

# **LIME PROPERTY FUND (GENERAL PARTNER) LIMITED**

**Registered in England and Wales No: 05118252**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2014**

FRIDAY



\*L4AUB7NU\*

LD2

03/07/2015

#18

COMPANIES HOUSE

# **Lime Property Fund (General Partner) Limited**

Registered in England and Wales: No. 05118252

## **Contents**

---

	Page
Directors, Officers and Other Information	2
Directors' Report	3-5
Independent Auditors' Report	6-7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10-16

## **Lime Property Fund (General Partner) Limited**

Registered in England and Wales: No. 05118252

---

### **Directors, Officers and Other Information**

#### **Directors:**

M J Green  
M C Luscombe  
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**

No.1 Poultry  
London  
EC2R 8EJ

#### **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 2014**

The directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2014.

#### **Directors**

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

M J Green

C J Urwin appointed 20 May 2014

M C Luscombe appointed 15 December 2014

J M W Lindsey resigned 9 May 2014

#### **Principal Activities**

The principal activity of the Company is property investment by way of a 0.00008% interest (2013: 0.00009%) in Lime Property Fund Limited Partnership (the 'Partnership'). The General Partner's share in the Partnership has been diluted during the course of 2013 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 2014 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 2014 (2013: £nil).

#### **Going concern**

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. 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.

#### **Employees**

The Company has no employees (2013: nil).

## **Directors' Report for the year ended 31 December 2014 (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 Global 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 Global 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 2014 (continued)**

### **Statement of Directors' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 25 June 2015



M C Luscombe  
Director

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

## **Report on the financial statements**

---

### **Our opinion**

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 2014 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.
- 

### **What we have audited**

Lime Property Fund (General Partner) Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

---

## **Opinion on other matter prescribed by the Companies Act 2006**

---

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

---

## **Other matters on which we are required to report by exception**

---

### **Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

---

### **Directors' remuneration**

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

---

### **Entitlement to exemptions**

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

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

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.

#### **What an audit of financial statements involves**

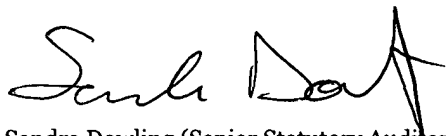
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

25 June 2015



**Lime Property Fund (General Partner) Limited**

Registered in England and Wales: No. 05118252

**Profit and loss account**

for the year ended 31 December 2014

		2014	2013
	Note	£	£
<b>Turnover</b>			
Investment income	1g	42	56
<b>Expenses</b>			
Administrative expenses	2	(3,256)	(2,082)
<b>Loss on ordinary activities before taxation</b>		(3,214)	(2,026)
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>	8	(3,214)	(2,026)

**Continuing operations**

All amounts reported in the profit and loss account for the years ended 31 December 2014 and 31 December 2013 relate to continuing operations.

**Historical cost profits and losses**

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

**Statement of total recognised gains and losses**

There are no recognised gains and losses other than as disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 16 form an integral part of these financial statements.

**Lime Property Fund (General Partner) Limited**

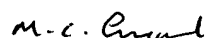
Registered in England and Wales: No. 05118252

**Balance sheet**

as at 31 December 2014

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investment in the Partnership	4a	1,000	1,000
Investment in subsidiary undertakings	4b	2	2
<b>Current assets</b>			
Debtors	5	600	558
<b>Creditors: amounts falling due within one year</b>	6	(31,293)	(28,037)
<b>Net current liabilities</b>		(30,693)	(27,479)
<b>Total assets less current liabilities</b>		(29,691)	(26,477)
<b>Net liabilities</b>		(29,691)	(26,477)
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account	8	(29,692)	(26,478)
<b>Total shareholders' deficit</b>	8	(29,691)	(26,477)

These audited financial statements were approved and authorised for issue by the Board of Directors on 25 June 2015 and were signed on its behalf by:



M C Luscombe  
Director

The notes on pages 10 to 16 form an integral part of these financial statements

**Notes to the financial statements  
for the year ended 31 December 2014**

**1. Accounting policies**

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

**a) Basis of accounting**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments, the accounting policies set out below, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The directors are of the opinion that severe long-term restrictions exist over the Company's interest in the Partnership that substantially hinder the exercise of the Company's rights over the assets of the Partnership. In accordance with FRS2 the interest in the Partnership is not consolidated and is held as a fixed asset investment. The results and assets of the wholly-owned subsidiaries disclosed in note 4 to the financial statements have not been consolidated on the grounds of immateriality.

These are the financial statements of the Company. The Company is a wholly-owned subsidiary of the Aviva plc group and therefore does not prepare consolidated financial statements (see note 11).

**b) Going concern**

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. 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) Cash flow statement**

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

**d) Investment in the partnership**

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

**e) Investment in subsidiary undertakings**

Investments in subsidiary undertakings are held at cost.

**f) 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.

**g) Cash**

The Company has no bank accounts and its expenses are settled on its behalf by the Partnership.

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2014**

**1. Accounting policies (continued)**

**h) Taxation**

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

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

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

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

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

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

**i) Investment income**

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

**2. Administrative expenses**

Fees payable to the auditors for the audit of the Company's financial statements for the year amounting to £2,250 (2013: £1,735) are settled by the Partnership. Other fees settled by the Partnership include tax tagging fees.

The directors received no emoluments from the Company for services to the Company for the financial year (2013: £nil).

**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 2014****3. Tax on loss on ordinary activities****(a) Tax reconciliation**

	2014 £	2013 £
<b>Current tax</b>		
UK corporation tax on losses for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Tax losses	642	(282)
<b>Total deferred tax</b>	642	(282)
<b>Total tax on loss on ordinary activities</b>	642	(282)

**(b) Factors affecting current tax charge for the year**

The tax on the Company's loss before tax differs (2013: differs) from the theoretical amount that would arise using the tax rate (21.50%) in the United Kingdom as follows:

	2014 £	2013 £
Loss on ordinary activities before taxation	(3,214)	(2,026)
	(3,214)	(2,026)
Tax calculated at the standard UK corporation tax rate of 21.50% (2013: 23.25%)	(691)	(471)
Share of Partnership taxable profits	11	10
Non taxable distribution from Partnership	(9)	(13)
Unutilised trading losses	689	474
<b>Total current tax charge on ordinary activities for the year</b>	-	-

UK legislation was substantively enacted in July 2013 to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014, resulting in an effective rate for the year ended 31 December 2014 of 21.5%. A further reduction to 20% was also enacted with effect from 1 April 2015. The 20% rate has been used in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2014.

## 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 2014

#### 3. Tax on loss on ordinary activities (continued)

##### (c) Deferred tax

At 31 December 2014 the Company had the following unrecognised deferred tax assets calculated at 20% (2013: 20%) to carry forward indefinitely against future taxable income.

	2014 £	2013 £
Balance as at 1 January	5,019	5,301
Charge for the year	642	(282)
Balance as at 31 December	5,661	5,019

The provision for deferred taxation is made up of:

	2014 £	2013 £
Tax losses	5,661	5,019
	5,661	5,019

#### 4. Investments

##### (a) Investments in Partnership

	2014 £	2013 £
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 0.00008% (2013: 0.00009%) of the total Partners' capital of the Partnership. The General Partner's share in the Partnership has been diluted during the course of 2014 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.

**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 2014****4. Investments (continued)****(b) Investments in Subsidiary undertakings**

	2014	2013
	£	£
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 2014.

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.

**5. Debtors**

	2014	2013
	£	£
Amounts owed by group undertakings	1	1
Prepayments and accrued income	599	557
Total debtors	600	558

**6. Creditors: amounts falling due within one year**

	2014	2013
	£	£
Amounts owed to group undertakings	28,593	25,388
Accruals and deferred income	2,700	2,649
Total creditors amounts falling due within one year	31,293	28,037

**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 2014****7. Called up share capital**

	2014	2013
	£	£
Allotted, called up and fully paid share capital of the Company at 31 December:		
1 (2013: 1) ordinary share of £1	1	1

**8. Reconciliation of movements in shareholders' deficit**

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2014	1	(26,478)	(26,477)
Loss for the financial year	-	(3,214)	(3,214)
At 31 December 2014	1	(29,692)	(29,691)

**9. Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the balance sheet date (2013: £nil).

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

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

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

**(b) Services provided to related parties**

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

At the balance sheet date the Company was owed £599 (2013: £557) by the Partnership stated in note 5.

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

**(c) Services provided by related parties**

At the balance sheet date the Company owed £28,592 (2013: £25,387) to the Partnership as stated in note 6.

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 2014**

**11. 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](http://www.aviva.com).

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

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS 2014**

# **Lime Property Fund Limited Partnership**

## **Contents**

Partners, Advisers and Other Information	2
Strategic Report	3-8
General Partner's Report	9-11
Independent Auditors' Report	12-13
Consolidated and Partnership Profit and Loss Accounts	14
Consolidated and Partnership Statements of Total Recognised Gains and Losses	15
Consolidated and Partnership Note of Historical Cost Profits and Losses	15
Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners	16
Consolidated and Partnership Balance Sheets	17
Consolidated and Partnership Cash Flow Statements	18
Notes to the Consolidated Financial Statements	19-38
Additional AIFMD disclosures - unaudited	39

# **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

No.1 Poultry

London

EC2R 8EJ

### **Fund Manager**

Aviva Investors UK Fund Services Limited

No.1 Poultry

London

EC2R 8EJ

### **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**

No.1 Poultry

London

EC2R 8EJ

### **Company Number**

Registered in England and Wales: No. LP009538

# **Lime Property Fund Limited Partnership**

## **Strategic report for the year ended 31 December 2014**

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 2014.

### **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 Activity 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.

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.

# Lime Property Fund Limited Partnership

## Strategic report for the year ended 31 December 2014 (continued)

### Review (continued)

#### 2. Group Performance:

The consolidated financial position of the Partnership at 31 December 2014 is shown in the Consolidated and Partnership Balance Sheets on page 16, with the results shown in the Consolidated and Partnership Profit and Loss Accounts on page 13 and the Consolidated and Partnership Cash Flow Statements on page 17.

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 2014	Year End 2013
Fund Return	8.67%	8.17%
Benchmark (UK Gilt Index)	18.98%	-5.47%
Distribution Yield	5.37%	5.62%
Market Value of Assets	£1,253m	£1,057m
No of Assets	61	57
No of Tenants	41	41
Void %	0%	0%

The Partnership produced a total return of 8.67% against a Benchmark return of 18.98%. The fund's under performance was predominantly driven by its income return of 5.31% with capital adding a further 3.23%. The increase in the latter was due to valuation improvements as a result of continued investor demand for long term, inflation linked property assets.

#### 3. Capital Management & Objectives:

£136.3m (2013: £160.3m) new contribution and advances, in the form of partner contributions and advances, were injected into the Partnership during 2014.

Post balance sheet events:

On 16 March 2015 agreements were put in place to restructure the loan position within NUPPP and the various subsidiary companies within the NUPPP structure. The principle points being:

- Under an interest bearing loan made by NUPPP to NU Technology and Learning Centres (Hackney) Limited ("Hackney"), NUPPP was owed a principal amount of £21,490,730.
- Under a series of loans made between Hackney and NUPPP, Hackney was owed £12,561,328 by NUPPP.
- At a Board meeting on the 16 March both parties approved the 'netting off' of these two amounts leaving a net outstanding loan of £8,929,402 (the "Hackney Senior Loan").
- This loan was then novated from NUPPP to NUPPP (Care Technology and Learning Centres) Limited ("NU Care Tech" or "Issuer") in exchange for a new senior unsecured loan ("Hackney Notes"), issued by the Issuer and amounting to £8,929,402. The Hackney Notes carry an interest rate of 6.94% and are due for repayment on 27 March 2032.
- At the same Board meeting, held on the 16 March, the Board noted that NUPPP had novated the Chichester Notes to the Issuer in exchange for a new senior unsecured loan. This loan equated to £23,200,000 at an interest rate of 6.44% and is due for repayment on 31 March 2031.

# **Lime Property Fund Limited Partnership**

## **Strategic report for the year ended 31 December 2014 (continued)**

### **Review (continued)**

#### **3. Capital Management & Objectives (continued):**

Post balance sheet events (continued):

- These novations allowed for the benefits under the Chichester Senior Loan Agreement and the Hackney Senior Loan to be passed on to the Issuer.
- These new loans were then subsequently listed on the Channel Islands Stock Exchange on 26 March 2015.
- The changes to the loans will have no impact upon the Profit & Loss Account other than that of the effect of the change in the interest rate on the new loans.

£89.7m of new capital, in the form of capital contributions and advances, were injected into the Partnership during the first quarter of 2015.

£47.8m of new capital, in the form of partner contributions and advances, were injected into the Partnership during April 2015.

On 5 May 2015 the Partnership entered into a £75m revolving credit loan facility with the Royal Bank of Scotland. The facility is for one year with the interest charge being based upon 3m Libor.

#### **4. Purchases & Disposals:**

On 20 December 2013 the Partnership exchanged on the acquisition of Capita Park, Rotherham for the sum of £30.8m. This transaction was acquired off market and consisted of a simultaneous acquisition and lease renegotiation. The result of these negotiations was a lease extension from 18 to 25 years, a change from fixed rent reviews to inflation linked reviews and the addition of a parent company guarantee. Completion subsequently occurred on the 7 January 2014.

In March 2014 the Partnership completed on the development of Plot 120 Milton Keynes, with the completion costs being incurred amounting to £23.0m, with the total costs of the development property being £67.8m.

On 29 July 2014 the Partnership purchased the freehold interest the south west regional distribution warehouse of WM Morrisons Supermarket Plc at Bridgwater, Somerset for £60.5m. The site is let on a sale and leaseback arrangement with WM Morrisons Supermarket Plc on a 25 year lease.

On 25 September 2014 the Partnership purchased the leasehold interest in the Enterprise Centre office building adjacent to the Reading University campus for £25.0m. The site is let to the University of Reading on a 21.5 year lease.

On 14 November 2014 the Partnership completed the purchase of the long leasehold interest in a VW Dealership located at Conway Road/Narrow Lane, Llandudno Junction for £8.8m. Volkswagen UK Ltd has provided the with guaranteed income for 25 years.

Post balance sheet events:

On 21 January 2015 the Partnership completed on the acquisition of a portfolio of assets from Premier Inn. The purchase completed for the sum of £46.2m.

In 23 January 2015 the Partnership completed on the forward funded development of Leisure Plaza, Milton Keynes, with a lease being granted to VM Morrison Supermarkets Plc. The total costs of the development property being £40.3m.

# **Lime Property Fund Limited Partnership**

## **Strategic report for the year ended 31 December 2014 (continued)**

### **4. Purchases & Disposals (continued):**

Post balance sheet events (continued):

On 17 April 2015 the Partnership completed on the acquisition of an office within the BBC television studios known as Stage 6. The purchase completed for the sum of £67.0m.

On 7 May 2015 the Partnership completed on the purchase of the Translation Building, Imperial West, London. The transaction is structured as a forward funding. The initial capital investment was for £51.3m with the remainder to be invested on a monthly basis until the maximum commitment of £152.5m is reached. Practical completion of the development is expected in April 2016.

### **Future developments**

The Directors expect the general level of activity to remain consistent with 2014.

### **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 Global Services Limited, which makes and manages investments on behalf of the Group.

##### **Credit risk**

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

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 14.5% of the Partnership's rental income for the year to 31 December 2014 (31 December 2013: 12.1%).

##### *PFI Agreements*

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



# **Lime Property Fund Limited Partnership**

## **Strategic report for the year ended 31 December 2014 (continued)**

### **Principal risks and uncertainties (continued)**

#### **Operational risk**

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

#### **Liquidity risk**

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

#### **Employees**

The Group has no employees (2013: Nil). The key management personnel have been identified as the directors of Lime Property Fund (General Partner) Limited. The directors received no remuneration (2013: £Nil).

#### **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 C Luscombe  
Director of  
Lime Property Fund (General Partner) Limited  
20 May 2015

# Lime Property Fund Limited Partnership

## General Partner's report for the year ended 31 December 2014

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 2014.

### Results and Distributions

The profit for the Group, after minority interest, for 2014 was £0.4m (2013: £0.4m). Distributions to the Partners were £62.7m (2013: £55.1m).

### 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 appointed 20 May 2014

M C Luscombe appointed 15 December 2014

J M W Lindsey resigned 9 May 2014

### Partners' accounts

The Partners accounts include contributions and partners advance as follows:

#### As at 31 December 2014

	<b>Partners' Contributions £'000</b>	<b>Partners' Advances £'000</b>
Lime Property Fund Unit Trust	123	1,242,702
Lime Property Fund (General Partner) Limited	-	1
<b>Total</b>	<b>123</b>	<b>1,242,703</b>

#### As at 31 December 2013

	<b>Partners' Contributions £'000</b>	<b>Partners' Advances £'000</b>
Lime Property Fund Unit Trust	110	1,106,391
Lime Property Fund (General Partner) Limited	-	1
<b>Total</b>	<b>110</b>	<b>1,106,392</b>

### 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 2014 (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 concerning their re-appointment will be proposed at the Annual General Meeting.

# **Lime Property Fund Limited Partnership**

## **General Partner's report for the year ended 31 December 2014 (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 Partnership and Group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Partnership and the Group and of the profit or loss of the Partnership and Group for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership and Group will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and the Group and to enable it to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. They are also responsible for safeguarding the assets of the Partnership and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Partnership:



M C Luscombe  
Director of Lime Property Fund (General Partner) Limited  
20 May 2015

# **Lime Property Fund Limited Partnership**

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

### **Report on the financial statements**

---

#### **Our opinion**

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

- give a true and fair view of the state of the group and qualifying partnership's affairs as at 31 December 2014 and the group's and qualifying partnership's profit/(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.

---

#### **What we have audited**

Lime Property Fund Limited Partnership's financial statements comprise:

- the Consolidated and Partnership Profit and Loss Accounts and the Consolidated and Partnership Statements of Total Recognised Gains and Losses for the year then ended;
- the Consolidated and Partnership Statements of Changes in net assets attributable to Partners for the year then ended;
- the Consolidated and Partnership Note of Historical Cost Profits and Losses;
- the Consolidated and Partnership Balance Sheets as at 31 December 2014;
- the Consolidated and Partnership Cash Flow Statements 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 applicable law and United Kingdom Accounting Standards (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.

---

#### **Other matters on which we are required to report by exception**

---

##### **Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

---

##### **Remuneration of the Directors of the General Partner**

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

# **Lime Property Fund Limited Partnership**

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

---

### **Responsibilities for the financial statements and the audit**

---

#### **Our responsibilities and those of the General Partner's**

As explained more fully in the General Partner's Responsibilities Statement set out on page 11, 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.

---

#### **What an audit of financial statements involves**

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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the General Partner; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the General Partner'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.



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

20<sup>th</sup> May 2015

# Lime Property Fund Limited Partnership

## Consolidated and Partnership Profit and Loss Accounts

For the year ended 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Turnover	2	78,897	69,433	55,466	45,998
Cost of sales	3	(8,579)	(8,447)	(407)	(291)
<b>Gross profit</b>		70,318	60,986	55,059	45,707
Administrative expenses	4	(7,227)	(5,743)	(5,542)	(4,461)
<b>Operating profit</b>		63,091	55,243	49,517	41,246
Profit on sale of investment properties		-	224	-	224
Investment income		-	-	12,911	13,299
Interest receivable and similar income		347	366	270	299
Interest payable and similar charges		(28)	(28)	-	-
Finance cost - distributions	5	(62,698)	(55,068)	(62,698)	(55,068)
<b>Profit on ordinary activities before taxation</b>		712	737	-	-
Tax on profit on ordinary activities	6	(276)	(302)	-	-
<b>Profit on ordinary activities after taxation</b>		436	435	-	-
Minority interests		(1)	(1)	-	-
<b>Total profit attributable to Partners</b>		435	434	-	-

### Continuing operations

All amounts reported in the Consolidated and Partnership profit and loss account for the years ended 31 December 2014 and 31 December 2013 relate to continuing operations.

The notes on pages 19 to 38 form an integral part of these financial statements.

# Lime Property Fund Limited Partnership

## Consolidated and Partnership Statements of Total Recognised Gains and Losses

For the year ended 31 December 2014

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Profit for the financial year	435	434	-	-
Unrealised gain on revaluation of investment properties	30,958	20,434	30,958	20,434
Unrealised loss on revaluation of amounts due under PFI agreements	(2,062)	(1,456)	-	-
<b>Total recognised gains attributable to the Partners for the year</b>	<b>29,331</b>	<b>19,412</b>	<b>30,958</b>	<b>20,434</b>

## Consolidated and Partnership Note of Historical Cost Profits and Losses

For the year ended 31 December 2014

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Profit for the financial year	435	434	-	-
Realisation of investment property revaluation loss	-	(7,240)	-	(7,240)
<b>Historical cost profit/(loss) for the year retained after taxation and minority interests</b>	<b>435</b>	<b>(6,806)</b>	<b>-</b>	<b>(7,240)</b>

The notes on pages 19 to 38 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

As at 31 December 2014

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Partnership 2014 £'000</b>	<b>Partnership 2013 £'000</b>
Net assets attributable to Partners at 1 January	1,130,327	942,618	1,144,704	955,972
Profit for the financial year before finance cost - distributions	63,134	55,502	62,698	55,068
Unrealised gain on revaluation of investment properties	30,958	20,434	30,958	20,434
Unrealised loss on revaluation of amounts due under PFI agreements	(2,062)	(1,456)	-	-
Partners' contributions during the year	13	16	13	16
Partners' advances received during the year	136,311	160,268	136,311	160,268
Partner's other reserves received during the year	6,816	8,014	6,816	8,014
Finance cost - distributions during the year	(62,698)	(55,068)	(62,698)	(55,068)
Minority interests	(1)	(1)	-	-
<b>Net assets attributable to Partners at 31 December</b>	<b>1,302,798</b>	<b>1,130,327</b>	<b>1,318,802</b>	<b>1,144,704</b>

The notes on pages 19 to 38 form an integral part of these financial statements.

# Lime Property Fund Limited Partnership

## Consolidated and Partnership Balance Sheets

As at 31 December 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
<b>Fixed Assets</b>					
Investment properties	7	1,055,140	817,435	1,055,140	817,435
Properties under development	8	50,217	88,920	50,217	88,920
Amounts due under PFI agreements to undertakings in which the entity has a participating interest	9	147,805	150,390	-	-
Investments in subsidiaries	10	-	-	175,954	175,954
		<u>1,253,162</u>	<u>1,056,745</u>	<u>1,281,311</u>	<u>1,082,309</u>
<b>Current Assets</b>					
Debtors: amounts falling due after more one year	11	6,284	-	6,284	-
Debtors: amounts falling due within one year	11	5,188	7,664	6,692	9,188
Cash at bank and in hand	12	91,637	112,236	58,648	80,684
		<u>103,109</u>	<u>119,900</u>	<u>71,624</u>	<u>89,872</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(52,513)</u>	<u>(45,148)</u>	<u>(34,133)</u>	<u>(27,477)</u>
<b>Net current assets</b>		<u>50,596</u>	<u>74,752</u>	<u>37,491</u>	<u>62,395</u>
<b>Total assets less current liabilities</b>		<u>1,303,758</u>	<u>1,131,497</u>	<u>1,318,802</u>	<u>1,144,704</u>
<b>Non-current liabilities</b>					
Deferred tax liability	6	(960)	(1,170)	-	-
<b>Net assets attributable to Partners</b>		<u>1,302,798</u>	<u>1,130,327</u>	<u>1,318,802</u>	<u>1,144,704</u>
<b>Represented by</b>					
Partners' interests		1,302,778	1,130,308	1,318,802	1,144,704
Minority interests	14	20	19	-	-
<b>Net assets attributable to Partners</b>		<u>1,302,798</u>	<u>1,130,327</u>	<u>1,318,802</u>	<u>1,144,704</u>

These audited financial statements were approved and authorised for issue by the Board of Directors of Lime Property Fund (General Partner) Limited on 20 May 2015 and were signed on its behalf by:

*M-C. Luscombe*

M C Luscombe  
Director of  
Lime Property Fund (General Partner) Limited

The notes on pages 19 to 38 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 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
<b>Net cash inflow from operating activities</b>	15(a)	63,990	59,370	49,680	43,387
<b>Tax paid</b>	6	(486)	(375)	-	-
<b>Cash flows from investing activities</b>					
Purchase of investment properties	7	(125,105)	(46,616)	(125,105)	(46,616)
Purchase of properties under development	8	-	(67,861)	-	(67,861)
Capital expenditure	7/8/9	(42,416)	(23,088)	(42,939)	(23,502)
Disposal of investment properties	7	-	28,846	-	28,846
Costs associated with disposal		-	(98)	-	(98)
<b>Net cash outflow from investing activities</b>		<b>(167,521)</b>	<b>(108,817)</b>	<b>(168,044)</b>	<b>(109,231)</b>
<b>Cash flows from financing activities</b>					
Interest received		347	366	269	299
Interest paid		(28)	(28)	-	-
Finance cost - distributions received from subsidiary undertaking		-	-	12,959	13,046
Finance cost - distribution paid during the year		(60,041)	(53,735)	(60,040)	(53,734)
Proceeds from Partners' contributions		13	16	13	16
Proceeds from Partners' advances		136,311	160,268	136,311	160,268
Proceeds from other Partners' receipts		6,816	8,014	6,816	8,014
<b>Net cash inflow from financing activities</b>		<b>83,418</b>	<b>114,901</b>	<b>96,328</b>	<b>127,909</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(20,599)</b>	<b>65,079</b>	<b>(22,036)</b>	<b>62,065</b>
<b>Cash at 1 January</b>		<b>112,236</b>	<b>47,157</b>	<b>80,684</b>	<b>18,619</b>
<b>Cash at 31 December</b>		<b>91,637</b>	<b>112,236</b>	<b>58,648</b>	<b>80,684</b>

The notes on pages 19 to 38 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 2014

### 1 Accounting policies

#### (a) Basis of preparation

The Group and Partnership financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Limited Partnership Agreement (“LPA”) and the Companies Act 2006 as applied to a qualifying partnership by The Partnerships (Accounts) Regulations 2008, using the accounting policies as set out below which have been applied consistently throughout the year and the preceding year except where noted below.

The financial statements have been prepared under the historical cost convention modified to include revaluation of PFI agreements and investment properties.

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 2014. 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.

#### (c) Going concern basis

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiary undertaking, NUPPP, as at 31 December 2014. 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 3 to 10. 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.

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 1 Accounting policies (Continued)

#### (d) Investment properties

Investment properties are revalued annually by reference to a third party valuation report produced by independent appraisers. Revaluation gains or losses on individual properties are transferred to the revaluation reserve except where a loss is expected to be permanent and which is in excess of any previously recognised gain over cost relating to the same property, or the reversal of such a loss is charged or credited to the Profit and Loss Accounts. No depreciation is provided in respect of investment properties.

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

#### (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 cost in accordance with FRS 15. Once the project is completed, the asset is transferred to Investment property and subsequently measured and carried at fair value. 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. The asset is held at cost in accordance with FRS 15. 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 2014

### 1 Accounting policies (Continued)

#### (f) Amounts due under PFI agreements

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

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

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

The aggregate gain or loss arising on revaluation is transferred to the revaluation reserve except where a loss is deemed to represent a permanent impairment in value, in which case an appropriate charge is made to the profit and loss account. The General Partner considers that this accounting policy results in the financial statements giving a true and fair view.

#### (g) Investments in subsidiaries

Investments in subsidiaries are shown in the balance sheet of the Partnership at cost less any provision for impairment.

#### (h) Debtors and other current assets

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

#### (i) Current liabilities

Other payables are recognised on an accruals basis.

#### (j) Partners' accounts

Partners' accounts consist of contributions and non interest bearing loans. The Group has classified the Partners' accounts as a financial liability in accordance with FRS25 based on the contractual arrangements within the LPA which require repayment of the net assets/liabilities upon wind up of the Group.

#### (k) 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.

#### (l) 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.

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 1 Accounting policies (Continued)

#### (m) 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 30 year term of the agreement.

Rent receivable is recognised on an accruals basis in the Profit and Loss Account, 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 up to the first review. Service charges include income from tenants for directly recoverable expenditure.

#### (n) Investment income

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

#### (o) 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.

#### (p) 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

#### (q) Interest receivable and similar income

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

#### (r) Interest payable and similar charges

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

#### (s) Distributions

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

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 2014

### 2 Turnover

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

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Partnership 2014 £'000</b>	<b>Partnership 2013 £'000</b>
Gross rental income	70,116	60,602	55,366	45,998
Other income	100	-	100	-
Facilities management income	8,681	8,831	-	-
	<u>78,897</u>	<u>69,433</u>	<u>55,466</u>	<u>45,998</u>

### 3 Cost of sales

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

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Partnership 2014 £'000</b>	<b>Partnership 2013 £'000</b>
Facility management costs	7,508	7,505	-	-
Other operating expenses	1,071	942	407	291
	<u>8,579</u>	<u>8,447</u>	<u>407</u>	<u>291</u>

### 4 Administrative expenses

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Partnership 2014 £'000</b>	<b>Partnership 2013 £'000</b>
Auditors' fees - audit services	121	132	31	29
Fund Manager fees	4,953	4,121	4,842	4,013
Property Manager fees	866	870	-	-
Managing agent fees	74	64	74	64
Taxation services	106	73	-	-
Professional fees	647	152	143	115
Other administrative expenses	460	331	452	240
	<u>7,227</u>	<u>5,743</u>	<u>5,542</u>	<u>4,461</u>

Included within the Group Professional fees are the costs associated with the de-listing of the bonds in April 2014.

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 (2013: £nil).



# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 5 Finance costs – distributions

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Finance costs - distributions declared and paid	(45,333)	(40,546)	(45,333)	(40,546)
Finance costs - distributions declared but unpaid as at 31 December	(17,365)	(14,522)	(17,365)	(14,522)
Total amounts available for distribution as per profit & loss account	(62,698)	(55,068)	(62,698)	(55,068)

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%.

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 6 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.

#### Factors affecting current tax charge for the year

	Group 2014 £'000	Group 2013 £'000
Profit on ordinary activities before taxation	712	737
Add finance cost: Distributions	62,698	55,068
Profit before distributions and taxation	63,410	55,805
Current charge at standard UK corporation tax rate of 21.49% (2013: 23.25%)	13,633	12,974
Effects of:		
Partnership profits not taxable	(13,403)	(12,633)
Tax losses brought forward utilised in year	-	(5)
Expenses not deductible	181	-
Capital allowances in excess of finance lease repayment	-	(24)
Difference between capital allowances and depreciation	(2)	(35)
Short term timing differences	94	208
Losses carried forward	(15)	10
Current tax charge on ordinary activities for the year	488	495
Adjustments in respect of prior years	(2)	65
Deferred tax credit	(210)	(258)
<b>Total tax charge for the year</b>	<b>276</b>	<b>302</b>

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 6 Tax on profit on ordinary activities (continued)

Legislation already enacted at the balance sheet date means that the corporate tax rate is expected to reduce to 20% from 1 April 2015 with no further reduction currently announced. On this basis, the closing unrecognised deferred tax asset balance has been tax effected at the rate of 20%.

#### Provision for deferred tax

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>
At 1 January	(1,170)	(1,428)
Credit for the year	210	258
<b>At 31 December</b>	<b>(960)</b>	<b>(1,170)</b>

The provision for deferred tax is made up of:

	<b>Group 2014 £'000</b>	<b>Group 2013 £'000</b>
Short term timing differences	622	550
Accelerated capital allowances	(1,848)	(2,017)
Tax losses carried forward	266	297
<b>Deferred tax liability</b>	<b>(960)</b>	<b>(1,170)</b>

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 7 Investment properties

#### Investment properties at Group and Partnership level

	Freehold £'000	Leasehold £'000	Total £'000
Restated fair market value 1 January 2013	462,350	304,860	767,210
Capital expenditure	2,005	403	2,408
Property acquisitions	39,142	7,474	46,616
Disposals	(28,500)	-	(28,500)
Transfer from properties under development	9,267	-	9,267
Revaluation gain	16,841	3,593	20,434
Net Fair market value at 31 December 2013	501,105	316,330	817,435
Capital expenditure	7,221	6,589	13,810
Property acquisitions	-	125,105	125,105
Transfer from properties under development	67,832	-	67,832
Revaluation gain	21,050	9,908	30,958
Net fair market value at 31 December 2014	597,208	457,932	1,055,140

The restatement of the opening fair market value as at 1 January 2013 was to correct the allocation between freehold and leasehold assets to the value of £15.455m.

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

	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	600,355	461,950	1,062,305
Movement in lease incentives	(3,147)	(4,018)	(7,165)
Balance sheet carrying value of investment property at 31 December 2014	597,208	457,932	1,055,140

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 7 Investment properties (continued)

The investment properties were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, on 31 December 2014 by Knight Frank and CB Richard Ellis, professionally qualified chartered surveyors.

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

	Freehold £'000	Leasehold £'000	Total £'000
Cost at 1 January 2013	488,350	300,096	788,446
Capital expenditure	2,005	403	2,408
Property acquisitions	39,142	7,474	46,616
Disposals	(35,964)	-	(35,964)
Transfer from properties under development	9,267	-	9,267
Cost at 31 December 2013	502,800	307,973	810,773
Capital expenditure	7,221	6,589	13,810
Property acquisitions	-	125,105	125,105
Transfer from properties under development	67,832	-	67,832
Cost at 31 December 2014	577,853	439,667	1,017,520

Acquisitions and disposals in the year include;

On 20 December 2013 the Partnership exchanged on the acquisition of Capita Park, Rotherham for the sum of £30.8m. This transaction was acquired off market and consisted of a simultaneous acquisition and lease renegotiation. The result of these negotiations was a lease extension from 18 to 25 years, a change from fixed rent reviews to inflation linked reviews and the addition of a parent company guarantee. Completion subsequently occurred on the 7 January 2014.

On 29 July 2014 the Partnership purchased the freehold interest the south west regional distribution warehouse of WM Morrisons Supermarket Plc at Bridgwater, Somerset for £60.5m. The site is let on a sale and leaseback arrangement with WM Morrisons Supermarket Plc on a 25 year lease.

On 25 September 2014 the Partnership purchased the leasehold interest in the Enterprise Centre office building adjacent to the Reading University campus for £25.0m. The site is let to the University of Reading on a 21.5 year lease.

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements For the year ended 31 December 2014

### 7 Investment properties (continued)

On 14 November 2014 the Partnership completed the purchase of the long leasehold interest in a VW Dealership located at Conway Road/Narrow Lane, Llandudno Junction for £8.8m. Volkswagen UK Ltd has provided the with guaranteed income for 25 years.

### 8 Properties under development

#### Properties under development at Group and Partnership level

	Freehold £'000	Total £'000
Cost at 1 January 2013	9,232	9,232
Capital expenditure	21,094	21,094
Property acquisitions	67,861	67,861
Transfer to Investment properties	(9,267)	(9,267)
Cost at 31 December 2013	88,920	88,920
Capital expenditure	29,129	29,129
Transfer to Investment properties	(67,832)	(67,832)
Cost at 31 December 2014	50,217	50,217

The properties under development are held at cost until completion whereby they are transferred to investment properties and valued at open market value.

In March 2014 the Partnership completed on the development of Plot 120 Milton Keynes, with the completion costs being incurred amounting to £23.0m, with the total costs of the development property being £67.8m.

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 9 Amounts due under PFI agreements

	Group 2014 £'000	Group 2013 £'000
Net book value 1 January	150,390	152,260
Movements in capital expenditure	(523)	(414)
Revaluation loss	(2,062)	(1,456)
Valuation as at 31 December	<u>147,805</u>	<u>150,390</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 2014 by CB Richard Ellis, 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 cashflow items such as insurance shortfalls and contractual interest shortfalls on lifecycle fund accounts.

#### *Discount rate assumptions*

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

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

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 10 Investments in subsidiaries

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Opening net book value	-	-	175,954	175,954
<b>Historic cost of investment at 31 December</b>	<b>-</b>	<b>-</b>	<b>175,954</b>	<b>175,954</b>

The General Partner believes that the carrying value of the investments is supported by their underlying net assets.

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
Chichester Health Plc	-	
Chichester Health Holdings Limited	-	



# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 10 Investments in subsidiary (continued)

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

The following Group companies, which are 100% owned, were dormant for the year (2013: 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 quasi subsidiaries in accordance with FRS5 'Reporting on the Substance of Transactions' on the basis that they are controlled and influenced by the Group, and accordingly their financial statements have been included in these consolidated financial statements.

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

As at 31 December 2014	Chichester Health Holdings Limited £'000	Chichester Health plc £'000
Loss for the financial year	<u>(10)</u>	<u>(34)</u>
Total assets	-	25,786
Total liabilities	(127)	(25,835)
Total capital and reserves	<u>(127)</u>	<u>(49)</u>
As at 31 December 2013	Chichester Health Holdings Limited £'000	Chichester Health plc £'000
Loss for the financial year	<u>(58)</u>	<u>(31)</u>
Total assets	-	25,015
Total liabilities	(117)	(25,030)
Total capital and reserves	<u>(117)</u>	<u>(15)</u>

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

### 11 Debtors

#### Debtors: amounts falling due after one year

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Unamortised tenant incentives debtors	3,907	-	3,907	-
Unamortised rent free periods debtors	2,377	-	2,377	-
<b>Total debtors amounts falling due after one year</b>	<b>6,284</b>	<b>-</b>	<b>6,284</b>	<b>-</b>

#### Debtors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Trade debtors	218	123	-	-
Other debtors	2,253	3,086	5,600	6,366
Other debtors - VAT	-	2,199	-	2,199
Unamortised tenant incentives debtors	111	-	111	-
Unamortised rent free periods debtors	770	-	770	-
Prepayments	355	334	176	160
Accrued income	1,481	1,922	35	463
<b>Total debtors amounts falling due within one year</b>	<b>5,188</b>	<b>7,664</b>	<b>6,692</b>	<b>9,188</b>

#### Total debtors

<b>11,472</b>	<b>7,664</b>	<b>12,976</b>	<b>9,188</b>
---------------	--------------	---------------	--------------

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 2014 (31 December 2013: £nil). Trade debtors that are less than three months past their due date are not considered impaired.

### 12 Cash at bank and in hand

Group cash at bank and in hand includes £15,713,196 (2013: £14,522,865) 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 2014

### 13 Creditors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Trade creditors	750	1,186	15	20
Deferred income	12,021	10,258	12,021	10,258
Sinking funds	15,713	14,523	-	-
Other creditors	1,656	889	1,655	778
Other creditors – taxation	214	185	-	-
Other creditors – VAT	2,081	565	1,538	40
Finance cost – distribution payable	17,365	14,522	17,365	14,522
Accruals and deferred income	2,713	3,020	1,539	1,859
<b>Total creditors amounts falling due within one year</b>	<b>52,513</b>	<b>45,148</b>	<b>34,133</b>	<b>27,477</b>

### 14 Minority interests

Minority interests represent the 0.01% holding in the Norwich Union Public Private Partnership Fund held by NUPPP (GP) Limited (2013: 0.01%).

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Opening minority interests as at 1 January	19	20	-	-
Finance cost – distributions	1	(1)	-	-
Minority Interests as at 31 December	20	19	-	-

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 15 Notes to the statement of cash flows

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

	Group 2014 £'000	Group 2013 £'000	Partnership 2014 £'000	Partnership 2013 £'000
Operating profit	63,091	55,243	49,517	41,246
Changes in working capital:				
(Increase)/decrease in debtors and other assets	(3,625)	1,562	(3,651)	651
Increase in creditors	4,524	2,565	3,814	1,490
<b>Net cash inflow from operating activities</b>	<b>63,990</b>	<b>59,370</b>	<b>49,680</b>	<b>43,387</b>

### 16 Contingent liabilities and commitments

There were no commitments or contingent liabilities at the balance sheet date (2013: £nil).

# Lime Property Fund Limited Partnership

## Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2014

### 17 Related party transactions

	<u>2014</u>		<u>2013</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 – up to 22 July 2014 at Partnership level	(2,441)	(30)	(4,121)	(1,100)
Aviva Investors UK Fund Services Limited - since 22 July 2014 at Partnership level	(2,512)	(1,276)	-	-
Lime Property Fund Unit Trust NUPPP – Distribution to the Partnership	(62,698)	(17,365)	(55,068)	(14,522)
Mill Properties Limited – property and asset management fees	12,911	3,682	13,299	3,545
	<u>(866)</u>	<u>(140)</u>	<u>(870)</u>	<u>(144)</u>
	<u>(55,606)</u>	<u>(15,129)</u>	<u>(46,760)</u>	<u>(12,221)</u>

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

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

Receipts of £12.9m (2013: £13.3m) 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 Private Partnership Fund, of which £3.7m (2013: £3.5m) was outstanding as at 31 December 2014. The Norwich Union Public Private Partnership 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 2014**

### **18 Parent and ultimate controlling undertaking**

The Partnership's general partner is Lime Property Fund (General Partner) Limited, a company incorporated in Great Britain and registered in England and Wales.

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

The ultimate parent undertaking and controlling party of Norwich Union (Shareholder GP) Limited 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 to consolidate the financial statements at 31 December 2013. 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

### **19 Post balance sheet events**

On 21 January 2015 the Partnership completed on the acquisition of a portfolio of assets from Premier Inn. The purchase completed for the sum of £46.2m.

In 23 January 2015 the Partnership completed on the forward funded development of Leisure Plaza, Milton Keynes, with a lease being granted to VM Morrison Supermarkets Plc. The total costs of the development property being £40.3m.

On 16 March 2015 agreements were put in place to restructure the loan position within NUPPP and the various subsidiary companies within the NUPPP structure. The principle points being:

- Under an interest bearing loan made by NUPPP to NU Technology and Learning Centres (Hackney) Limited ("Hackney"), NUPPP was owed a principal amount of £21,490,730.
- Under a series of loans made between Hackney and NUPPP, Hackney was owed £12,561,328 by NUPPP.
- At a Board meeting on the 16 March both parties approved the 'netting off' of these two amounts leaving a net outstanding loan of £8,929,402 (the "Hackney Senior Loan").
- This loan was then novated from NUPPP to NUPPP (Care Technology and Learning Centres) Limited ("NU Care Tech" or "Issuer") in exchange for a new senior unsecured loan ("Hackney Notes"), issued by the Issuer and amounting to £8,929,402. The Hackney Notes carry an interest rate of 6.94% and are due for repayment on 27 March 2032.

# **Lime Property Fund Limited Partnership**

## **Notes to the Consolidated Financial Statements (continued)**

**For the year ended 31 December 2014**

### **19 Post balance sheet events (continued)**

- At the same Board meeting, held on the 16 March, the Board noted that NUPPP had novated the Chichester Notes to the Issuer in exchange for a new senior unsecured loan. This loan equated to £23,200,000 at an interest rate of 6.44% and is due for repayment on 31 March 2031.
- These novations allowed for the benefits under the Chichester Senior Loan Agreement and the Hackney Senior Loan to be passed on to the Issuer.
- These new loans were then subsequently listed on the Channel Islands Stock Exchange on 26 March 2015.
- The changes to the loans will have no impact upon the Profit & Loss Account other than that of the effect of the change in the interest rate on the new loans.

£89.7m of new capital, in the form of partner contributions and advances, were injected into the Partnership during the first quarter of 2015.

On 17 April 2015 the Partnership completed on the acquisition of an office within the BBC television studios known as Stage 6. The purchase completed for the sum of £67.0m.

£47.8m of new capital, in the form of partner contributions and advances, were injected into the Partnership during April 2015.

On 5 May 2015 the Partnership entered into a £75m revolving credit loan facility with the Royal Bank of Scotland. The facility is for one year with the interest charge being based upon 3m Libor.

On 7 May 2015 the Partnership completed on the purchase of the Translation Building, Imperial West, London. The transaction is structured as a forward funding. The initial capital investment was for £51.3m with the remainder to be invested on a monthly basis until the maximum commitment of £152.5m is reached. Practical completion of the development is expected in April 2016.

# **Lime Property Fund Limited Partnership**

## **Additional AIFMD disclosures - unaudited**

### **Remuneration**

In accordance with Article 22 (2) of Directive 2011/61/EU, Alternative Investment Fund Manager Directive, some information relating to remuneration is not available to Aviva Investors UK Fund Services Limited ("AIUKFSL"), as Alternative Investment Fund Manager, in respect of the reporting period during the authorisation process which runs from 1st January 2014 to 31st December 2014. This information will be available to AIUKFSL for the first full performance period after becoming authorised, and will be disclosed in the relevant annual reports going forward.

### **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.

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.