u>	<u>(23,656)</u>	<u>-</u>	<u>94,227</u>

18 Contingent liabilities and commitments

There were no contingent liabilities at the balance sheet date

The Partnership has a total commitment of £nil (2010 £nil) in respect of equity funding at the year end

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

19 Related party transactions

	<u>2011</u>		<u>2010</u>	
	Income earned in year £'000	Payable at year end £'000	Income earned in year £'000	Payable at year end £'000
Aviva Investors Global Services Limited	3,221	859	2,396	660
Mill Properties Limited	819	136	1,334	655
	<u>4,090</u>	<u>995</u>	<u>3,730</u>	<u>1,315</u>

Aviva Investors Global Services Limited receives fees as it acts as the fund manager for The Lime Property Fund Limited Partnership. The ultimate holding company of Aviva Investors Global Services Limited is Aviva plc.

The Norwich Union Public Private Partnership Fund (NUPPPF), NU 3PS Limited and Mill NU Properties have entered into management contracts with Mill Properties Limited, a wholly owned subsidiary of Mill Asset Management Group Limited. These agreements cover procurement fees for the delivery and negotiation of schemes as well as fees for ongoing management. In addition, fees are payable for administrative support.

In accordance with the Partnership Agreement, distributions of net income have been allocated to the Partners in proportion to their ownership percentage for the year to which the distribution relates. At the year end the percentage holdings were, The Lime Property Fund Unit Trust 99.9999% and Lime Property Fund (General Partner) Limited 0.0001%.

Receipts of £12,862,312 (2010: £15,401,834) are included in the Partnership's financial statements in respect of dividends received by The Lime Property Fund Limited Partnership as majority owner of The Norwich Union Private Partnership Fund, of which £3,190,349 (2010: £4,311,261) was outstanding as at 31 December 2011. The Norwich Union Public Private Partnership is owned by The Lime Property Fund Limited Partnership and NUPPPF (GP) Limited. At the year end the percentage holdings were, The Lime Property Fund Limited Partnership 99.99% and NUPPPF (GP) Limited 0.01%.

On 11 November 2011 the Partnership purchased the long leasehold interest to Exchange House, 229 and 231 George Street, Glasgow for £47.00m from Aviva Investors UK Real Estate Recovery Fund Limited Partnership. The immediate parent and controlling company for this Limited Partnership being Aviva Investors UK Real Estate (GP) Limited which in turn is owned by Norwich Union (Shareholder GP) Limited.

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

20 Parent and ultimate controlling undertaking

The immediate holding entity is Lime Property Fund (General Partner) Limited is a wholly owned subsidiary of the Aviva group of companies. The ultimate controlling entity is Aviva plc, registered in the UK.

Aviva plc's consolidated financial statements are available on application to the

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

and are available on the Aviva plc website at www.aviva.com

21 Business Risks

The key risks arising in the Group are market, credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management

The Aviva Group ("Aviva") 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 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.

Management of financial and non-financial risks

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

(i) Market risk

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

The Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

21 Business Risks (continued)

(ii) Credit risk

The Group does not have a significant exposure to credit risk as receivables are mainly short-term trading items or fixed under the terms of each PFI agreement. The Group's investments are managed by agents who have responsibility for the prompt collection of amounts due.

PFI Agreements

The key risk underlying the PFI agreements is the recoverability of the amounts due from the various public bodies. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor.

Tenant default risk

The current economic environment has led to an increased risk of tenant default, the Group manages this risk by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due.

(iii) Operational risk

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

(iv) Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

22 Post balance sheet events

On 24 January 2012 the Partnership purchased the site at 11 Broadgate, Lincoln for an initial sum of £1.9m with future costs to come to be in the region of £7.3m. This is a forward funded development that has been pre-let to Premier Inn.