

LIME PROPERTY FUND (GENERAL PARTNER) LIMITED

Registered in England and Wales No: 05118252

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

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Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

Directors, Officers and Other Information

Directors:

M J Green
B S Hill
C J Urwin

Officer – Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 05118252

Other information

The Lime Property Fund (General Partner) Limited (the 'Company') is a wholly owned subsidiary of Norwich Union (Shareholder GP) Limited and is a member of the Aviva plc group of companies (the 'Aviva Group').

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No.05118252

Directors' Report for the year ended 31 December 2016

The directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2016.

Directors

The current directors of the Lime Property Fund (General Partner) Limited and those in office throughout the year, except as noted, are as follows:

M J Green
C J Urwin
B S Hill appointed 23 January 2017
M C Luscombe resigned 31 December 2016

Principal Activities

The principal activity of the Company is property investment by way of a 0.00006% interest (2015: 0.00007%) in Lime Property Fund Limited Partnership (the 'Partnership'). The General Partner's share in the Partnership has been diluted during the course of 2016 by additional capital contributed into the Partnership by the limited partner, Lime Property Fund Unit Trust. The Partnership is a partnership within the meaning of the Limited Partnership Act 1907 and the Company is the General Partner to the Partnership.

The Company also holds a £1 ordinary share in Lime Property Fund (Nominee) Limited, a company set up to manage the developed properties held in the Partnership.

The directors have reviewed the activities of the Company for the year and the position as at 31 December 2016 and consider them to be satisfactory.

Future Outlook

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

Dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2016 (2015: £nil).

Going concern

At the balance sheet date the Company had net liabilities £35,171 (2015: £32,456). The 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.

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

Events after the reporting financial year

On 30 April 2017 Norwich Union (Shareholder GP) Limited sold its interest in the Company to Aviva Investors Real Estate Limited for 1 £1 Ordinary Share.

Employees

The Company has no employees (2015: nil).

Directors' Report for the year ended 31 December 2016 (continued)

Disclosure of Information to the Auditors

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

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Independent Auditors

It is the intention of the directors to reappoint the auditors 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 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.

Risk and capital management policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva Group. The Aviva Group (the "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.

(b) 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 values, which have a direct impact on the value of the Company's investments. The management of this risk falls within the mandate of Aviva Investors UK Fund Services Limited, which manages the investments on behalf of the Partnership.

Operational risk

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

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 are settled by the Partnership.

Directors' Report for the year ended 31 December 2016 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 and then apply them consistently;
- state whether applicable United Kingdom 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.

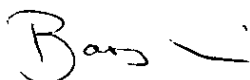
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board 26 July 2017

B S Hill
Director



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

Report on the financial statements

In our opinion, Lime Property Fund (General Partner) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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 prepared in accordance with the requirements of the Companies Act 2006.

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

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

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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

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

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

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

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Sandra Dowling (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 July 2017

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

Statement of Comprehensive Income

for the year ended 31 December 2016

		2016	2015
	Note	£	£
Turnover			
Investment income		48	70
Expenses			
Administrative expenses	5	(2,763)	(2,835)
Loss on ordinary activities before taxation		(2,715)	(2,765)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(2,715)	(2,765)

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 11 to 18 form an integral part of these financial statements.

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

Statement of Financial Position

as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investment in the Partnership	7a	1,000	1,000
Investment in subsidiary undertakings	7b	2	2
Current assets			
Debtors: amounts falling due within one year	8	718	670
Creditors: amounts falling due within one year	9	(36,891)	(34,128)
Net current liabilities		(36,173)	(33,458)
Total assets less current liabilities		(35,171)	(32,456)
Net liabilities		(35,171)	(32,456)
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		(35,172)	(32,457)
Total shareholders' deficit		(35,171)	(32,456)

These audited financial statements were approved and authorised for issue by the Board of Directors on 26 July 2017 and were signed on its behalf by:



B S Hill
Director

The notes on pages 11 to 18 form an integral part of these financial statements

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

Statement of Changes in Equity

for the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total shareholder's deficit
	£	£	£
Balance as at 1 January 2015	1	(29,692)	(29,691)
Loss for the financial year	-	(2,765)	(2,765)
Total comprehensive loss for the financial year	-	(2,765)	(2,765)
Balance as at 31 December 2015	1	(32,457)	(32,456)
Balance as at 1 January 2016	1	(32,457)	(32,456)
Loss for the financial year	-	(2,715)	(2,715)
Total comprehensive loss for the financial year	-	(2,715)	(2,715)
Balance as at 31 December 2016	1	(35,172)	(35,171)

The notes on pages 11 to 18 form an integral part of these financial statements

**Notes to the financial statements
for the year ended 31 December 2016**

1. General information

Lime Property Fund (General Partner) Limited acts as the general partner to the Partnership.

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. Statement of compliance

The individual financial statements of Lime Property Fund (General Partner) Limited 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.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of accounting

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company'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.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemptions under Section 400 of the Companies Act 2006 not to prepare group financial statements as it and its subsidiaries are included in the consolidated financial statement of Norwich Union (Shareholder GP) Limited.

b) Going concern

At the balance sheet date the Company had net liabilities £35,171 (2015: £32,456). The 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.

Therefore, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and for this reason they have continued to adopt the going concern basis in preparing the financial statements.

c) Strategic report

A strategic report has not been included in these audited financial statements as the Company qualifies as a small company under section 382 of the Companies Act 2006.

Notes to the financial statements (continued)
for the year ended 31 December 2016

3. Accounting policies (continued)

d) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the statement of financial position and statement of comprehensive income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

e) Investment income

Investment income, which excludes value added tax, represents income receivable from the Partnership recognised on an accruals basis.

f) Investment in the partnership

Investment in the Partnership is held at cost, subject to an annual impairment review.

g) Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less provision for impairment.

h) Cash

The Company has no bank accounts and its expenses are settled on its behalf by the Partnership, therefore no statement of cash flows has been presented in the financial statements.

i) 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.

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.

j) Provisions and contingent liabilities

There were no contingent liabilities or commitments at the balance sheet date (2015: £nil).

Notes to the financial statements (continued)
for the year ended 31 December 2016

3. Accounting policies (continued)

k) 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 are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash at bank and in hand balances, 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 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 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

(ii) Financial liabilities

Financial liabilities are 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 assets 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 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.

Notes to the financial statements (continued)
for the year ended 31 December 2016**3. Accounting policies (continued)****l) Financial instruments (continued)****(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

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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

In the process of applying the Company's accounting policies, the directors has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

- i. Non-financial assets are reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5. Administrative expenses

	2016	2015
	£	£
Fees payable to the auditors for the audit of the Company's financial statements	2,325	2,363
Sundry expenses	438	472
	2,763	2,835

The directors received no emoluments from the Company for services to the Company for the financial year (2015: £nil).

The Company had no employees during the financial year (2015: nil).

Notes to the financial statements (continued)
for the year ended 31 December 2016**6. Tax on loss****(a) Tax reconciliation**

	2016 £	2015 £
Current tax		
UK Corporation tax on loss for the financial year	-	-
Total current tax	-	-

(b) Factors affecting current tax charge for the year

	2016 £	2015 £
Loss before taxation	(2,715)	(2,765)
	(2,715)	(2,765)
Tax calculated at the standard UK corporation tax rate of 20.00% (2015: 20.25%)	(542)	(560)
Share of Partnership taxable profits	8	9
Non taxable distribution from Partnership	(10)	(14)
Unutilised trading losses	544	565
Total tax charge for the financial year	-	-

Finance (No 2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce corporation tax further to 17% from 1 April 2020. There is no impact on the Company's net assets from the reductions in the rates as the Company does not have any recognised deferred tax assets.

(c) Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Where there is a history of tax losses, deferred tax assets are only recognised if there is convincing evidence that future profits will be available. Where this is the case, the directors have relied on the business plans supporting future profits.

The Company has temporary differences of £5,748 (2015: £5,597) consisting of excess management expenses available to carry forward indefinitely of £5,747 (2015: £5,596) and capital losses of £1 (2015: £1). No deferred tax asset has been recognised in these financial statements as there is insufficient certainty that future profits will be available against which these could be utilised.

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

**Notes to the financial statements (continued)
for the year ended 31 December 2016****7. Investments****(a) Investments in the Partnership**

	2016	2015
	£	£
Cost		
At 1 January	1,000	1,000
Additions	-	-
At 31 December	1,000	1,000

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The investment represents 0.00006% (2015: 0.00007%) of the total Partners' capital of the Partnership. The General Partner's share in the Partnership has been diluted during the course of 2016 by additional capital contributed into the Partnership by the limited partner, Lime Property Fund Unit Trust.

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

(b) Investments in subsidiary undertakings

	2016	2015
	£	£
Shares at cost:		
At 1 January	2	2
Additions	-	-
At 31 December	2	2

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 Partnership and was dormant for the year ended 31 December 2016.

On 15 April 2010 the Partnership purchased a distribution site in Northampton from The Royal Mail (the 'seller'). Under the terms of the sale and purchase agreement, the seller was required to transfer 73 shares in Swan Valley Management Limited ('SVM'), the management company, to the Partnership with the Partnership, acting through the Company as its general partner, becoming a member of SVM. The shares were issued to the Company, which holds the legal interest in the shares. The shares in SVM were transferred at nil value.

On 16 March 2011 the Company purchased the shares in Tyne Assets (No.2) Limited for £1 as part of a transaction by the Partnership.

Lime Property Fund (General Partner) Limited

Registered in England and Wales: No. 05118252

Notes to the financial statements (continued)
for the year ended 31 December 2016**8. Debtors: amounts falling due within one year**

	2016 £	2015 £
Amounts owed by group undertakings	1	1
Prepayments and accrued income	717	669
Total debtors	<u>718</u>	<u>670</u>

9. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	34,101	31,293
Accruals and deferred income	2,790	2,835
Total creditors amounts falling due within one year	<u>36,891</u>	<u>34,128</u>

10. Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid share capital of the Company at 31 December:		
1 (2015: 1) ordinary share of £1	<u>1</u>	<u>1</u>

11. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2015: £nil).

12. Related party transactions**(a) Key management compensation**

There have been no transactions with, and there are no accounts receivable from or payments due to members of the Board of Directors (2015: £nil and £nil).

(b) Services provided to related parties

During the year the Company served as General Partner for the Partnership. No fees were received for services provided to the Partnership.

At the reporting date the Company was owed £717 (2015: £669) by the Partnership stated in note 8.

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

(c) Services provided by related parties

At the reporting date the Company owed £34,100 (2015: £31,292) to the Partnership as stated in note 9.

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

Notes to the financial statements (continued)
for the year ended 31 December 2016

13. Immediate parent and ultimate controlling entity

The immediate parent undertaking of the Company is Norwich Union (Shareholder GP) Limited, a company incorporated in Great Britain and registered in England and Wales.

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 the smallest group of undertakings of which the Company is a member and for which consolidated financial statements are prepared. The consolidated financial statements of Aviva plc are available on application to the:

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

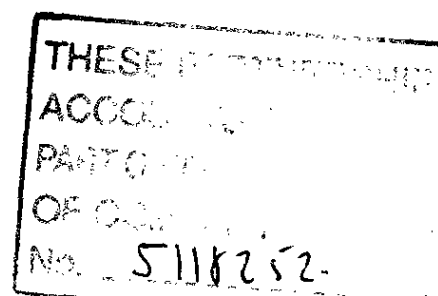
and are available on the Aviva plc website at www.aviva.com.

14. Events after the reporting financial year

On 30 April 2017 Norwich Union (Shareholder GP) Limited sold its interest in the Company to Aviva Investors Real Estate Limited for 1 £1 Ordinary Share.

LIME PROPERTY FUND LIMITED PARTNERSHIP
Registered in England No: LP009538

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS 2016**



Lime Property Fund Limited Partnership

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Lime Property Fund Limited Partnership

Partners, Advisers and Other Information

Partners:

Limited Partner

Lime Property Fund Unit Trust

General Partner

Lime Property Fund (General Partner) Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Fund Manager

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

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

Registered Place of Business

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. LP009538

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016

The directors of the General Partner (“directors”) present their strategic report of the Lime Property Fund Limited Partnership (“the Fund” or “the Partnership”) for the year ended 31 December 2016.

The Partnership

The Partnership was established on 1 July 2004 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907.

Principal Activities of the Partnership and Group

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

The principal activity of Norwich Union Public Private Partnership Fund (“NUPPP”), group undertaking, is the provision of serviced facilities under long term agreements through the Government’s Public Private Partnership programme and particularly services under the Private Finance Initiative (“PFI”).

Review

1. Objectives/Strategy:

The objective of the Partnership is to achieve investment returns in excess of 150bps above the UK 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 or provide an appropriate income profile.

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.
- No single property will exceed 15% of the gross asset value of the Group.
- Income from one tenant (or group of related tenants) shall not exceed 10% of the total income value of the group.
- Tenants of the property have a good credit quality where the average credit risk is low to medium or better.
- The value of the contracted income stream must account for not less than 70% of the property’s open market value.

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Review (continued)

2. Group Performance:

The consolidated financial position of the Partnership at 31 December 2016 is shown in the Consolidated and Partnership Statement of Financial Position on page 20, with the results shown in the Consolidated and Partnership Statement of Comprehensive Income on page 17 and the Consolidated and Partnership Cash Flow Statements on page 21.

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 2016	Year End 2015
Fund Return	7.29%	8.27%
Benchmark (UK Gilt Index)	13.07%	0.68%
Distribution Yield	4.51%	4.85%
Fair Value of Assets	£1,752m	£1,535m
No of Assets	71	69
No of Tenants	45	43
Void %	0%	0%

The Partnership produced a total return of 7.29% against a Benchmark return of 13.07%. The Fund’s underperformance was predominantly driven by its income return of 4.51% with capital adding a further 2.68%. The capital return was due to valuation improvements as a result of continued investor demand for long term, inflation linked property assets. The gilt benchmark experienced high volatility over the year.

Over the year the Fund acquired two properties: one hotel and one office. The average weighted lease length of the acquisitions was approximately 26.6yrs and all the acquisitions benefiting from inflation-linked uplifts. The weighted projected return of new acquisitions represented a margin of approximately 2.95%.

The Fund has also continued its track record of risk mitigation and the reduction of volatility. The Fund remains the most secure balanced investable fund in the IPD universe of funds, and the least volatile fund in the IPD since its launch in 2004.

The Lime Property Fund received the MSCI/IPF award for the highest risk adjusted 10 year return for and Aviva Investors Global Services Limited also received the Professional Pensions Investment Award for Long Income Property Manager of the Year Award.

3. Capital Management & Objectives:

£156.5m (2015: £277.7m) new contribution and advances, in the form of partner contributions and advances, were injected into the Partnership during 2016.

On 5 May 2016 the Partnership’s revolving credit loan facility with the Royal Bank of Scotland expired with the facility remaining undrawn throughout the year that this was in place.

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Review (continued)

3. Capital Management & Objectives (continued):

Events after the reporting year:

£10.7m of new capital, in the form of partners contributions and advances, were injected into the Partnership during the first quarter of 2017.

£51.7m of new capital, in the form of partner contributions and advances, were injected into the Partnership during April 2017.

4. Purchases & Disposals:

On 18 May 2016 the Partnership completed on the purchase of the freehold interest in Newcastle Business School for the sum of £50.9m, with an occupational lease being granted to Newcastle University for a term of 16 years but with an option to extend to 30 years in return for a payment to Newcastle University of £13.9m.

On 30 December 2016 the Partnership completed on the purchase of the freehold interest in 24-30 Smithfield, London, for the sum of £66.0m. The site is to be developed by the seller (Premier Inn) and funded by the Partnership with development scheduled to complete in late 2018. The Partnership's total maximum capital commitment (to include site price and total funding costs) will be £102.86 m. Upon completion an occupational lease will be taken up by Premier Inn for a term of 25 years.

Events after the reporting year:

On 15 March 2017 the Partnership completed on the purchase of the leasehold interest in Hughenden student village, High Wycombe, for the sum of £38.8m, with an occupational lease being granted to Buckinghamshire New University for a term of 30 years.

Future developments

The Directors expect the general level of activity to remain consistent with 2016.

Principal risks and uncertainties

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

Management of financial and non-financial risks

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

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 UK Fund Services Limited, which makes and manages investments on behalf of the Group.

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

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 and administrators who have responsibility for the prompt collection of amounts due.

The Partnership manages this risk of tenant default by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due. There is no significant concentration of credit risk with respect to tenants; the two biggest tenants represent 14.2% of the Partnership's rental income for the year to 31 December 2016 (31 December 2015: 14.4%).

PFI Agreements

The key risk underlying the PFI agreements is the recoverability of the amounts due from the various lessees. This risk on default on repayments is deemed limited due to the lessees being public bodies supported by the government.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the 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.

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The Partnership does not have a significant exposure to 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 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 2016 and 31 December 2015 was as follows:

Consolidated liquidity risk as at 31 December 2016

	On demand £'000	1-12 months £'000	12 months or more £'000	Total £'000
Financial assets				
Trade and other receivables	9,132	-	-	9,132
Prepayments and accrued income	2,248	-	-	2,248
Cash and cash equivalents	123,441	-	-	123,441
	<u>134,821</u>	<u>-</u>	<u>-</u>	<u>134,821</u>
Financial liabilities				
Trade and other creditors	8,956	-	-	8,956
Sinking funds	17,332	-	-	17,332
Distributions payable	20,962	-	-	20,962
Deferred income	16,905	-	-	16,905
Accruals and deferred income	5,601	-	-	5,601
	<u>69,756</u>	<u>-</u>	<u>-</u>	<u>69,756</u>

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

Liquidity risk (continued)

Consolidated liquidity risk as at 31 December 2015

	On demand £'000	1-12 months £'000	12 months or more £'000	Total £'000
Financial assets				
Trade and other receivables	7,826	-	-	7,826
Prepayments and accrued income	2,140	-	-	2,140
Cash and cash equivalents	132,275	-	-	132,275
	<u>142,241</u>	<u>-</u>	<u>-</u>	<u>142,241</u>
Financial liabilities				
Trade and other creditors	4,821	-	-	4,821
Sinking funds	16,798	-	-	16,798
Distributions payable	18,302	-	-	18,302
Other creditors	13,442	-	-	13,442
Accruals and deferred income	4,755	-	-	4,755
	<u>58,118</u>	<u>-</u>	<u>-</u>	<u>58,118</u>

Employees

The Group has no employees (2015: Nil). The key management personnel have been identified as the directors of Lime Property Fund (General Partner) Limited. The directors received no remuneration (2015: £Nil).

Lime Property Fund Limited Partnership

Strategic report for the year ended 31 December 2016 (continued)

Environmental

The Fund is managed by Aviva Investors for whom a key component of being a responsible business is ensuring Environmental, Social and Corporate governance (ESG) issues are considered throughout the investment process. Aviva Investors Real Estate regards the consideration of ESG issues and their impact on real estate investment as an essential part of the Fund's fiduciary duty to our clients. This philosophy is firmly embedded within the Fund's decision-making processes, from initial acquisition through to disposal.

Further information on the Fund's approach to Responsible Property Investment (RPI) is set out in Aviva Investors Responsible Property Investment Policy. This policy applies to all Aviva Investors Real Estate's global activities and funds under management.

The Fund benefits from Aviva Investors Real Estate's membership of the Better Buildings Partnership (BBP). Aviva Investors is also a founding signatory of the Principles for Responsible Investment (PRI).

For and on behalf of the Partnership:



M J Green
Director of
Lime Property Fund (General Partner) Limited
29 June 2017

Lime Property Fund Limited Partnership

General Partner's report for the year ended 31 December 2016

The directors of the General Partner present their annual report and the audited financial statements of the Group and Partnership for the year ended 31 December 2016.

Results and Distributions

The profit for the Group, after non-controlling interest, for 2016 was £33.8m (2015: £35.3m). Distributions to the Partners were £77.3m (2015: £70.9m).

Directors

The current directors of the Lime Property Fund (General Partner) Limited and those in office throughout the year, except as noted, are as follows:

M J Green
C J Urwin
B S Hill appointed 23 January 2017
M C Luscombe resigned 31 December 2016

Partners' accounts

The Partners accounts include contributions and partners advance as follows:

As at 31 December 2016

	Partners' Contributions £'000	Partners' Advances £'000
Lime Property Fund Unit Trust	163	1,676,818
Lime Property Fund (General Partner) Limited	-	1
Total	163	1,676,819

As at 31 December 2015

	Partners' Contributions £'000	Partners' Advances £'000
Lime Property Fund Unit Trust	149	1,520,327
Lime Property Fund (General Partner) Limited	-	1
Total	149	1,520,328

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.

Lime Property Fund Limited Partnership

General Partner's report for the year ended 31 December 2016 (continued)

Disclosure of information to the independent auditors

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

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Partnership's auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to consider their appointment will be proposed at the next board meeting of the General Partner.

Lime Property Fund Limited Partnership

General Partner's report for the year ended 31 December 2016 (continued)

Statement of General Partner's Responsibilities in respect of the financial statements

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 group and qualifying partnership 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, as applied to qualifying partnerships, the 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 group and qualifying partnership and of the profit or loss of the group and qualifying 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and qualifying partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the group and qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

The General Partner is also responsible for safeguarding the assets of the group and qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Partnership:



M J Green
Director of Lime Property Fund (General Partner) Limited
29 June 2017

Lime Property Fund Limited Partnership

Independent auditors' report to the members of Lime Property Fund Limited Partnership

Report on the financial statements

In our opinion, Lime Property Fund Limited Partnership's group financial statements and qualifying partnership financial statements (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 2016 and of the group's and the qualifying partnership's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

The financial statements, included within the Annual Report and Consolidated Financial Statements 2016 (the "Annual Report"), comprise:

- the Consolidated and Partnership Statements of Financial Position as at 31 December 2016;
- the Consolidated and Partnership Statements of Comprehensive Income for the year then ended;
- the Consolidated and Partnership Cash Flow Statements for the year then ended;
- the Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters on prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the General Partner's Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the qualifying partnership and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the General Partner's Report. We have nothing to report in this respect.

Lime Property Fund Limited Partnership

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

Other matters on which we are required to report by exception

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the qualifying partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

As explained more fully in the Statement of General Partner's Responsibilities in respect of the financial statements set out on page 13, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members 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 this opinion, 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.

Lime Property Fund Limited Partnership

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

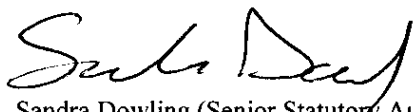
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the group's and the qualifying partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Lime Property Fund (General Partner) Limited; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Lime Property Fund (General Partner) Limited's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and General Partner's Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

29 June 2017

Lime Property Fund Limited Partnership

Consolidated and Partnership Statements of Comprehensive Income

For the year ended 31 December 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Turnover	5	96,688	89,243	71,769	65,322
Cost of sales	6	(9,876)	(9,510)	(634)	(865)
Gross profit		86,812	79,733	71,135	64,457
Change in fair value of investment properties	10	29,660	38,311	29,660	38,311
Change in fair value of properties under development	11	5,886	(160)	5,886	(160)
Change in fair value amounts due under PFI agreements to undertakings in which the entity has a participating interest	12	(2,172)	(3,243)	-	-
Administrative expenses	7	(8,946)	(8,632)	(7,678)	(7,223)
Operating profit		111,240	106,009	99,003	95,385
Profit on sale of investment properties		-	518	-	518
Investment income		-	-	13,503	12,757
Interest receivable and similar income		490	452	402	351
Interest payable and similar charges		(29)	(376)	-	-
Finance cost - distributions	8	(77,363)	(70,861)	(77,362)	(70,860)
Profit on ordinary activities before taxation		34,338	35,742	35,546	38,151
Tax on profit on ordinary activities	9	(529)	(399)	-	-
Total comprehensive income for the year		33,809	35,343	35,546	38,151
Attributable to:					
Limited Partners		33,809	35,342	35,546	38,151
Non-controlling interest		-	1	-	-
Total comprehensive income attributable to Partners		33,809	35,343	35,546	38,151

Continuing operations

All amounts reported in the Consolidated and Partnership statement of comprehensive income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 22 to 45 form an integral part of these financial statements.

Lime Property Fund Limited Partnership

Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners

For the year ended 31 December 2016

Consolidated	Proceeds from Partners £'000	Profit and loss Account £'000	Other Reserve £'000	Total £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2015	1,242,826	15,775	44,401	1,303,002	20	1,303,022
Partners capital contributions received during the year	26	-	-	26	-	26
Partners and advances received during the year	277,625	-	-	277,625	-	277,625
Partners other reserves received during the year	-	-	13,882	13,882	-	13,882
Total comprehensive income for the financial year	-	35,342	-	35,342	1	35,343
Balance at 31 December 2015	1,520,477	51,117	58,283	1,629,877	21	1,629,898
Partners capital contributions received during the year	14	-	-	14	-	14
Partners and advances received during the year	156,491	-	-	156,491	-	156,491
Partners other reserves received during the year	-	-	9,268	9,268	-	9,268
Total comprehensive income for the financial year	-	33,809	-	33,809	-	33,809
Balance at 31 December 2016	1,676,982	84,926	67,551	1,829,459	21	1,829,480

The notes on pages 22 to 45 form an integral part of these financial statements

Lime Property Fund Limited Partnership

Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners

For the year ended 31 December 2016

Partnership

	Proceeds from Partners £'000	Profit and loss Account £'000	Other Reserve £'000	Total £'000
Balance at 1 January 2015	1,242,826	29,511	46,690	1,319,027
Partners capital contributions received during the year	26	-	-	26
Partners and advances received during the year	277,625	-	-	277,625
Partners other reserves received during the year	-	-	13,882	13,882
Total comprehensive income for the financial year	-	38,151	-	38,151
Balance at 31 December 2015	1,520,477	67,662	60,572	1,648,711
Partners capital contributions received during the year	14	-	-	14
Partners and advances received during the year	156,491	-	-	156,491
Partners other reserves received during the year	-	-	9,268	9,268
Total comprehensive income for the financial year	-	35,546	-	35,546
Balance at 31 December 2016	1,676,982	103,208	69,840	1,850,030

The notes on pages 22 to 45 form an integral part of these financial statements.


Lime Property Fund Limited Partnership

Consolidated and Partnership Statements of Financial Position

As at 31 December 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Fixed Assets					
Investment properties	10	1,545,349	1,217,732	1,545,349	1,217,732
Properties under development	11	66,000	173,768	66,000	173,768
Amounts due under PFI agreements to undertakings in which the entity has a participating interest	12	140,975	143,920	-	-
Investments in subsidiaries	13	-	-	175,954	175,954
		1,752,324	1,535,420	1,787,303	1,567,454
Current Assets					
Debtors: amounts falling due after more one year	14	12,156	10,710	12,156	10,710
Debtors: amounts falling due within one year	14	11,878	10,364	12,678	11,535
Cash at bank and in hand	15	123,441	132,275	87,034	97,566
		147,475	153,349	111,868	119,811
Creditors: amounts falling due within one year	16	(69,756)	(58,118)	(49,141)	(38,554)
Net current assets		77,719	95,231	62,727	81,257
Total assets less current liabilities		1,830,043	1,630,651	1,850,030	1,648,711
Non-current liabilities					
Deferred tax liability	9	(563)	(753)	-	-
Net assets attributable to Partners		1,829,480	1,629,898	1,850,030	1,648,711
Represented by					
Partners' interests		1,829,459	1,629,877	1,850,030	1,648,711
Non-controlling interests	17	21	21	-	-
Net assets attributable to Partners		1,829,480	1,629,898	1,850,030	1,648,711

These audited financial statements were approved and authorised for issue by the Board of Directors of Lime Property Fund (General Partner) Limited on 29 June 2017 and were signed on its behalf by:


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

The notes on pages 22 to 45 form an integral part of these financial statements.

Lime Property Fund Limited Partnership

Consolidated and Partnership Cash Flow Statements

For the year ended 31 December 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Net cash inflow from operating activities	18(a)	81,593	65,132	67,001	53,650
Tax paid	9	(529)	(371)	-	-
Cash flows from investing activities					
Purchase of investment properties	10	(50,950)	(129,302)	(50,950)	(129,302)
Purchase of properties under development	11	(96,395)	(114,687)	(96,395)	(114,687)
Capital expenditure	10/11/12	(36,185)	(55,137)	(36,958)	(55,779)
Disposal of investment properties	10	-	52,000	-	52,000
Distributions received from subsidiary undertaking		-	-	13,197	9,758
Interest receivable and similar income		490	452	402	351
Net cash outflow from investing activities		(183,040)	(246,674)	(170,704)	(237,659)
Cash flows from financing activities					
Interest payable and similar charges		(29)	(376)	-	-
Finance cost - distribution paid during the year		(72,602)	(68,606)	(72,602)	(68,606)
Proceeds from Partners' contributions		14	26	14	26
Proceeds from Partners' advances		156,491	277,625	156,491	277,625
Proceeds from other Partners' receipts		9,268	13,882	9,268	13,882
Net cash inflow from financing activities		93,142	222,551	93,171	222,927
Net (decrease)/increase in cash and cash equivalents		(8,834)	40,638	(10,532)	38,918
Cash at 1 January		132,275	91,637	97,566	58,648
Cash at 31 December		123,441	132,275	87,034	97,566

The notes on pages 22 to 45 form an integral part of these financial statements.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. General information

The principal activity of the Group is to acquire, develop and manage for investment purposes a number of low risk property ventures as well as the provision of serviced facilities under long term agreements through the Government's Public Private Partnership programme and particularly services under the Private Finance Initiative ("PFI"). This will continue to be the principal activity of the Group for the foreseeable future.

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.

2. Statement of compliance

The Group and Partnership 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.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and 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. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year.

The functional currency of the Group and Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group and Partnership operates.

The amounts quoted are in thousands unless otherwise stated.

(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 2016. The financial statements of the subsidiary undertaking are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses with subsidiaries are eliminated in full.

Investments in subsidiary undertakings have been included in the Partnership financial statements at the original equity contribution value less any subsequent repayments of partner contributions and advances.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

3 Accounting policies (continued)

(c) Going concern basis

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiary undertaking, NUPPP, as at 31 December 2016. The business activity of the Group and Partnership, together with the factors likely to affect its future development, performance and position are set out on pages 4 to 13. The financial position of the Group and Partnership and their liquidity position are set out in these financial statements.

The General Partner has reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. After making enquiries, the General Partner has a reasonable expectation that the Group and Partnership have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing these financial statements.

(d) Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually by reference to a third party valuation report produced by independent appraisers, with any change recognised in the Statement of Comprehensive Income.

(e) Properties under development

Forward funded developments

The Partnership enters into real estate development projects with developers where the full development costs are paid in advance. Payment is made by the Partnership into an escrow account held in the name of the developer for which the Partnership does not have direct access. The payment includes all development costs and an agreed margin or profit to be earned by the developer. The Partnership is not required to make any additional payments to the developer. The developer bears all risk if any shortfall or excess between the amount funded and the actual development costs exists. At funding the Partnership recognises an asset as a property under development for the full amount funded. The asset is held at fair market value, with any change recognised in the Statement of Comprehensive Income. Once the project is completed, the asset is transferred to Investment property. During the course of construction the developer pays a quarterly compensation payment to the Partnership for the right to develop the project. The compensation payment is typically equal to the amount of rent to be paid by a tenant on completion of the project. The compensation payments are recognised quarterly in advance and recorded within Rental income.

Properties held in the course of construction

The Partnership enters into real estate development projects with developers where the development costs are paid on an incremental basis as and when the contractor payment is due. These assets are held at fair value, with any change recognised in the Statement of Comprehensive Income. Depreciation is not charged during the course of the development. Once the project is completed, the asset is transferred to Investment property and subsequently measured and carried at fair value.

The development properties are transferred to investment property upon completion of the development work.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

3 Accounting policies (continued)

(f) Investments in subsidiaries

Investments in subsidiaries are shown in the Statement of Financial Position of the Partnership at cost less any provision for impairment.

(g) Financial instruments

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

(i) Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade debtors, prepayments and accrued income, other receivables and cash at bank and in hand, are 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 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.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

3 Accounting policies (continued)

(g) Financial instruments continued)

(i) Financial assets (continued)

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 financial statements reflecting the contractual nature of the PFI agreement. The Group reflects as a fixed 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.

The aggregate gain or loss arising on revaluation is recognised in the Statement of Comprehensive Income. The General Partner considers that this accounting policy results in the financial statements giving a true and fair view.

(ii) Financial liabilities

Financial liabilities are recognised when the Group 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).

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Debt instruments that are classified as payable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at amortised cost, using the effective interest rate method.

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.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

3 Accounting policies (continued)

(h) Partners' accounts

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

(i) Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit, both of which are immediately available and cash held within the sinking fund which is not immediately available.

(j) Cash flow

The Partnership reports cash flows from operating activities using the indirect method. Interest received and paid is presented within returns on investments and servicing of finance. The acquisitions of investment properties are disclosed as cash flows from capital expenditure and financial investment because this most appropriately reflects the Partnership's business activities.

(k) Turnover

Turnover, which excludes value added tax, represents rental income and fees for facilities management services provided. The amounts due under rental income include an element of service charge which will be recognised on a straight line basis over the term of the individual agreements.

Rent receivable is recognised on an accruals basis in the Statement of Comprehensive Income, over the period to which the income relates. Rent receivable also includes incentives given to tenants, such as rent-free periods, and if the impact of these is material to the financial statements they are amortised over the period of the lease. Service charges include income from tenants for directly recoverable expenditure.

(l) Investment income

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

(m) Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Partnership's property portfolio. This includes administration, finance and management expenses.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

3 Accounting policies (continued)

(n) Fund Manager fees

Under the terms of the Fund Manager's Agreement dated 22 July 2014 between the Partnership and Aviva Investors Global Services Limited/Aviva Investors UK Fund Services Limited (the "Fund Manager"), the Fund Manager fee is equal to 40 basis points (0.40%) of the Open Market Value of investment property, the value of its investment in subsidiary, less any fees earned at subsidiary level and a fee based upon cash held/invested by the Partner, calculated on a quarterly basis and payable quarterly in arrears

(o) Interest receivable and similar income

Interest receivable and similar income is recognised on an accruals basis.

(p) Interest payable and similar charges

Interest payable and similar charges are recognised on an accruals basis.

(q) Distributions

Income produced by the Partnership's investment properties and other sources is distributed to the Partners to the extent that the Partnership's distributable income exceeds expenses, on a quarterly basis in accordance with the LPA.

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.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

4 Critical Accounting judgements and key sources of estimation uncertainty

The preparation of the Group and Partnership financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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

In the process of applying the Group and Partnership's accounting policies, the directors of the General Partner have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Valuation of investment properties

The fair value of the Partnership's investment properties represents an estimate by independent professional valuers of the open market value of that property as at the reporting date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties. Fair value disclosures in relation to investment property are given in Notes 10 and 11.

(b) Impairment of non-financial assets

Property and other non-financial assets are reviewed for impairment at each reporting date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

5 Turnover

Turnover is attributable to one continuing activity in the UK, the letting and management of property.

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Gross rental income	86,768	80,207	71,769	65,322
Facilities management income	9,920	9,036	-	-
	<u>96,688</u>	<u>89,243</u>	<u>71,769</u>	<u>65,322</u>

6 Cost of sales

Cost of sales includes amounts invoiced in respect of facilities management services provided, and other expenses incurred on an accruals basis.

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Facility management costs	8,697	7,912	-	-
Other operating expenses	1,179	1,598	634	865
	<u>9,876</u>	<u>9,510</u>	<u>634</u>	<u>865</u>

7 Administrative expenses

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Auditors' fees - audit services	175	133	44	39
Fund Manager fees	6,988	6,248	6,868	6,128
Property Manager fees	893	900	-	-
Managing agent fees	114	92	114	92
Taxation services	77	102	-	-
Professional fees	250	372	207	182
Other administrative expenses	449	785	445	782
	<u>8,946</u>	<u>8,632</u>	<u>7,678</u>	<u>7,223</u>

The Group and Partnership had no employees in the current or prior year. The Directors received no emoluments for services to the Partnership for the financial year (2015: £nil).

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

8 Finance costs - distributions

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Finance costs - distributions declared and paid	(54,300)	(51,417)	(54,299)	(51,416)
Finance costs - distributions declared but unpaid as at 31 December	(20,962)	(18,302)	(20,962)	(18,302)
	(75,262)	(69,719)	(75,261)	(69,718)
Finance costs – adjustment relating to lease incentives	(2,101)	(1,142)	(2,101)	(1,142)
Total amounts available for distribution as per profit & loss account	(77,363)	(70,861)	(77,362)	(70,860)

In accordance with the Limited 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%.

The adjustment to distributions in the table above relate to adjustments to lease incentives as part of the transition to FRS 102 which is not distributed to the Partners.

9 Tax on profit on ordinary activities

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. At Group level taxation is calculated based upon the taxable profit as applied to the Partnership's investment in its subsidiary, NUPPP.

(a) Tax reconciliation

	Group 2016 £'000	Group 2015 £'000
Current tax		
UK Corporation tax on profit for the year	740	568
Adjustments in respect of prior years	(21)	38
Total current tax	719	606
Deferred tax		
Origination and reversal of timing differences	(73)	(68)
Adjustments in respect of prior periods	(33)	6
Effect of tax rate change on opening balance	(84)	(173)
Other tax adjustments	-	28
Total deferred tax	(190)	(207)
Total tax charge on profit on ordinary activities	529	399

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

9 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge for the year

	Group 2016 £'000	Group 2015 £'000
Profit on ordinary activities	34,338	35,743
Less Change in fair value of investment properties	(39,772)	(38,311)
Add/(less) Change in fair value of development properties	4,226	160
Add Change in fair value of amounts due under PFI agreements	2,172	3,243
Add finance cost: Distributions	77,363	70,860
Profit before distributions and taxation	78,327	71,695
Current charge at standard UK corporation tax rate of 20.00% (2015: 20.25%)	15,665	14,518
Effects of:		
Partnership profits not taxable	(15,021)	(13,967)
Expenses not deductible for tax purposes	4	14
Income not taxable for tax purposes	(122)	(188)
Other tax adjustments, reliefs and transfers	9	23
Adjustments in respect of previous years – deferred tax	(33)	81
Adjust closing deferred tax to average rate of 20.00% (2015: 20.25%)	(99)	(94)
Adjust opening deferred tax to average rate of 20.00% (2015: 20.25%)	143	12
Deferred tax not recognised	4	(38)
Adjustments in respect of prior years	(21)	38
Total tax charge on ordinary activities for the year	529	399

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profit for this accounting year are taxed at an effective rate of 20.00% (31 December 2015: 20.25%).

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

9 Tax on profit on ordinary activities (continued)

(c) Deferred tax

Provision for deferred tax

	Group 2016 £'000	Group 2015 £'000
At 1 January	(753)	(960)
Credit for the year	190	207
At 31 December	(563)	(753)

The provision for deferred tax is made up of:

	Group 2015 £'000	Group 2014 £'000
Short term timing differences	730	661
Accelerated capital allowances	(1,422)	(1,569)
Tax losses carried forward	129	155
Deferred tax liability	(563)	(753)

Legislation already enacted at the balance sheet date means that the corporate tax rate is expected to reduce to 19% from 1 April 2017 and then 17% from 1 April 2020. On this basis, the closing unrecognised deferred tax asset balance has been tax effected at the rate of 17%.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

10 Investment properties

Investment properties at Group and Partnership level

	Freehold £'000	Leasehold £'000	Total £'000
Fair market value 1 January 2015	596,895	457,932	1,054,827
Capital expenditure	2,943	3,349	6,292
Property acquisitions	62,302	67,000	129,302
Transfer from properties under development	41,000	-	41,000
Property disposals	(52,000)	-	(52,000)
Change in fair value of investment properties	33,068	5,243	38,311
Net fair market value at 31 December 2015	684,208	533,524	1,217,732
Capital expenditure	17,070	137	17,207
Property acquisitions	50,950	-	50,950
Transfer from properties under development	73,400	156,400	229,800
Change in fair value of investment properties	13,791	15,869	29,660
Net fair market value at 31 December 2016	839,419	705,930	1,545,349

A reconciliation of investment property valuations to the Balance Sheet carrying value of property is shown below:

2016

	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	848,310	709,695	1,558,005
Movement in lease incentives	(8,891)	(3,765)	(12,656)
Balance sheet carrying value of investment property at 31 December 2016	839,419	705,930	1,545,349

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

10 Investment properties (continued)

2015

	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	691,410	537,430	1,228,840
Movement in lease incentives	(7,202)	(3,906)	(11,108)
Balance sheet carrying value of investment property at 31 December 2015	684,208	533,524	1,217,732

The investment properties were held at their fair value for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, on 31 December 2016 by Knight Frank and CB Richard Ellis (CBRE), professionally qualified chartered surveyors.

The assumptions on which the property values are based are influenced by tenure and tenancy details for each property, prevailing market yields and comparable market transactions.

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

	Freehold £'000	Leasehold £'000	Total £'000
Cost at 1 January 2015	577,853	439,667	1,017,520
Capital expenditure	2,943	3,349	6,292
Property acquisitions	62,302	67,000	129,302
Transfer from properties under development	40,329	-	40,329
Property disposals	(49,541)	-	(49,541)
Cost at 31 December 2015	633,886	510,016	1,143,902
Capital expenditure	17,070	137	17,207
Property acquisitions	50,950	-	50,950
Transfer from properties under development	71,214	149,294	220,508
Cost at 31 December 2016	773,120	659,447	1,432,567

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

10 Investment properties (continued)

Acquisitions and disposals in the year include;

On 18 May 2016 the Partnership completed on the purchase of the freehold interest in Newcastle Business School for the sum of £66.0m, with an occupational lease being granted to Newcastle University for a term of 16 years but with an option to extend to 30 years in return for a payment to Newcastle University of £13.9m.

11 Properties under development

Properties under development at Group and Partnership level

	Freehold £'000	Leasehold £'000	Total £'000
Net fair market value at 1 January 2015	50,754	-	50,754
Capital expenditure	10,153	39,334	49,487
Property acquisitions	51,146	63,541	114,687
Change in fair value of properties under development	2,846	(3,006)	(160)
Transfer to Investment properties	(41,000)	-	(41,000)
Net fair market value at 31 December 2015	73,899	99,869	173,768
Capital expenditure	3,727	16,024	19,751
Property acquisitions	66,000	30,395	96,395
Change in fair value of properties under development	(4,226)	10,112	5,886
Transfer to Investment properties	(73,400)	(156,400)	(229,800)
Net fair market value at 31 December 2016	66,000	-	66,000

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2016

11 Properties under development (continued)

The properties under development are held at fair value, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, on 31 December 2016 by Knight Frank a professionally qualified chartered surveyors. Upon completion of the development they are transferred to investment properties.

The assumptions on which the property values are based are influenced by tenure and tenancy details for each property, prevailing market yields and comparable market transactions.

On 14 August 2015 the Partnership completed on the development of the mixed use scheme at Stephenson Quarter, Newcastle. The total costs of the development amounted to £18.7m.

On 23 August 2016 the Partnership completed on the forward funded development of Translation Building, Imperial West, London, with a lease being granted to Imperial College (Thinkspace) Limited. The total costs of the development property being £149.3m.

On 17 November 2016 the Partnership reached practical completion on the forward funded development of Crown Road Sutton, with a lease being granted to WM Morrison Supermarkets Plc for 25 years. The total costs of the development property being £52.5m.

On 30 December 2016 the Partnership completed on the purchase of the freehold interest in 24-30 Smithfield, London, for the sum of £66.0m. The site is to be developed by the seller (Premier Inn) and funded by the Partnership with development scheduled to complete in late 2018. The Partnership's total maximum capital commitment (to include site price and total funding costs) will be £102.86 m. Upon completion an occupational lease will be taken up by Premier Inn for a term of 25 years.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

12 Amounts due under PFI agreements to undertakings in which the entity has a participating interest

	Group 2016 £'000	Group 2015 £'000
Net book value 1 January	143,920	147,805
Movements in capital expenditure	(773)	(642)
Revaluation loss	(2,172)	(3,243)
Valuation as at 31 December	<u>140,975</u>	<u>143,920</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 2016 by CB Richard Ellis ("CBRE"), professionally qualified chartered surveyors.

The valuations are undertaken by CBRE 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 cash flow 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.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

13 Investments in subsidiaries

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Opening net book value	-	-	175,954	175,954
Historic cost of investment at 31 December	-	-	175,954	175,954

The General Partner believes that the carrying value of the investments is supported by their underlying net assets and continuing cash generating capability.

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
NU Library for Brighton Limited	100%	NUPPP
The Square Brighton Limited	100%	NUPPP
NU Local Care Centres (Bradford) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.1) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.2) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.3) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.4) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.5) Limited	100%	NUPPP
NU Local Care Centres (Chichester No.6) Limited	100%	NUPPP
NU Technology and Learning Centres (Hackney) Limited	100%	NUPPP
NUPPP (Care Technology and Learning Centres) Limited	100%	NUPPP

All of the above named companies are registered in England and Wales at St Helen's, 1 Undershaft, London, EC3P 3DQ and are involved in the delivery of services under PFI agreements with Public Sector bodies.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

13 Investments in subsidiaries (continued)

The following Group companies, which are 100% owned, were dormant for the year (2015: 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
 NU Local Care Centres (West Park) Limited

Chichester Health Plc and Chichester Health Holdings Limited are accounted for as subsidiaries in accordance with Section 9 of FRS 102 on the basis that they are controlled and influenced by the Fund, and accordingly their financial statements have been included in these consolidated financial statements.

The effect of including these in the consolidated financial statements is as follows.

As at 31 December 2016	Chichester Health Holdings Limited £'000	Chichester Health plc £'000
Loss for the financial year	(5)	(14)
Repayment of loans	-	-
Total assets	-	493
Total liabilities	(140)	(603)
Total capital and reserves	(140)	(110)
As at 31 December 2015	Chichester Health Holdings Limited £'000	Chichester Health plc £'000
Loss for the financial year	(8)	(62)
Repayment of loans	-	(652)
Total assets	-	499
Total liabilities	(135)	(595)
Total capital and reserves	(135)	(96)

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

14 Debtors

Debtors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Unamortised tenant incentives debtors	3,594	3,765	3,594	3,765
Unamortised rent free periods debtors	8,562	6,945	8,562	6,945
Total debtors amounts falling due after one year	12,156	10,710	12,156	10,710

Debtors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Trade debtors	458	161	-	-
Other debtors	8,673	7,261	11,912	10,340
Other debtors - VAT	-	404	-	404
Unamortised tenant incentives debtors	171	141	171	141
Unamortised rent free periods debtors	328	257	328	257
Prepayments	377	487	267	325
Accrued income	1,871	1,653	-	68
Total debtors amounts falling due within one year	11,878	10,364	12,678	11,535

Total debtors

24,034	21,074	24,834	22,245
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Trade debtors are shown net of the provision for bad debt and the write off of bad debts which was £nil for the year ended 31 December 2016 (31 December 2015: £nil). Trade debtors that are less than three months past their due date are not considered impaired.

15 Cash at bank and in hand

Group cash at bank and in hand includes £17,331,829 (2015: £16,798,201) which relates to amounts paid into a sinking fund to fund the replacement and repair of certain assets. This cash cannot be accessed by the Partnership.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

16 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Trade creditors	1,389	976	82	72
Deferred income	16,905	13,442	16,905	13,442
Sinking funds	17,332	16,798	-	-
Other creditors	3,594	3,220	3,594	3,220
Other creditors – taxation	390	292	-	-
Other creditors – VAT	3,583	333	3,301	-
Finance cost – distribution payable	20,962	18,302	20,962	18,302
Accruals and deferred income	5,601	4,755	4,297	3,518
Total creditors amounts falling due within one year	69,756	58,118	49,141	38,554

17 Non-controlling interests

Non-controlling interests represent the 0.01% holding in the Norwich Union Public Private Partnership Fund held by NUPPP (GP) Limited (2015: 0.01%).

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Opening Non-controlling interests as at 1 January	21	20	-	-
Finance cost – distributions	-	1	-	-
Non-controlling interests as at 31 December	21	21	-	-

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

18 Notes to the statement of cash flows

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

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Operating profit	111,240	106,009	99,003	95,385
Adjustments for:				
(Increase) in fair value of investment properties	(29,660)	(38,311)	(29,660)	(38,311)
(Increase)/decrease in fair value of properties under development	(5,886)	160	(5,886)	160
Decrease in fair amounts due under PFI agreements to undertakings in which the entity has a participating interest	2,172	3,243	-	-
Changes in working capital:				
Increase in debtors and other assets	(2,959)	(9,462)	(2,281)	(6,129)
Increase in creditors	6,686	3,493	5,825	2,545
Net cash inflow from operating activities	81,593	65,132	67,001	53,650

19 Contingent liabilities and commitments

There were no commitments or contingent liabilities at the balance sheet date (2015: £nil).

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

20 Related party transactions

	<u>2016</u>		<u>2015</u>	
	(Expense paid)/income earned in year £'000	(Payable) / receivable at year end £'000	(Expense paid) /income earned in year £'000	(Payable) / receivable at year end £'000
Aviva Investors Global Services Limited	(120)	(29)	(120)	(30)
Aviva Investors UK Fund Services Limited	(6,868)	(3,541)	(6,128)	(1,632)
Lime Property Fund Unit Trust NUPPP – Distribution to the Partnership	(75,262)	(20,962)	(69,719)	(18,302)
	<u>13,503</u>	<u>3,597</u>	<u>12,757</u>	<u>3,339</u>
	<u>(68,747)</u>	<u>(20,935)</u>	<u>(63,210)</u>	<u>(16,625)</u>

Aviva Investors UK Fund Services Limited receives fees as it acts as the Fund Manager for the Partnership.

Receipts of £13.5m (2015: £12.8m) are included in the Partnership's financial statements in respect of dividends received by Lime Property Fund Limited Partnership as majority owner of the Norwich Union Public Private Partnership Fund, of which £3.6m (2015: £3.3m) was outstanding as at 31 December 2016. The Norwich Union Public Private Partnership Fund is owned by the Lime Property Fund Limited Partnership and NUPPP (GP) Limited. At the year end the percentage holdings were Lime Property Fund Limited Partnership 99.99% and NUPPP (GP) Limited 0.01%.

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

21 Financial instruments

The carrying values of the Group and Partnership financial assets and liabilities are summarised by category below:

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Financial assets				
Measured at undiscounted amount receivable:				
Debtors (see note 14)	24,034	21,074	24,834	22,245
Cash at bank and in hand	123,441	132,275	87,034	97,566
	<u>147,475</u>	<u>153,349</u>	<u>111,868</u>	<u>119,811</u>
Financial liabilities				
Measured at undiscounted amount payable:				
Creditors (see note 16)	69,756	58,118	49,141	38,554
	<u>69,756</u>	<u>58,118</u>	<u>49,141</u>	<u>38,554</u>

The Group and Partnership's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2016 £'000	Group 2015 £'000	Partnership 2016 £'000	Partnership 2015 £'000
Financial income and expenses				
Total interest income for financial assets at undiscounted amount	490	452	402	351
Investment income	-	-	13,503	12,757
Total interest expense for financial liabilities at undiscounted amount	<u>29</u>	<u>376</u>	<u>-</u>	<u>-</u>

Lime Property Fund Limited Partnership

Notes to the Consolidated Financial Statements

(continued)

For the year ended 31 December 2016

22 Parent and ultimate controlling undertaking

The General Partner of the Partnership is Lime Property Fund (General Partner) Limited, a company incorporated in Great Britain and registered in England and Wales.

The Partnership's ultimate parent undertaking is Lime Property Fund Unit Trust, which is registered in Jersey.

The consolidated financial statements of Lime Property Fund Limited Partnership are available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

23 Events after the reporting year

£10.7m of new capital, in the form of partners contributions and advances, were injected into the Partnership during the first quarter of 2017.

£51.7m of new capital, in the form of partner contributions and advances, were injected into the Partnership during April 2017.

On 15 March 2017 the Partnership completed on the purchase of the leasehold interest in Hughenden student village, High Wycombe, for the sum of £38.8m, with an occupational lease being granted to Buckinghamshire New University for a term of 30 years.

Lime Property Fund Limited Partnership

Additional AIFMD disclosures - unaudited

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 consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under AIFMD.

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.

For the year to 31 December 2016, remuneration paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL (“Code staff”), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.6m	£0.4m
Of which,		
Fixed Remuneration	27%	59%
Variable Remuneration	66%	28%
Pension/Benefits:	7%	13%
Number of Code staff:	7	9

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 Fund's leverage will not exceed. For the purposes of this disclosure, leverage is any method by which the Fund's exposure is increased beyond its holding of securities and cash. A fund'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 that fund's investment objectives and strategy (such increase referred to herein as the “Incremental Exposure”). The AIFM Directive prescribes two methodologies for calculating overall exposure of a fund: the “gross methodology” and the “commitment methodology”. These methodologies are briefly summarised below but are set out in full detail in the AIFM Directive.

The commitment methodology takes account of the hedging and netting arrangements employed by a fund 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 fund's own physical holdings and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a fund. This calculation of exposure under the gross methodology includes all Incremental Exposure as well as the fund's own physical holdings, excluding cash.

Lime Property Fund Limited Partnership

Additional AIFMD disclosures - unaudited

Leverage (continued)

The AIFM directive requires that each leverage ratio to be expressed as the ratio between a Fund's total exposure (including securities and cash) and its net asset value. Using the methodologies prescribed under the AIFM directive, the Group is generally expected to be leveraged at the ratio of 1:1 using the commitment methodology and 1:1 using the gross methodology. The Group may, however, have higher levels of leverage, including in atypical and volatile market conditions. In such circumstances, leverage will not exceed the ratio of 1.5:1 using the commitment methodology and 1.5:1 using the gross methodology.