

Registered in England and Wales: No. 05118252

**LIME PROPERTY FUND (GENERAL PARTNER) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**



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

Registered in England and Wales: No. 05118252

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

Registered in England and Wales: No. 05118252

### **DIRECTORS, OFFICERS AND OTHER INFORMATION**

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**Directors**

M J Green  
C J Urwin  
L G C Monnier

**Company Secretary**

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

**Registered Office**

St Helen's  
1 Undershaft  
London  
EC3P 3DQ

**Company Number**

Registered in England and Wales: No. 05118252

**Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

**Other Information**

The Lime Property Fund (General Partner) Limited (the "Company") is a wholly owned subsidiary of Aviva Investors Real Estate Limited and is member of the Aviva plc group of companies (the "Group").

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

Registered in England and Wales: No. 05118252

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

#### **Directors**

The current Directors of the Company who served throughout the year were:

M J Green (resigned 15 October 2021)  
C J Urwin (resigned 31 December 2021)  
L G C Monnier (resigned 31 December 2021)  
G S Bamert (appointed 14 January 2022)  
I Gossling (appointed 21 January 2022)  
R P Booth (appointed 30 December 2021, resigned 17 January 2022)

#### **Principal activities**

The principal activity of the Company is to act as the General Partner of Lime Property Fund Limited Partnership ("the Partnership") which is engaged in the business of property investment by way of a 0.00004% interest (2020: 0.00004%). 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 £1 ordinary shares in both Lime Property (Fund) Nominee Limited and Tyne Assets (No 2) Limited, companies 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 2021 and consider them to be satisfactory.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £16,589 (2020: £14,637).

#### **Future developments**

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

#### **Going concern**

At the balance sheet date the Company had net current liabilities of £105,989 (2020: £89,400) and net liabilities of £104,945 (2020: £88,356). This is driven by two components: being the costs paid for by the Partnership of £52,308 (2020: £46,289); and the costs of operating the Company that have yet to be settled by the Partnership of £49,805 (2020: £39,182). The directors have received confirmation that Lime Property Fund Limited Partnership intends to support the Company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this Company in an insolvent position.

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.

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

Registered in England and Wales: No. 05118252

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Events after the reporting financial year**

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

#### **Employees**

The Company has no employees (2020: Nil).

#### **Disclosure of information to Independent Auditors**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company'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**

It is the intention of the Directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

#### **Qualifying indemnity provisions**

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

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This 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.

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

Registered in England and Wales: No. 05118252

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Risks 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 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:

#### **COVID-19**

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

#### **Ukraine Russia conflict**

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

#### **Operational risk**

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

#### **Liquidity risk**

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The ongoing costs of the Company are settled by the Partnership.

## LIME PROPERTY FUND (GENERAL PARTNER) LIMITED

Registered in England and Wales: No. 05118252

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:

*Isabel Gossling*

Isabel Gossling

Director

Date: 29 September 2022

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

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND (GENERAL PARTNER) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **Report on the audit of the financial statements**

### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

### **Basis for opinion**

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

### **Independence**

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

### **Conclusions relating to going concern**

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

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

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

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based



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

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND (GENERAL PARTNER) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

#### **Directors' Report**

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

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

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

##### **Responsibilities of the directors for the financial statements**

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

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

##### **Auditors' responsibilities for the audit of the financial statements**

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

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

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

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

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

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND (GENERAL PARTNER) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

#### **Use of this report**

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

## **Other required reporting**

#### **Companies Act 2006 exception reporting**


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

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

We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

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



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

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

Registered in England and Wales: No. 05118252

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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	Note	2021 £	2020 £
<b>Turnover</b>		<b>52</b>	<b>43</b>
Administrative expenses	5	(16,641)	(14,680)
<b>Loss before taxation</b>		<b>(16,589)</b>	<b>(14,637)</b>
Tax on loss	6	-	-
<b>Loss for the financial year and total comprehensive expense for the financial year</b>		<b>(16,589)</b>	<b>(14,637)</b>

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

The notes on pages 12 to 23 form an integral part of these financial statements.

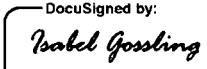
**LIME PROPERTY FUND (GENERAL PARTNER) LIMITED**

Registered in England and Wales: No. 05118252

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investment in the Partnership	7	1,000	1,000
Investment in subsidiary undertakings	8	2	2
Investment in associate undertaking	9	42	42
		<u>1,044</u>	<u>1,044</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	959	906
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(106,948)	(90,306)
<b>Net current liabilities</b>		<u>(105,989)</u>	<u>(89,400)</u>
<b>Net liabilities</b>		<u>(104,945)</u>	<u>(88,356)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account		(104,946)	(88,357)
<b>Total Shareholders' deficit</b>		<u>(104,945)</u>	<u>(88,356)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:  
  
 679F418383E34CD...  
 Isabel Gossling

Director

29 September 2022

The notes on pages 12 to 23 form an integral part of these financial statements.

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

Registered in England and Wales: No. 05118252

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total Shareholders' deficit</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance as at 1 January 2020</b>	<b>1</b>	<b>(73,720)</b>	<b>(73,719)</b>
Total comprehensive expense for the financial year	-	(14,637)	(14,637)
<b>Balance as at 31 December 2020 and 1 January 2021</b>	<b>1</b>	<b>(88,357)</b>	<b>(88,356)</b>
Total comprehensive expense for the financial year	-	(16,589)	(16,589)
<b>Balance as at 31 December 2021</b>	<b>1</b>	<b>(104,946)</b>	<b>(104,945)</b>

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The notes on pages 12 to 23 form an integral part of these financial statements.

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

Registered in England and Wales: No. 05118252

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

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#### **1. General information**

The principal activity of the Company is to act as the General Partner of Lime Property Fund Limited Partnership ("the partnership") which is engaged in the business of property investment.

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

#### **2. Statement of compliance**

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

#### **3. Accounting policies**

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

##### **3.1 Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 2006, under the historical costs convention and on a going concern basis. The accounting policies have been consistently applied throughout the year and are consistent with those applied in previous years.

These financial statements have been presented in Pound Sterling (£) as this is the Company's functional currency, being the primary economic environment in which it operates.

##### **3.2 Going concern**

At the balance sheet date the Company had net current liabilities of £105,989 (2020: £89,400) and net liabilities of £104,945 (2020: £88,356). This is driven by two components: being the costs paid for by the Partnership of £52,308 (2020: £46,289); and the costs of operating the Company that have yet to be settled by the Partnership of £49,805 (2020: £39,182). The directors have received confirmation that Lime Property Fund Limited Partnership intends to support the Company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this Company in an insolvent position.

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.

##### **3.3 Consolidation exemption**

The Company acts as the General Partner to the Partnership. The Company therefore exercises a dominant influence over the Partnership. The economic interest of the Company in the Partnership is small and restricted and is principally derived in the form of the General Partner share provided for under the terms of the Limited Partnership Agreement. As the Company's influence is fiduciary in nature, the Partnership is not treated as a subsidiary undertaking.

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

Registered in England and Wales: No. 05118252

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

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#### **3. Accounting policies (continued)**

##### **3.4 Strategic report and Directors' report**

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

##### **3.5 Use of estimates**

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

##### **3.6 Turnover**

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

##### **3.7 Investment in the Partnership**

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

##### **3.8 Investment in subsidiary undertakings**

Investments in subsidiary undertakings are initially measured at the transaction price and are subsequently measured at the lower of cost or cost less impairment.

##### **3.9 Investment in associate undertaking**

Investments in associate undertakings are initially measured at the transaction price and are subsequently measured at the lower of cost or cost less impairment.

##### **3.10 Cash flow statement**

The Partnership has taken advantage of the exemption from preparing a Statement of Cash Flows on the basis that it is a qualifying entity under FRS 102 and the Partnership's cash flows are included in the consolidated statement of cash flows of Aviva plc. The Partnership intends to continue availing the above exemption in future periods.

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

Registered in England and Wales: No. 05118252

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

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#### **3. Accounting policies (continued)**

##### **3.11 Taxation**

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

Provision is made for deferred tax liabilities, or credit taken for deferred tax asset, using the liability method, on all material temporary 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 Statement of Financial Position 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 temporary 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.

##### **3.12 Provisions and contingent liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is more probable than not.

Contingent liabilities are disclosed either if there is a possible obligation to transfer economic benefits, or if a present obligation exists where it is not probable that a transfer of economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

There were no contingent liabilities or commitments at the Statement of Financial Position date (2020: £Nil).



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

Registered in England and Wales: No. 05118252

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

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#### **3. Accounting policies (continued)**

##### **3.13 Financial instruments**

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

##### **(i) Financial assets**

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

Basic financial assets, including other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

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

Registered in England and Wales: No. 05118252

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

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#### **3. Accounting policies (continued)**

##### **3.13 Financial instruments (continued)**

###### **(ii) Financial liabilities**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

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

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

###### **(iii) Offsetting**

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

#### **4. Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

##### **(a) Impairment of non-financial assets**

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

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

Registered in England and Wales: No. 05118252

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****5. Administrative Expenses**

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Fees payable to the auditors for the audit of the company's financial statements *	5,920	4,052
Administrative fees	10,000	10,000
Tax advisory fees	721	584
VAT receivables written off	-	44
	<b>16,641</b>	<b>14,680</b>

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

The Directors received no emoluments from the Company for services to the Company for the financial year (2020: £Nil).

The Company had no employees during the financial year (2020: Nil).

**6. Tax on loss**

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on loss in the year	-	-
<b>Tax on loss</b>	<b>-</b>	<b>-</b>

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

Registered in England and Wales: No. 05118252

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****6. Tax on loss (continued)****(a) Tax reconciliation**

The tax on the Company's loss before taxation differs (2020: differs) from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	1 Jan 2021 to 31 Dec 2021 £	1 Jan 2020 to 31 Dec 2020 £
Loss before taxation	(16,589)	(14,637)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(3,151)	(2,781)
Adjust opening deferred tax to average rate of 19.00%	(6,287)	(1,473)
Chargeable gains/(losses)	11	-
Share of Partnership taxable profits	13	12
Deferred tax not recognised	9,424	4,250
Non-taxable distribution from Partnership	(10)	(8)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

**(b) Deferred tax**

At 31 December the Company has the following unrecognised deferred tax assets to carry forward indefinitely against future taxable income:

	2021 £	2020 £
Tax loss for the year	16,512	14,617
Deferred tax rate	25%	19%
<b>Deferred tax not recognised</b>	<b>4,128</b>	<b>2,777</b>

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

Registered in England and Wales: No. 05118252

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****6. Tax on loss (continued)****(b) Deferred tax (continued)**

The total outstanding amount of unrecognised deferred tax asset was as follows:

	2021 £	2020 £
Opening balance of unrecognised deferred tax assets	16,774	12,524
Deferred tax losses for the year	4,128	2,777
Adjustments to deferred tax in respect to prior year	5,294	1,473
<b>Closing balance of unrecognised deferred tax assets</b>	<b>26,196</b>	<b>16,774</b>

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

Deferred tax assets of £26,196 (31 December 2020: £16,774) have not been recognised in these financial statements as there is insufficient evidence as to the availability of suitable profits in the foreseeable future.

On 23 September 2022, The UK Chancellor of the Exchequer announced that the intended increase in the UK corporate tax rate to 25% from April 2023 will be cancelled. This change has not been substantively enacted as at the date of these accounts, and so is not reflected in the company's balance sheet. The impact of this change is not expected to be material to these accounts.

The Company has unrecognised temporary differences of £26,196 (2020: £16,774) to carry forward against future taxable income. This comprises £26,196 in relation to excess management expenses.

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

**7. Investment in the Partnership**

The Directors believe that the carrying value of the investment is supported by their underlying net assets.

The investment represents 0.00004% (2020: 0.00004%) of the total Partners' capital of the Partnership. The General Partner's share in the Partnership has remained the same during the course of 2021.

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  
FOR THE YEAR ENDED 31 DECEMBER 2021****8. Investment in subsidiary undertakings**

	31 Dec 2021 £	31 Dec 2020 £
<b>Shares at cost and net book value</b>		
At 1 January	2	2
	<u>2</u>	<u>2</u>
<b>At 31 December</b>	<u>2</u>	<u>2</u>

Investments in subsidiary undertakings are shown below:

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

Both of the above-named entities are registered at, St Helens, 1 undershaft, London EC3P 3DQ.

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 2021.

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.

**9. Investment in associate undertaking**

	31 Dec 2021 £	31 Dec 2020 £
<b>Investment in associate undertaking</b>		
At start of year	42	-
Acquisitions in the year	-	42
	<u>42</u>	<u>42</u>
<b>At end of year</b>	<u>42</u>	<u>42</u>

On 11 August 2020 the Company acquired 42 shares in Bristol Business Park Management Limited, registered at Pembroke House 15 Pembroke Road, Clifton, Bristol, England, BS8 3BA.

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

Registered in England and Wales: No. 05118252

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Debtors: amounts falling due within one year**

	31 Dec 2021 £	31 Dec 2020 £
Amounts owed by Group undertakings	1	1
Amounts owed by Partnership (see Note 14)	958	905
	<u>959</u>	<u>906</u>

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

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

	31 Dec 2021 £	31 Dec 2020 £
Amounts owed to Partnership (see Note 14)	52,308	46,289
Amounts owed to Group undertakings (see Note 14)	4,835	4,835
Accruals	49,805	39,182
	<u>106,948</u>	<u>90,306</u>

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

**12. Called up share capital**

	31 Dec 2021 £	31 Dec 2020 £
Allotted, called up and unpaid share capital of the Company at 31 December 2021: 1 (2020: 1) ordinary share of £1	<u>1</u>	<u>1</u>

**13. Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the statement of financial position date (2020: £Nil).

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

Registered in England and Wales: No. 05118252

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****14. Related party transactions**

	2021 Income earned/ (expenses occurred) in the year £	2021 Receivable/ (payable) at year end £	2020 Income earned/ (expenses occurred) in the year £	2020 Receivable/ (payable) at year end £
Lime Property Fund Limited Partnership - receivable	52	958	43	905
Lime Property Fund Limited Partnership - VAT recovered	-	-	(44)	-
Lime Property Fund Limited Partnership - payments on behalf of the Company	(6,019)	(52,308)	(3,243)	(46,289)
Aviva Investors Global Services Limited	-	(4,835)	-	(4,835)

During the year, there have been no transactions with, and there are no amounts receivable from or payments due to members of the Board of Directors (2020: £Nil and £Nil).

During the year the Company served as General Partner for the Partnership. No fees (2020: £Nil) were received for services provided to the Partnership. At the reporting date the Company was owed £961 (2020: £905) by the Partnership as stated in Note 10.

At the reporting date the Company owed £52,308 (2020: £46,289) to the Partnership as stated in Note 11.

At the reporting date the Company owed £4,835 (2020: £4,835) to Aviva Investors Global Services Limited as stated in Note 11.

**15. Financial instruments**

The carrying value of the Company's financial assets and liabilities are summarised by category below:

	2021 £	2020 £
<b>Financial assets measured at undiscounted amount:</b>		
Debtors: amounts falling due within one year (Note 10)	959	906
	<u>959</u>	<u>906</u>
	2021 £	2020 £
<b>Financial liabilities measured at undiscounted amount:</b>		
Creditors: amounts falling due within one year (Note 11)	106,948	90,306
	<u>106,948</u>	<u>90,306</u>



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

Registered in England and Wales: No. 05118252

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

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#### **16. Immediate parent and ultimate controlling party**

The Company is owned by Aviva Investors Real Estate Limited.

Aviva Investors Real Estate Limited is a wholly owned subsidiary of Aviva Investors Holdings Limited, whose ultimate controlling entity is Aviva plc.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate the financial statements at 31 December 2021. 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.

#### **17. Events after the reporting financial year**

Events after the end of the reporting year have been evaluated up to the date the financial statements were approved and authorised for issue by the Directors and there were no significant events after the reporting period that have a bearing on the understanding of these financial statements.

Registered in England No: LP009538

**LIME PROPERTY FUND LIMITED  
PARTNERSHIP  
ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS  
31 DECEMBER 2021**



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# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

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## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **PARTNERS, ADVISERS AND OTHER INFORMATION**

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#### **Partners**

##### **Limited Partner**

Lime Property Fund Unit Trust

##### **General Partner**

Lime Property Fund (General Partner) Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

##### **Fund Manager**

Aviva Investors UK Fund Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

##### **Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

##### **Bankers**

Bank of Scotland

38 Threadneedle Street

London

EC2P 2EH

##### **Registered Office**

St Helen's

1 Undershaft

London

EC3P 3DQ

##### **Registered Number**

Registered in England and Wales: No. LP009538

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors of the General Partner (the "Directors") present their Strategic Report of Lime Property Fund Limited Partnership (the "Fund" or the "Partnership") for the year ended 31 December 2021.

#### **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. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008. The total commitment of the Partners as at 31 December 2021 is £3,151.16m (2020: £3,155.9m) of which £3,002.16m (2020: £2,933.9m) had been drawn down. As at 31 December 2021, the total commitment undrawn is £149.0m (2020: £222.0m).

#### **PRINCIPAL ACTIVITY OF THE PARTNERSHIP AND GROUP**

The principal activity of the Partnership and its subsidiaries (the "Group") 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"), a 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").

The principal activity of Lime Mayfair Unit Trust, a group undertaking, which was established in July 2019, is to hold a number of individual care homes.

The principal activity of Hams Hall Unit Trust, a group undertaking that was acquired by the Group on 15 December 2020, is to hold a single distribution warehouse in England.

#### **REVIEW**

##### **1. Objective/Strategy**

The objective of the Partnership is to achieve investment returns (net of fees and expenses) in excess of 150bps above the UK gilts 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 that meet the specific investment criteria and will enhance returns and/or reduce risk.
- Devise and implement business plan initiatives that improve projected investment returns from the Partnership existing properties and indirect investment.
- Targeting sales of existing properties and indirect investments which are likely to underperform and not contribute to overall performance of the Partnership or provide an appropriate income profile.

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

- Properties, on acquisition, have occupational leases for a minimum un-expired term of 15 years.
- On acquisition, 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 Partnership unless the tenant is a government or quasi-government body, local authority or other public institution or where in the reasonable opinion of the Fund Manager the credit risk is low.
- The tenants of the property have a good credit quality where the average credit risk is low to medium or below (except in the case of ground rent assets in which case tenants of the relevant property shall not be required to be a prescribed quality).
- On acquisition, the value of the contracted income stream must account for not less than 70% of the property's open market value.
- The aggregate ground rent investments will not, on acquisition, exceed 10% of the Net Asset Value.

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **REVIEW (continued)**

#### **2. Group Performance**

The consolidated financial position of the Group at 31 December 2021 is shown in the Consolidated and Partnership Statements of Financial Position on page 17, with the results shown in the Consolidated and Partnership Statements of Comprehensive Income on page 16 and the Consolidated and Partnership Cash Flow Statements on page 20.

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:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Fund Return	<b>12.91%</b>	5.39%
Benchmark (UK Gilt Index)	<b>(5.86)%</b>	9.78%
Distribution Yield	<b>3.57%</b>	3.63%
Fair Value of Assets	<b>£3,249m</b>	£2,939m
No of Assets	<b>89</b>	89
No of Tenants	<b>52</b>	55
Void %	<b>0.00%</b>	0.00%

For 2021 the Fund produced a total return of 12.91% (2020: 5.39%), which comprised of income return of 3.57% (2020: 3.63%) with capital adding a further 9.11% (2020: 1.74%). The capital return was due to valuation improvements as a result of continued investor demand for long term, inflation linked property assets. The Gilt benchmark experienced high volatility over the year. The Fund is outperforming its Gilt benchmark over the short, medium and long term.

Over the year the Partnership acquired three properties (2020: three properties). The average weighted lease length of the acquisitions was approximately 27yrs (2020: 26yrs) with all the acquisitions benefiting from inflation-linked uplifts.

Over the year the Group disposed of three properties for total consideration of £160.0m (2020: two properties for total consideration of £45.1m).

The Group has also continued its track record of risk mitigation and the reduction of volatility. The Fund remains the least volatile investable balanced fund in the MSCI/IPD quarterly UK real estate index over a 3, 5, 10 and since inception basis.

#### **3. Capital Management & Objectives**

During the year £221.0m (2020: £286.3m) was injected into the partnership in the form of partner contributions and advances.

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **REVIEW (continued)**

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

##### **Purchases**

On 23 February 2021 the Partnership completed on the purchase of the leasehold interest in the Leeds Beckett Carnegie School of Sports, Headingley, Leeds for the sum of £60.0m with associated acquisition costs of £3.2m. The asset is leased to Leeds University on a term of 30 years.

On 30 March 2021 the Partnership acquired the freehold car park land adjoining the currently owned Premier Inn, Compass Road, Portsmouth. The site was acquired for the sum of £0.5m. The lease is to run co-terminus with the lease terms with the hotel with the lease for the hotel extended out to 25 years in return for a premium of £5.2m payable to the tenant to cover the cost of extending the hotel by 48 bedrooms.

##### **Properties held in the course of construction**

On 4 February 2021 the Partnership completed on the purchase of the freehold interest in the land at Kildean, Stirling. The site is to be developed as a new office by the developer and funded by the Partnership with the development scheduled to complete in Q2 2022. The Partnership's total maximum commitment (to include site price and total funding costs) will be £22.4m. Upon completion of the development an occupational lease will be granted to M&G Plc for a term of 20 years.

##### **Disposals**

On 26 March 2021 the Partnership completed on the disposal of the freehold interest in John Lewis, MP2, Magna Park, Milton Keynes for the sum of £109.9m.

On 13 September 2021 the Partnership completed on the disposal of the freehold interest in Verity House for the sum of £8.5m.

On 22 October 2021 the Partnership completed on the disposal of the freehold interest in the property known as Manchester Mail Centre, 77 Oldham Road, Manchester for the sum of £42.5m.

#### **FUTURE DEVELOPMENTS**

The Directors do not expect the general level of activity to change in the forthcoming year.

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

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

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#### **EVENTS AFTER THE REPORTING PERIOD**

In Q1 2022 the Partnership increased its equity through reinvestment income for an amount of £4.5m.

On 7 January the Partnership completed on the purchase of the freehold interest in the Green Park House, Green Park, Bath for the sum of £82m with associated acquisition costs of £3.2m. The asset is leased to the University of Bath on a term of 27 years.

On 7 January the Partnership completed on the disposal of the freehold interest in the property known as Maidstone Audi, Chatham Road, Sanding, Maidstone for the sum of £12.6m.

On 7 January the Partnership completed on the disposal of the leasehold interest in the property known as the Land and buildings on the north side of Conway Road, Llandudno Junction for the sum of £10.6m.

On 28 February and 1 June the Partnership reinvested dividends of £4.5m and £3.9m respectively.

On 16 June the Partnership completed on the purchase of a portfolio of supported living assets for the sum of £55m with associated acquisition costs of £2.8m. The assets are leased to Big Help Asset Management on a term of 30 years.

#### **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:

##### **COVID-19**

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

##### **Ukraine Russia conflict**

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



## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

##### **Market risk**

The Group's exposure to market risk takes the form of property valuations and amounts due under PFI agreements, which have a direct impact on the value of investments. Whilst the property valuations reflect the external valuer's assessment at the valuation date. Management have provided for certain judgements in considering any future uncertainty in the real estate market and as such a range of valuation sensitivities have been provided for under the Investment Properties Note 10. The management of this risk falls within the mandate of Aviva Investors UK Fund Services Limited, which makes and manages investments on behalf of the Group.

##### **Credit risk**

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

The Partnership manages this risk of tenant default by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due. There is no significant concentration of credit risk with respect to tenants; the two biggest tenants represent 11.04% of the Partnership's rental income for the year to 31 December 2021 (2020: 10.4%) and 0.23% of the tenant receivables balance at 31 December 2021 (2020: 8.9%). Due to the impact of COVID-19 on tenants in the retail sector the partnership has taken the prudent approach of providing against any outstanding rental arrears, as detailed in the footnote below Note 16. Management conducted further analysis on the two largest tenants to address the concentration of credit risk, which includes monitoring the recovery of cash and their credit ratings post the year end and to which no issues were noted.

##### *PFI Agreements*

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

##### **Operational risk**

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

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

#### Liquidity risk

The Group does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Group's obligations as and when they fall due. The maturity analysis of the Group's financial assets and liabilities as at 31 December 2021 and 31 December 2020 was as follows:

#### Consolidated liquidity risk as at 31 December 2021

	On demand £'000	1-3 months £'000	4-12 months £'000	More than 12 months £'000	Total £'000
<b>Financial assets</b>					
Trade and other receivables	101,693	-	-	-	101,693
Amounts due under PFI agreements	-	-	-	107,422	107,422
Net investment in finance leases	18,207	-	-	441,260	459,467
Cash and cash equivalents	218,576	-	-	-	218,576
	<u>338,476</u>	<u>-</u>	<u>-</u>	<u>548,682</u>	<u>887,158</u>
<b>Financial liabilities</b>					
Trade and other creditors	22,178	-	-	-	22,178
Distributions payable	30,052	-	-	-	30,052
Accruals	20,054	-	-	-	20,054
	<u>72,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,284</u>

#### Consolidated liquidity risk as at 31 December 2020

	On demand £'000	1-3 months £'000	4-12 months £'000	More than 12 months £'000	Total £'000
<b>Financial assets</b>					
Trade and other receivables	15,626	-	-	-	15,626
Amounts due under PFI agreement	-	-	-	112,730	112,730
Net investment in finance leases	12,415	-	-	299,586	312,001
Cash and cash equivalents	175,941	-	-	-	175,941
	<u>203,982</u>	<u>-</u>	<u>-</u>	<u>412,316</u>	<u>616,298</u>
<b>Financial liabilities</b>					
Trade and other creditors	105,634	-	-	-	105,634
Distributions payable	27,150	-	-	-	27,150
Accruals	21,689	-	-	-	21,689
	<u>154,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,473</u>

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **EMPLOYEES**

The Group has no employees (2020: Nil). The key management personnel have been identified as the directors of Lime Property Fund (General Partner) Limited. The directors received no remuneration (2020: £Nil).

#### **ENVIRONMENTAL**

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

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

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

Find out more about our approach to responsible investment at <https://www.avivainvestors.com/en-gb/about/responsible-investment/>

#### **2021 ANNUAL REPORT ENERGY & CARBON STATEMENT**

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period 01/01/21 to 31/12/21, our measured Scope 1 and 2 emissions (location-based) totalled 4,052 tCO<sub>2</sub>e (2020: 330.44 tCO<sub>2</sub>e). This comprised:

	<b>FY2021</b>	<b>FY2020</b>
Scope	Total (tonnes CO <sub>2</sub> e)	Total (tonnes CO <sub>2</sub> e)
1	3,924	4,986
2 – location-based	128	122
2 – market-based	190	182
Total Scope 1 & 2 (Location-Based)	4,052	5,108
Total Scope 1 & 2 (Market-Based)	4,114	5,168
Scope 1 & 2 intensity per FTE – market-based	514.3	646.0

We have restated our 2020 emissions due to a change in methodology.

Overall, our Scope 1 and 2 emissions have decreased by 21% in the year. This year 2% of our electricity was procured from verified renewable sources.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2021 ANNUAL REPORT ENERGY & CARBON STATEMENT (CONTINUED)

During the year, our total fuel and electricity consumption totalled 22,027 MWh (22,026,979 kWh), of which 100% was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Energy consumption (kWh)	FY2021			FY2020		
	UK	Rest of world	Total	UK	Rest of world	Total
Electricity	602,115	-	602,115	523,941	-	523,941
Fuels <sup>1</sup>	21,424,864	-	21,424,864	27,015,176	-	27,015,176

<sup>1</sup> Natural gas

#### METHODOLOGY

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the financial control approach, which includes all our assets in the Group fund. The GHG sources that constituted our operational boundary for the year are:

- Scope 1: Natural gas
- Scope 2: Electricity

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"):

- the location-based method, using average emissions factors for the country in which the reported operations take place;
- and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

For and on behalf of the Partnership.

DocuSigned by:

*Isabel Gossling*

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Isabel Gossling

Date: 29 September 2022

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

The directors of the General Partner present their annual report and the audited financial statements of the Group and Partnership for the year ended 31 December 2021.

### RESULTS AND DISTRIBUTIONS

The profit for the Group, after non-controlling interest, for 2021 was £266.3m (2020: £22.6m). Distributions to the Partners were £100.7m (2020: £97.6m).

Capital repayment of £4.6m was made during the year (2020: £Nil)

### DIRECTORS

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

M J Green (resigned 15 October 2021)  
C J Urwin (resigned 31 December 2021)  
L G C Monnier (resigned 31 December 2021)  
G S Bamert (appointed 14 January 2022)  
I Gossling (appointed 21 January 2022)

Renos Booth was a Director of the company from 31 December 2021 to 17 January 2022.

### FUTURE DEVELOPMENTS

The future development of the Partnership is set out in the Strategic Report.

### EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are set out in the Strategic Report.

### PARTNERS' ACCOUNTS

The Partners accounts include contributions and partners advances as follows:

#### As at 31 December 2021

	Partners' Contributions £'000	Partners' Advances £'000
Lime Property Fund Unit Trust	258	2,856,374
Lime Property Fund (General Partner) Limited	-	1
Total	258	2,856,375

#### As at 31 December 2020

	Partners' Contributions £'000	Partners' Advances £'000
Lime Property Fund Unit Trust	241	2,635,369
Lime Property Fund (General Partner) Limited	-	1
Total	241	2,635,370

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **GOING CONCERN**

At the date of the financial statements the Group and Partnership had net current assets of £318.5m (2020: £162.0m) and £288.8m (2020: £134.4m), respectively. The Directors of the General Partner have reasonable expectation that the Limited Partner is committed to fund future drawdowns to the Group and Partnership and this along with the revolving credit facility provide the Directors with sufficient comfort that it is appropriate for the Group and Partnership to continue to adopt the going concern basis in preparing the Group and Partnership's financial statements.

#### **FINANCIAL INSTRUMENTS**

The business of the Group and Partnership includes use of financial instruments. Details of the Group's and Partnership's risk management objectives and policies, and exposures to price risk, credit risk, liquidity risk and cash flow risk relating to financial instruments are set out on pages 5, 6, 7 and Note 24 of the financial statements.

#### **INDEPENDENT AUDITORS**

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

#### **DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS**

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

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

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

## LIME PROPERTY FUND LIMITED PARTNERSHIP

### GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the group and qualifying partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to qualifying partnerships, the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and qualifying partnership and of the profit or loss of the Group and qualifying partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and qualifying partnership will continue in business.

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

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

For and on behalf of the Partnership:

DocuSigned by:

*Isabel Gosling*

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Isabel Gosling

Director of Lime Property Fund (General Partner) Limited

Date: 29 September 2022

**LIME PROPERTY FUND LIMITED PARTNERSHIP**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND**  
**LIMITED PARTNERSHIP**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Report on the audit of the financial statements**

**Opinion**

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

- give a true and fair view of the state of the group's and of the partnership's affairs as at 31 December 2021 and of the group's and partnership's profit and the group's and partnership's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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

**Basis for opinion**

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

**Independence**

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

**Conclusions relating to going concern**

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

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

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

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



**LIME PROPERTY FUND LIMITED PARTNERSHIP  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND  
LIMITED PARTNERSHIP (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

**Strategic report and General Partner's report**

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

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

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

**Responsibilities of the general partner for the financial statements**

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

In preparing the financial statements, the general partner is responsible for assessing the group's and the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the general partner either intends to liquidate the group or the partnership or to cease operations, or has no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on

**LIME PROPERTY FUND LIMITED PARTNERSHIP  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIME PROPERTY FUND  
LIMITED PARTNERSHIP (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties including properties held in the course of construction and amounts due under PFI agreements to undertakings in which the group has a participating interest. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties including properties held in the course of construction and amounts due under PFI agreements to undertakings in which the group has a participating interest, including involving our valuations experts in the audit of this area.

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

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

**Use of this report**

This report, including the opinions, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

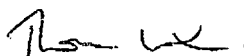
## Other required reporting

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

**LIME PROPERTY FUND LIMITED PARTNERSHIP****CONSOLIDATED AND PARTNERSHIP STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>Group</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>
	<b>Note</b>				
Turnover	5	132,106	122,209	94,698	91,375
Cost of sales	6	(11,051)	(10,963)	(266)	(636)
<b>Gross profit</b>		<b>121,055</b>	<b>111,246</b>	<b>94,432</b>	<b>90,739</b>
Change in fair value of investment properties	10	272,472	34,578	238,872	35,790
Change in fair value of properties held in the course of construction	11	(404)	(4,545)	(404)	(4,545)
Change in fair value amounts due under PFI agreements to undertakings in which the group has a participating interest	13	(3,683)	(4,756)	-	-
Administrative expenses	7	(23,347)	(15,298)	(15,677)	(13,699)
Profit on sale of fixed assets		866	746	866	746
<b>Operating profit</b>		<b>366,959</b>	<b>121,971</b>	<b>318,089</b>	<b>109,031</b>
Investment income		-	-	19,988	12,468
Interest receivable and similar income		92	491	73	346
Interest payable and similar charges		(58)	(192)	(29)	(164)
Finance cost - distributions	8	(100,673)	(97,611)	(100,672)	(97,610)
<b>Profit before taxation</b>		<b>266,320</b>	<b>24,659</b>	<b>237,449</b>	<b>24,071</b>
Tax on profit	9	(8)	(2,012)	-	-
<b>Total comprehensive income for the financial year</b>		<b>266,312</b>	<b>22,647</b>	<b>237,449</b>	<b>24,071</b>
<b>Attributable to:</b>					
Limited Partners		266,312	22,647	237,449	24,071
Non-controlling interest		-	-	-	-
<b>Total comprehensive income attributable to Partners</b>		<b>266,312</b>	<b>22,647</b>	<b>237,449</b>	<b>24,071</b>

**Continuing operations**


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

The notes on pages 21 to 63 form an integral part of these financial statements.

**LIME PROPERTY FUND LIMITED PARTNERSHIP****CONSOLIDATED AND PARTNERSHIP STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

		Group 31 Dec 21 £'000	Group 31 Dec 20 £'000	Partnership 31 Dec 21 £'000	Partnership 31 Dec 20 £'000
<b>Fixed assets</b>	<b>Note</b>				
Investment properties	10	2,475,759	2,352,918	2,183,709	2,094,468
Properties held in the course of construction	11	169,578	84,533	169,578	84,533
Amounts due under PFI agreements to undertakings in which the group has a participating interest	13	107,422	112,730	-	-
Investment in subsidiaries	14	-	-	408,562	406,906
Net investment in finance leases	15	441,260	299,586	441,260	299,586
		<b>3,194,019</b>	<b>2,849,767</b>	<b>3,203,109</b>	<b>2,885,493</b>
<b>Current assets</b>					
Inventory	12	36,755	77,129	36,755	77,129
Net investment in finance leases	15	18,207	12,415	18,207	12,415
Debtors: amounts falling due after more than one year	16	39,401	48,088	38,463	48,088
Debtors: amounts falling due within one year	16	105,115	29,550	103,973	28,408
Cash at bank and in hand	17	218,576	175,941	168,554	127,520
		<b>418,054</b>	<b>343,123</b>	<b>365,952</b>	<b>293,560</b>
<b>Creditors: amounts falling due within one year</b>	<b>18</b>	<b>(99,539)</b>	<b>(181,096)</b>	<b>(77,144)</b>	<b>(159,146)</b>
<b>Net current assets</b>		<b>318,515</b>	<b>162,027</b>	<b>288,808</b>	<b>134,414</b>
Deferred tax	9	-	(133)	-	-
<b>Net assets attributable to Partners</b>		<b>3,512,534</b>	<b>3,011,661</b>	<b>3,491,917</b>	<b>3,019,907</b>
<b>Represented by</b>					
Partners' interests		3,512,514	3,011,641	3,491,917	3,019,907
Non-controlling interests	19	20	20	-	-
<b>Net assets attributable to Partners</b>		<b>3,512,534</b>	<b>3,011,661</b>	<b>3,491,917</b>	<b>3,019,907</b>

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

DocuSigned by:  
  
679F418383E34CD...  
Isabel Gossling

Director of Lime Property Fund (General Partner) Limited

Date: 29 September 2022

The notes on pages 21 to 63 form an integral part of these financial statements.

**LIME PROPERTY FUND LIMITED PARTNERSHIP****CONSOLIDATED AND PARTNERSHIP STATEMENTS OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO PARTNERS  
FOR THE YEAR ENDED 31 DECEMBER 2021****Consolidated**

	Proceeds from Partners £'000	Profit and loss Account £'000	Other Reserve £'000	Total £'000	Non- controlling interests £'000	Total £'000
<b>Balance as at 1 January 2020</b>	2,349,319	228,312	107,893	2,685,524	21	2,685,545
Partners' capital contributions received during the year	23	-	-	23	-	23
Partners' advances received during the year	286,269	-	-	286,269	-	286,269
Partners' other reserves received during the year	-	-	17,178	17,178	(1)	17,177
Total comprehensive income for the financial year	-	22,647	-	22,647	-	22,647
<b>Balance as at 31 December 2020</b>	2,635,611	250,959	125,071	3,011,641	20	3,011,661
Partners' capital contributions received during the year	17	-	-	17	-	17
Partners' advances received during the year	225,636	-	-	225,636	-	225,636
Partners' other reserves received during the year	-	-	13,539	13,539	-	13,539
Repayment of capital during the year	(4,631)	-	-	(4,631)	-	(4,631)
Total comprehensive income for the financial year	-	266,312	-	266,312	-	266,312
<b>Balance as at 31 December 2021</b>	<b>2,856,633</b>	<b>517,271</b>	<b>138,610</b>	<b>3,512,514</b>	<b>20</b>	<b>3,512,534</b>

The notes on pages 21 to 63 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 (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****Partnership**

	<b>Proceeds from Partners £'000</b>	<b>Profit and loss Account £'000</b>	<b>Other Reserve £'000</b>	<b>Total £'000</b>
<b>Balance as at 1 January 2020</b>	2,349,319	232,865	110,182	2,692,366
Partners' capital contributions received during the year	23	-	-	23
Partners' advances received during the year	286,269	-	-	286,269
Partners' other reserves received during the year	-	-	17,178	17,178
Total comprehensive income for the financial year	-	24,071	-	24,071
<b>Balance as at 31 December 2020</b>	<b>2,635,611</b>	<b>256,936</b>	<b>127,360</b>	<b>3,019,907</b>
Partners' capital contributions received during the year	17	-	-	17
Partners' advances received during the year	225,636	-	-	225,636
Partners other reserves received during the year	-	-	13,539	13,539
Repayment of capital during the year	(4,631)	-	-	(4,631)
Total comprehensive income for the financial year	-	237,449	-	237,449
<b>Balance as at 31 December 2021</b>	<b>2,856,633</b>	<b>494,385</b>	<b>140,899</b>	<b>3,491,917</b>

The notes on pages 21 to 63 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 2021**

	Group 1 Jan 21 to 31 Dec 21 £'000	Group 1 Jan 20 to 31 Dec 20 £'000	Partnership 1 Jan 21 to 31 Dec 21 £'000	Partnership 1 Jan 20 to 31 Dec 20 £'000
<b>Net cash generated from operating activities (Note 20)</b>	<b>35,529</b>	<b>75,248</b>	<b>10,651</b>	<b>56,743</b>
<b>Cash flows from investing activities</b>				
Purchase of investment properties	(63,510)	(241,791)	(63,510)	(103,141)
Purchase of properties held in the course of construction	(239)	(6,922)	(239)	(6,922)
Purchase of inventory	-	(5,674)	-	(5,674)
Acquisition of investments in subsidiaries	-	-	-	(138,680)
Contributions to investments in subsidiaries	-	-	-	(1,275)
Capital expenditure	(107,578)	(250,987)	(107,578)	(249,774)
Movement in PFI due to cash received	1,625	1,425	-	-
Movement in finance lease investments	(30,433)	25,920	(30,433)	25,920
Disposal of investment properties	154,677	44,896	159,716	44,896
Distributions received from subsidiary undertaking	-	-	16,582	11,880
Capital repayment received from subsidiary undertaking	-	-	3,270	4,648
Interest receivable and similar income	92	491	73	346
<b>Net cash used in investing activities</b>	<b>(45,366)</b>	<b>(432,642)</b>	<b>(22,119)</b>	<b>(417,776)</b>
<b>Cash flows from financing activities</b>				
Interest payable and similar charges	(58)	(192)	(29)	(164)
(Repayment)/draw down on revolving credit facility	(76,900)	76,900	(76,900)	76,900
Finance cost - distribution paid during the year	(107,727)	(94,863)	(107,726)	(94,862)
Proceeds from Partners' contributions	17	23	17	23
Proceeds from Partners' advances	225,636	286,269	225,636	286,269
Repayments of Partners' advances	(2,035)	-	(2,035)	-
Proceeds from other Partners' receipts	13,539	17,177	13,539	17,178
<b>Net cash generated from financing activities</b>	<b>52,472</b>	<b>285,314</b>	<b>52,502</b>	<b>285,344</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>42,635</b>	<b>(72,080)</b>	<b>41,034</b>	<b>(75,689)</b>
<b>Cash at bank and in hand at beginning of year</b>	<b>175,941</b>	<b>248,021</b>	<b>127,520</b>	<b>203,209</b>
<b>Cash at bank and in hand at end of year</b>	<b>218,576</b>	<b>175,941</b>	<b>168,554</b>	<b>127,520</b>

The notes on pages 21 to 63 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 2021**

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### **1. General Information**

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

The Partnership is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907 and its registered address is St Helen's, 1 Undershaft, London, EC2R 3DQ. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

### **2. Statement of compliance**

The Group and individual financial statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

### **3. Accounting policies**

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

#### **3.1 Basis of preparation**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of investment properties, development properties and amounts due under PFI agreements at fair value.

The functional currency of the Group and the Partnership is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Group and Partnership operate. The consolidated financial statements are also presented in Pound Sterling (£). The amounts quoted are in thousands unless otherwise stated.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group and Partnership accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### **3.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings, as at 31 December 2021. The financial statements of the Group undertakings are prepared for the same reporting period as the parent company, using consistent accounting policies. The results of the subsidiaries acquired are consolidated for the period from or to the date on which control passed. All intra-group balances, transactions, income and expenses with subsidiaries are eliminated on consolidation.

Investments in Group undertakings have been included in the Partnership financial statements at the original equity contribution value less any subsequent repayments of capital.



# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **3. Accounting policies (continued)**

#### **3.3 Going concern basis**

At the date of the financial statements the Group and Partnership had net current assets of £318.5m (2020: £162.0m) and £288.8m (2020: £134.4m), respectively. The Directors of the General Partner have reasonable expectation that the Limited Partner is committed to fund future drawdowns to the Group and Partnership and this along with the revolving credit facility provide the Directors with sufficient comfort that it is appropriate for the Group and Partnership to continue to adopt the going concern basis in preparing the Group and Partnership's financial statements.

#### **3.4 Financial instruments**

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

##### **(i) Financial assets**

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

Basic financial assets, including trade debtors, prepayments and accrued income, other receivables and cash at bank and in hand, are recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised costs using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **3. Accounting policies (continued)**

#### **3.4 Financial instruments (continued)**

##### **(i) Financial assets (continued)**

###### *Amounts due under PFI agreements*

Amounts due under PFI agreements are debts due for the constructed assets which are initially recognised at fair value which is transaction price. At inception these agreements are designated to be carried at fair value through profit or loss for subsequent measurement as their performance is evaluated on a fair value basis in accordance with the Limited Partner's investment strategy. The fair value represents an estimate by independent professional valuers of the open market value of that asset as of the reporting date. The determination of the fair value of the amounts due under PFI agreements requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets.

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

##### **(ii) Financial Liabilities**

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

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

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

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

##### **(iii) Net investments in finance leases**

Investments in finance leases are initially recognised at purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, investments in finance leases are accounted for at amortised cost.

##### **(iv) Investments in subsidiaries**

Investments in subsidiary undertakings are held at cost less impairment. Acquisition costs are capitalised as incurred and are included in the assets' carrying amount.

##### **(v) Offsetting**

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

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **3. Accounting policies (continued)**

#### **3.5 Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group and Partnership, are classified as investment properties. Investment properties comprise freehold land and buildings, and long leasehold land and buildings.

Investment properties are initially recorded at cost, including related transaction costs. Transaction costs include property transfer taxes, professional fees and initial leasing commissions to bring the property to the condition necessary for it to operate in the manner intended by the Group and Partnership. Subsequent expenditure on major renovation and development of investment properties is capitalised at cost. The cost of maintenance, repairs and minor improvement are expensed when incurred.

After initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in the fair values are included in the Statement of Comprehensive Income in the year in which they arise under "Change in fair value of investment properties".

Investment properties are derecognised when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

#### **3.6 Properties held in the course of construction**

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

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **3. Accounting policies (continued)**

##### **3.7 Leases**

Leases, where the lessor retains substantially all of the risks and rewards of ownership, are classified as operating leases. Payments made as lessees under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income. If the impact of straight-lining is material the income is amortised over the lease term. The same applies for receipts as lessors under operating leases (net of any incentives given to the lessee) which are credited to the Statement of Comprehensive Income on a straight-line basis over the period of the lease if there is a material impact.

Assets held under finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item from the Partnership to lessee are classified as finance lease. These leases are capitalised at the inception of the lease. The capitalised lease debtor is amortised over the shorter of estimated useful life or life of the lease using the interest rate implicit in the lease. The rental payments earned on the lease, excluding any contingent rent which is recognised in line with accounting policy 3.12 (below), are split between amortisation of the lease debtor and lease income in the Statement of Comprehensive Income.

The rental payments received on the lease are distributed to investors every quarter. The distribution is split between a return of capital and income in accordance with the lease model.

At the end of each reporting period finance leased assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and its estimated recoverable amount. Any impairment would be recognised in the Statement of Comprehensive Income.

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **3. Accounting policies (continued)**

##### **3.8 Inventories**

The Partnership has an arrangement in place with a developer to develop an asset that will then be leased to an unrelated party upon completion of the asset under a finance lease agreement. The costs associated with this development have been treated as inventory on the financial statements as and when they are incurred by the developer. Inventories are stated at lower of cost and estimated selling price less costs to sell. At the end of each reporting period, inventories are assessed for impairment. If an asset is impaired, the asset is reduced to its selling price less costs to complete and sell and the impairment loss is recognised in the Statement of Comprehensive Income. Once the project is completed, the asset is transferred to a finance lease at cost (refer to note 3.7). Refer to Note 4 for further information on this classification.

##### **3.9 Partners' accounts**

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

##### **3.10 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.

##### **3.11 Cash flow**

The Group and Partnership report cash flows from operating activities using the indirect method. Interest received is presented within cash flows from investing activities and interest paid is presented within cash flows from financing activities. The cash flows from purchases and disposals from investment properties, investments in finance leases, inventory and PFI receivable are disclosed as cash flows from investing activities because this most appropriately reflects the Group's and Partnership's business activities.

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **3. Accounting policies (continued)**

#### **3.12 Turnover**

Turnover, which excludes value added tax, represents rental income, fees for facilities management services provided and finance lease income.

##### **i. Rental income and service charges**

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

##### **ii. Finance income from PFI concession**

At the commencement of the operational phase of the PFI agreement a financial model ("Financial Model") was established in accordance with the PFI concession agreement dated 24 June 1999 in which cash flows are allocated to the PFI finance income and facilities management income using a property specific rate.

Cash flows allocated to the finance income are further split between interest income and the capital element of the debt using the effective interest rate method. At the beginning of the PFI agreement, the cash payments received are lower than the capital and income returns from the Financial model. As such, the loan debtor increases over the first half of the PFI agreement term. As the term of the PFI agreement progresses, the cash payments received will eventually exceed the finance income recognised and the receivable balance will reach nil at the conclusion of the PFI agreement.

##### **iii. Facilities management income**

The facilities management income comprises of the following:

- a) Income allocated from the Financial model and Income for services provided (e.g. laundry, waste management and pest control) as it fulfils its contractual obligations in respect of those services.
- b) Sinking fund income in respect of major maintenance and replacement works is recognised in accordance with accounting policy 3.22.

##### **iv. Finance lease income**

Finance lease income is recognised using the effective interest rate method. Contingent rents received are recognised in the year incurred on an accruals basis and are presented within finance lease income.

#### **3.13 Investment income**

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

#### **3.14 Administrative expenses**

Administrative expenses include administration, finance, professional and management expenses which are recognised on an accruals basis.

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **3. Accounting policies (continued)**

##### **3.15 Fund Manager fees**

Under the terms of the Fund Manager's Agreement dated 22 August 2019 ("the agreement") between the Partnership and Aviva Investors UK Fund Services Limited (the "Fund Manager"), the Fund Manager is entitled to an annual fee as defined in the agreement which is calculated on a quarterly basis and payable quarterly in arrears.

##### **3.16 Interest receivable and similar income**

Interest receivable on cash at bank is recognised on an accruals basis.

##### **3.17 Interest payable and similar charges**

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

##### **3.18 Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

##### **3.19 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 LPA. Where the distribution has been determined for the period, the amount is accounted for as a finance cost.

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.

##### **3.20 Cost of sales**

Cost of sales includes property operating costs and facilities management services.

Property operating costs are expensed as incurred and charged to the Statement of Comprehensive Income.

Facilities management services provided, and other expenses incurred on an accruals basis. Within facilities management cost which includes sinking fund cost is recognised as per accounting policy 3.23 for sinking fund.

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **3. Accounting policies (continued)**

#### **3.21 Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The Partnership is not subject to taxation and no provision for taxation on Partnership profits has been made in the financial statements. Any tax on income or capital is the responsibility of the underlying subsidiaries. The tax note disclosure is shown in Note 9.

##### **i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **ii) Deferred tax**

Deferred tax is provided in full, using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax relating to items recognised directly in changes in equity is recognised in the Statement of Changes in Equity and not in the Statement of Comprehensive Income.

#### **3.22 Sinking fund**

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the Group has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its Statement of Comprehensive Income. Differences between the sinking fund and the related bank account are due to timing differences in invoices and actual cash receipts and payments.

Where the risk that the total expenditure for ongoing major maintenance replacement of the building and relevant equipment is greater than the total sinking fund income is borne by the Group, turnover is initially deferred. Expenditure is recognised in cost of sales in the Statement of Comprehensive Income and turnover is recognised based on the percentage completion of the total expected maintenance replacement costs. The projected maintenance expenditure has been agreed with external parties and is subject to regular review by the General Partner and Directors of the subsidiaries.



# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **4. Critical accounting judgements and key sources of estimation uncertainty**

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

##### **4.1 Critical accounting estimates and assumptions**

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### **(a) Valuation of investment properties**

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

##### **(b) Valuation of properties held in the course of construction**

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

##### **(c) Valuation of amounts due under PFI agreements**

The fair value of the amounts due under PFI agreements represents an estimate by independent professional valuers of the open market value of that asset as at the reporting date. The determination of the fair value of the amounts due under PFI agreements requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. Fair value disclosures in relation to amounts due under PFI agreements are given in Note 13.

##### **(d) Impairment of inventories**

Inventory includes investment property under development which will be transferred to finance lease on completion. Inventory is carried at the lower of cost and net realisable value. For the determination of net realisable value management estimates such as present value of future cash flows from finance lease. Critical estimate is involved in estimating appropriate discount rate for computing future cash flows.

# **LIME PROPERTY FUND LIMITED PARTNERSHIP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **4. Critical accounting judgements and key sources of estimation uncertainty (continued)**

#### **4.1 Critical accounting estimates and assumptions (continued)**

##### **(e) Impairment of net investment in finance leases**

The General Partner reviews net investment in finance lease and loan receivables on the reporting date to assess whether an allowance for impairment should be recorded in the financial statements. An impairment loss is recognised if there are indicators of any impairment i.e. defaults in repayments or receipts from tenants and borrowers when due. Credit ratings are assessed initially pre-acquisitions and are then monitored on a quarterly basis by an independent credit analysis team. In determining the required level of impairment provisions, the General Partner reviews any history of past defaults of lease and loan repayments when due. Judgement is required to assess the robustness of the analysis and, where necessary, make appropriate assessment of credit ratings.

##### **(f) Impairment of investments in subsidiaries**

Investments in subsidiaries are reviewed for impairment at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the value in use of the asset. Value in use is calculated by assessing the present value of all future cash flows expected to be derived from an asset, in conjunction with the strategic plan for the asset. Judgment is required to assess the robustness of the analysis.

#### **4.2 Critical accounting judgments and assumptions**

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

##### **(a) Determination on whether costs in relation to property under development are classified as inventory or finance lease**

The Group and the Partnership enters into arrangements to fund the development of an asset that will then be leased to a third party under a finance lease arrangement. We have considered the following factors within the development and lease agreement are considered to determine how costs in relation to the property under development should be treated. Based on the terms of the agreements, if the contracted developer fails to complete the asset, the Group and the Partnership would be liable to complete the development and as such the Group and the Partnership to bear the development risk. Due to this exposure to development risk, we have treated these costs as inventory on the Group and the Partnership's Balance Sheet. The Partnership has considered that if it did not bear these risks of development, the asset would be classified as a finance lease on the balance sheet.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 5. Turnover

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

	<b>Group</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>
Gross rental income	110,126	107,213	83,975	87,389
Facilities management income	10,931	10,865	-	-
Finance lease income	10,723	3,986	10,723	3,986
Other income	326	145	-	-
	<b>132,106</b>	<b>122,209</b>	<b>94,698</b>	<b>91,375</b>

### 6. Cost of sales

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

	<b>Group</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>
Facility management costs	10,337	9,883	-	-
Insurance	253	492	41	196
Legal and professional fees	164	330	66	228
Rates	-	13	-	13
Other operating expenses	296	87	158	41
Landlord service charge	15	106	15	106
Provision for doubtful debts	(14)	52	(14)	52
	<b>11,051</b>	<b>10,963</b>	<b>266</b>	<b>636</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 7. Administrative expenses

	<b>Group</b>	<b>Group</b>	<b>Partnership</b>	<b>Partnership</b>
	<b>1 Jan 21</b>	<b>1 Jan 20</b>	<b>1 Jan 21</b>	<b>1 Jan 20</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31 Dec 21</b>	<b>31 Dec 20</b>	<b>31 Dec 21</b>	<b>31 Dec 20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Auditors' fees*	336	335	159	166
Fund Manager fees	13,305	11,278	13,175	11,140
Property Manager fees	977	903	-	-
Managing agent fees	204	185	204	185
Taxation services	72	64	-	-
Valuation fees	288	288	263	262
Other administrative expenses	1,345	952	1,028	653
Abortive costs	-	81	-	81
Debt related costs	848	1,212	848	1,212
Cost of restructuring	5,972	-	-	-
	<b>23,347</b>	<b>15,298</b>	<b>15,677</b>	<b>13,699</b>

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

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

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 8. Finance costs - distributions

	<b>Group</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 21</b> <b>to</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>1 Jan 20</b> <b>to</b> <b>31 Dec 20</b> <b>£'000</b>
Finance costs - distributions declared and paid	(77,981)	(71,117)	(77,980)	(71,116)
Finance costs - distributions declared but unpaid as at 31 December	(30,052)	(27,150)	(30,052)	(27,150)
	<u>(108,033)</u>	<u>(98,267)</u>	<u>(108,032)</u>	<u>(98,266)</u>
Finance costs - adjustment relating to lease incentives	7,360	656	7,360	656
<b>Total amounts of distribution as per Statement of Comprehensive Income</b>	<u><b>(100,673)</b></u>	<u><b>(97,611)</b></u>	<u><b>(100,672)</b></u>	<u><b>(97,610)</b></u>

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

The Lime Property Fund Unit Trust	99.9999%
Lime Property Fund (General Partner) Limited	0.0001%

The adjustment to distributions in the table above relate to adjustments to lease incentives which are not distributed to the Partners.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 9. Tax on profit on ordinary activities

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

At Group level taxation is calculated based upon the taxable profit as applied to the Partnership's investment in its subsidiary, being the profit/(losses) in NUPPP's underlying special purpose vehicles and, Mayfair Unit Trust and its subsidiary undertakings.

#### (a) Tax reconciliation

	Group 1 Jan 21 to 31 Dec 21 £'000	Group 1 Jan 20 to 31 Dec 20 £'000
<b>Current tax:</b>		
UK Corporation tax on profit for the financial year	1,414	1,798
Adjustments in respect of prior years	(335)	(7)
	<u>1,079</u>	<u>1,791</u>
<b>Total current tax</b>		
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(180)	(426)
Adjustments in respect of prior periods	(774)	658
Effect of tax rate change on opening balance	(117)	(11)
	<u>(1,071)</u>	<u>221</u>
<b>Total deferred tax</b>		
	<u>8</u>	<u>2,012</u>
<b>Tax on profit on ordinary activities</b>		

**LIME PROPERTY FUND LIMITED PARTNERSHIP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. Tax on profit on ordinary activities (continued)**

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

	Group 1 Jan 21 to 31 Dec 21 £'000	Group 1 Jan 20 to 31 Dec 20 £'000
Profit before taxation	266,320	24,659
Current charge at standard UK corporation tax rate of 19.00% (2020: 19.00%)	50,601	4,685
Effects of:		
Less change in fair value of investment properties	(45,386)	(6,570)
Add change in fair value of properties held in the course of construction	77	864
Add change in fair value of amounts due under PFI agreements	699	904
Add finance cost: distributions	19,206	18,546
Partnership profits not taxable	(19,167)	(17,254)
Expenses not deductible for tax purposes	(4,916)	225
Other tax adjustments, reliefs and transfers	-	(28)
Adjustments in respect of previous years - deferred tax	(774)	658
Closing deferred tax rate change	(225)	-
Adjust opening deferred tax to average rate of 19.00% (2020: 19.00%)	51	(11)
Adjustments in respect of prior years	(335)	(7)
Other movement	177	-
<b>Total tax charge for the year</b>	<b>8</b>	<b>2,012</b>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. Tax on profit on ordinary activities (continued)

##### (c) Deferred tax

	Group 31 Dec 21 £'000	Group 31 Dec 20 £'000
<b>Provision for deferred tax</b>		
At 1 January	(133)	88
Credit for the year	1,071	(221)
<b>At 31 December</b>	<b>938</b>	<b>(133)</b>
	Group 31 Dec 21 £'000	Group 31 Dec 20 £'000
The provision for deferred tax is made up of:		
Short-term timing differences	2,626	1,696
Accelerated capital allowances	(1,764)	(1,906)
Tax losses carried forward	76	77
<b>Deferred tax asset/(liability)</b>	<b>938</b>	<b>(133)</b>

The deferred tax balances in Note 9 have been calculated using the future tax rate in force at the balance sheet date, being 25% as at 31 December 2021 and 19% as at 31 December 2020.

On 23 September 2022, The UK Chancellor of the Exchequer announced that the intended increase in the UK corporate tax rate to 25% from April 2023 will be cancelled. This change has not been substantively enacted as at the date of these accounts, and so is not reflected in the company's balance sheet. The impact of this change is not expected to be material to these accounts.



# LIME PROPERTY FUND LIMITED PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10. Investment properties

##### Investment properties at Group level (as restated)

	Freehold £'000	Leasehold £'000	Total £'000
<b>Fair market value 1 January 2020</b>	1,287,827	626,533	1,914,360
Capital expenditure	46,557	74,859	121,416
Property acquisitions	78,954	162,837	241,791
Transfer from properties held in the course of construction	61,288	43,017	104,305
Lease incentives	(15,982)	(3,400)	(19,382)
Property disposals	(4,850)	(39,300)	(4,850)
Change in fair value of investment properties	30,568	4,010	34,578
<b>Net fair market value at 31 December 2020</b>	<b>1,484,362</b>	<b>868,556</b>	<b>2,352,918</b>
Capital expenditure	8,538	270	8,808
Property acquisitions	520	62,990	63,510
Transfer to finance lease	11	(63,110)	(63,099)
Property disposals	(158,850)	-	(158,850)
Change in fair value of investment properties	205,187	67,285	272,472
<b>Net fair market value at 31 December 2021</b>	<b>1,539,768</b>	<b>935,991</b>	<b>2,475,759</b>

The investment properties are held at fair value, in accordance with the Professional Standards (the "Red Book") of The Royal Institution of Chartered Surveyors ("RICS"), on 31 December 2021 by Knight Frank and CB Richard Ellis (CBRE), professionally qualified chartered surveyors.

Acquisitions, transfer from properties held in the course of construction and disposals in the year include:

##### Acquisitions

On 4 February 2021 the Partnership completed on the purchase of the freehold interest in the land at Kildean, Stirling. The site is to be developed as a new office by the developer and funded by the Partnership with the development scheduled to complete in Q2 2022. The Partnership's total maximum commitment (to include site price and total funding costs) will be £22.4m. Upon completion of the development an occupational lease will be granted to M&G Plc for a term of 20 years.

On 23 February 2021 the Partnership completed on the purchase of the leasehold interest in the Leeds Beckett Carnegie School of Sports, Headingley, Leeds for the sum of £60.0m with associated acquisition costs of £3.2m. The asset is leased to Leeds University on a term of 30 years.

On 30 March 2021 the Partnership acquired the freehold car park land adjoining the currently owned Premier Inn, Compass Road, Portsmouth. The site was acquired for the sum of £0.5m. The lease is to run co-terminus with the lease terms with the hotel with the lease for the hotel extended out to 25 years in return for a premium of £5.2m paid to the tenant to cover the cost of extending the hotel by 48 bedrooms.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

#### Disposals

On 26 March 2021 the Partnership completed on the disposal of the freehold interest in John Lewis, MP2, Magna Park, Milton Keynes for the sum of £109.9m.

On 13 September 2021 the Partnership completed on the disposal of the freehold interest in Verity House for the sum of £8.5m.

On 22 October 2021 the Partnership completed on the disposal of the freehold interest in the property known as Manchester Mail Centre, 77 Oldham Road, Manchester for the sum of £42.5m.

A reconciliation of investment property valuations to the balance sheet carrying value of property is shown below (as restated):

2021	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	1,573,799	942,032	2,515,831
Lease incentives	(34,031)	(6,041)	(40,072)
<b>Balance sheet carrying value of investment property at 31 December 2021</b>	<b>1,539,768</b>	<b>935,991</b>	<b>2,475,759</b>
2020	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	1,526,998	874,962	2,401,960
Lease incentives	(42,636)	(6,406)	(49,042)
<b>Balance sheet carrying value of investment property at 31 December 2020</b>	<b>1,484,362</b>	<b>868,556</b>	<b>2,352,918</b>

**LIME PROPERTY FUND LIMITED PARTNERSHIP****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Investment properties (continued)**

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

	<b>Freehold £'000</b>	<b>Leasehold £'000</b>	<b>Total £'000</b>
<b>Cost at 1 January 2020</b>	1,005,864	693,810	1,699,674
Capital expenditure	46,557	74,859	121,416
Property acquisitions	78,954	162,837	241,791
Transfer from properties held under the course of construction	61,288	43,017	104,305
Property disposals	(4,850)	(39,300)	(44,150)
<b>Cost at 31 December 2020</b>	<b>1,187,813</b>	<b>935,223</b>	<b>2,123,036</b>
Capital expenditure	8,539	270	8,809
Property acquisitions	520	62,990	63,510
Transfer to finance lease	11	(63,110)	(63,099)
Property disposals	(88,831)	-	(88,831)
<b>Cost at 31 December 2021</b>	<b>1,108,052</b>	<b>935,373</b>	<b>2,043,425</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

#### Investment properties at Partnership level (as restated)

	Freehold £'000	Leasehold £'000	Total £'000
<b>Net fair market value at 1 January 2020</b>	1,029,378	765,183	1,794,561
Capital expenditure	46,557	73,646	120,203
Property acquisitions	78,954	24,187	103,141
Transfer from properties held in the course of construction	61,288	43,017	104,305
Lease incentives	(15,982)	(3,400)	(19,382)
Property disposals	(4,850)	(39,300)	(44,150)
Change in fair value of investment properties	30,567	5,223	35,790
<b>Net fair market value at 31 December 2020</b>	<b>1,225,912</b>	<b>868,556</b>	<b>2,094,468</b>
Capital expenditure	8,538	270	8,808
Property acquisitions	520	62,990	63,510
Transfer to finance lease	11	(63,110)	(63,099)
Property disposals	(158,850)	-	(158,850)
Change in fair value of investment properties	171,587	67,285	238,872
<b>Net fair market value at 31 December 2021</b>	<b>1,247,718</b>	<b>935,991</b>	<b>2,183,709</b>

The investment properties are held at fair value, in accordance with the Professional Standards (the "Red Book") of The Royal Institution of Chartered Surveyors ("RICS"), on 31 December 2021 by Knight Frank and CB Richard Ellis (CBRE), professionally qualified chartered surveyors.

A reconciliation of investment property valuations to the balance sheet carrying value of property is shown below (as restated):

<b>2021</b>	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	1,281,749	942,032	2,223,781
Lease incentives	(34,031)	(6,041)	(40,072)
<b>Balance sheet carrying value of investment property at 31 December 2021</b>	<b>1,247,718</b>	<b>935,991</b>	<b>2,183,709</b>
<b>2020</b>	Freehold £'000	Leasehold £'000	Total £'000
Investment property at market value as determined by external valuers	1,268,548	874,962	2,143,510
Lease incentives	(42,636)	(6,406)	(49,042)
<b>Balance sheet carrying value of investment property at 31 December 2020</b>	<b>1,225,912</b>	<b>868,556</b>	<b>2,094,468</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

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

	Freehold £'000	Leasehold £'000	Total £'000
<b>Cost at 1 January 2020</b>	896,857	693,810	1,590,667
Capital expenditure	46,557	73,646	120,203
Property acquisitions	78,954	24,187	103,141
Transfer from properties held under the course of construction	61,288	43,017	104,305
Property disposals	(4,850)	(39,300)	(44,150)
<b>Cost at 31 December 2020</b>	1,078,806	795,360	1,874,166
Capital expenditure	8,539	270	8,809
Property acquisitions	520	62,990	63,510
Property disposals	(88,831)	-	(88,831)
Transfer to finance lease	11	(63,110)	(63,099)
<b>Cost at 31 December 2021</b>	<b>999,045</b>	<b>795,510</b>	<b>1,794,555</b>

The table below shows the results of Management's evaluation of the sensitivity of the Level 3 fair value of investment properties at 31 December to changes in unobservable inputs to a reasonable alternative:

<b>As at 31 December 2021</b>				
<b>Group</b>	<b>Fair value £'000</b>	<b>Unobservable input</b>	<b>Change in fair value</b>	
			<b>+25bps £'000</b>	<b>+50bps £'000</b>
Direct investment properties - valued by Knight Frank	2,376,203	3.55%	(111,752)	(251,533)
Direct investment properties - valued by CBRE	17,156	3.55%	(616)	(1,189)
Investment properties - valued by Knight Frank	292,050	3.18%	(21,390)	(39,827)
<b>Partnership</b>	<b>Fair value £'000</b>	<b>Unobservable input</b>	<b>Change in fair value</b>	
			<b>+25bps £'000</b>	<b>+50bps £'000</b>
Investment properties - valued by Knight Frank	2,376,203	3.55%	(111,752)	(251,533)
Direct investment properties - valued by CBRE	17,156	3.55%	(616)	(1,189)

The key unobservable input is the Portfolio Net Initial Yield as determined by the external valuer.

### Disposals and transfer from properties held under the course of construction

Information on the disposals and transfer of properties held under the course of construction can be found on pages 38 and 39 of these financial statements.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

#### Prior year restatement

In the current year financial statements, the prior year balances have been restated in order to correct the historical cost and the classification of freehold investment property and leasehold investment property. In the 2020 financial statements and in previous periods, the cost of the investment properties were understated by £16m and certain leasehold properties were incorrectly classified as freehold properties. As such the 2020 notes to the consolidated financial statements have been restated. This restatement has no impact on any of the primary statements, since the breakdown between Freehold Property and Leasehold Property is not disclosed there.

The below tables set out the restatements made within these notes:

#### Group - Fair market value

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Fair market value 1 January 2020	1,210,641	77,186	1,287,827	703,719	(77,186)	626,533
Capital expenditure	120,203	(73,646)	46,557	1,213	73,646	74,859
Property acquisitions	103,141	(24,187)	78,954	138,650	24,187	162,837
Transfer from properties held in the course of construction	61,288	-	61,288	43,017	-	43,017
Lease incentives	(19,382)	3,400	(15,982)	-	(3,400)	(3,400)
Property disposals	(44,150)	39,300	(4,850)	-	(39,300)	(39,300)
Change in fair value of investment property	30,568	-	30,568	4,010	-	4,010
Fair market value 31 December 2020	1,462,309	22,053	1,484,362	890,609	(22,053)	868,556

#### Group - Reconciliation to the balance sheet carrying value

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Investment property at market value as determined by external valuers	1,487,795	39,203	1,526,998	893,862	(18,900)	874,962
Lease incentives	(25,486)	(17,150)	(42,636)	(3,253)	(3,153)	(6,406)
Balance sheet carrying value of investment property at 31 December 2020	1,462,309	22,053	1,484,362	890,609	(22,053)	868,556

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

#### Group - Historical cost

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Cost at 1 January 2020	1,064,108	(58,244)	1,005,864	619,109	74,701	693,810
Capital expenditure	120,203	(73,646)	46,557	1,213	73,646	74,859
Property acquisitions	103,141	(24,187)	78,954	138,650	24,187	162,837
Transfer from properties held in the course of construction	61,288	-	61,288	43,017	-	43,017
Property disposals	(44,150)	39,300	(4,850)	-	(39,300)	(39,300)
Cost at 31 December 2020	1,304,590	(116,777)	1,187,813	801,989	133,234	935,223

#### Partnership - Fair market value

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Fair market value 1 January 2020	1,090,842	(61,464)	1,029,378	703,719	61,464	765,183
Capital expenditure	120,203	(73,646)	46,557	-	73,646	73,646
Property acquisitions	103,141	(24,187)	78,954	-	24,187	24,187
Transfer from properties held in the course of construction	61,288	-	61,288	43,017	-	43,017
Lease incentives	(19,382)	3,400	(15,982)	-	(3,400)	(3,400)
Property disposals	(44,150)	39,300	(4,850)	-	(39,300)	(39,300)
Change in fair value of investment property	30,567	-	30,567	5,223	-	5,223
Fair market value 31 December 2020	1,342,509	(116,597)	1,225,912	751,959	116,597	868,556

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 10. Investment properties (continued)

#### Partnership - Reconciliation to the balance sheet carrying value

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Investment property at market value as determined by external valuers	1,367,995	(99,447)	1,268,548	755,212	119,750	874,962
Lease incentives	(25,486)	(17,150)	(42,636)	(3,253)	(3,153)	(6,406)
Balance sheet carrying value of investment property at 31 December 2020	1,342,509	(116,597)	1,225,912	751,959	116,597	868,556

#### Partnership - Historical cost

	2020					
	Freehold £000			Leasehold £000		
	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)	As previously stated (GBP)	Adjustment (GBP)	Restated (GBP)
Cost at 1 January 2020	955,101	(58,244)	896,857	619,109	74,701	693,810
Capital expenditure	120,203	(73,646)	46,557	-	73,646	73,646
Property acquisitions	103,141	(24,187)	78,954	-	24,187	24,187
Transfer from properties held in the course of construction	61,288	-	61,288	43,017	-	43,017
Property disposals	(44,150)	39,300	(4,850)	-	(39,300)	(39,300)
Cost at 31 December 2020	1,195,583	(116,777)	1,078,806	662,126	133,234	795,360



# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 11. Properties held in the course of construction

#### Properties held in the course of construction at Group and Partnership level

	Freehold £'000	Leasehold £'000	Total £'000
<b>Fair market value at 1 January 2020</b>	104,166	51,975	156,141
Capital expenditure	39,860	-	39,860
Property acquisitions	6,922	-	6,922
Transfer to investment properties	(61,288)	(43,017)	(104,305)
Change in fair value of properties held in the course of construction	(5,127)	582	(4,545)
Transfer to inventory	-	(9,540)	(9,540)
<b>Net fair market value at 31 December 2020</b>	<b>84,533</b>	<b>-</b>	<b>84,533</b>
Capital expenditure	85,210	-	85,210
Property acquisitions	239	-	239
Change in fair value of properties held in the course of construction	(404)	-	(404)
<b>Net fair market value at 31 December 2021</b>	<b>169,578</b>	<b>-</b>	<b>169,578</b>

The properties held in the course of construction are held at fair value, in accordance with the Professional Standards (the "Red Book") of RICS, on 31 December 2021 by Knight Frank and CBRE professionally qualified chartered surveyors. Upon completion of the development they are transferred to investment properties.

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

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 11. Properties held in the course of construction (continued)

For transfer to investment properties please refer to Note 10.

A reconciliation of investment property valuations to the balance sheet carrying value of property is shown below:

2021	Freehold £'000	Leasehold £'000	Total £'000
Properties held in the course of construction at market value as determined by external valuers	169,578	-	169,578
Lease incentives	-	-	-
<b>Balance sheet carrying value of investment property at 31 December 2021</b>	<b>169,578</b>	<b>-</b>	<b>169,578</b>
2020	Freehold £'000	Leasehold £'000	Total £'000
Properties held in the course of construction at market value as determined by external valuers	84,533	-	84,533
Lease incentives	-	-	-
<b>Balance sheet carrying value of investment property at 31 December 2020</b>	<b>84,533</b>	<b>-</b>	<b>84,533</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 12. Inventory

#### Inventory at Group and Partnership level

	Freehold £'000	Leasehold £'000	Total £'000
<b>At 1 January 2020</b>	118,051	-	118,051
Capital expenditure	89,686	-	89,686
Property acquisitions	5,674	-	5,674
Transfer to net investment in finance leases	(145,822)	-	(145,822)
Transfer from properties held in the course of construction	-	9,540	9,540
<b>At 31 December 2020</b>	67,589	9,540	77,129
Capital expenditure	8,040	-	8,040
Transfer to net investment in finance leases	(38,874)	(9,540)	(48,414)
<b>At 31 December 2021</b>	<b>36,755</b>	<b>-</b>	<b>36,755</b>

The General Partner believe that the carrying value of the inventory is supported by expected future financial performance of the inventory when it transfers to investment in finance leases post completion of the property development. Based on this assessment no impairment provision has been made in these financial statements.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 13. Amounts due under PFI agreements to undertakings in which the entity has a participating interest

	Group 2021 £'000	Group 2020 £'000
Valuation at 1 January	112,730	118,911
Movement in PFI due to cash received	(1,625)	(1,425)
Revaluation loss	(3,683)	(4,756)
Valuation at 31 December	<u>107,422</u>	<u>112,730</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 2021 and 31 December 2020 by CBRE, professionally qualified chartered surveyors.

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

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

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

#### *Discount rate assumptions*

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

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

The table below shows the results of Management's evaluation of the sensitivity of the Level 3 fair value of investment properties at 31 December to changes in discount rate to a reasonable alternative:

#### **As at 31 December 2021**

Group	Fair value £'000	Discount rate	Change in fair value	
			+25bps £'000	+50bps £'000
PFI receivables - valued by CBRE	107,422	14.84%	(1,838)	(3,607)

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 14. Investments in subsidiaries

	Partnership 31 Dec 21 £'000	Partnership 31 Dec 20 £'000
Investment in NUPPP <sup>1 *</sup>	154,336	157,591
Investment in Lime Mayfair Unit Trust <sup>2 *</sup>	114,286	109,360
Investment in Hams Hall Unit Trust <sup>3</sup>	139,940	139,955
	<b>408,562</b>	<b>406,906</b>

The above investments in subsidiaries represent at the end of the year the material interests of the Group. The Partnership has 100% shareholding of all of the above listed subsidiaries which is held through from incorporation.

(1) Address of the registered office: St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

(2) Address of the registered office: PO Box 1075, JTC House, 28 Esplanade, St Helier, Jersey, Channel Islands, JE4 2QP.

(3) Address of the registered office: IFC 5, St Helier, Jersey, Channel Islands, JE1 1ST.

(\*) Nature of business is that of investment.

The details of the investments are as follows:

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 14. Investments in subsidiaries (continued)

	Partnership 31 Dec 21 £'000	Partnership 31 Dec 20 £'000
<b>Norwich Union Public Private Partnership Fund</b>		
Cost at 1 January	157,591	162,239
Repayment of capital advances	(3,255)	(4,648)
<b>Historic cost of investment at 31 December</b>	<b>154,336</b>	<b>157,591</b>

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

The principal activity of Norwich Union Public Private Partnership Fund ("NUPPP"), and all of its subsidiary undertakings as listed below, 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"). 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:

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

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

The General Partner believes that the carrying value of the investments is supported by their underlying net assets and expected future financial performance of the investments.

The NUPPP companies, which are 100% owned, were dormant for the year (2020: dormant):

NUPPP Nominees Limited

# LIME PROPERTY FUND LIMITED PARTNERSHIP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 14. Investments in subsidiaries (continued)

	Partnership 31 Dec 21 £'000	Partnership 31 Dec 20 £'000
<b>Lime Mayfair Unit Trust</b>		
Cost at 1 January	109,360	108,772
Capital advances	-	588
Creation of units	4,926	-
<b>Historic cost of investment at 31 December</b>	<b>114,286</b>	<b>109,360</b>

On 15 April 2019 the Group created Lime Mayfair Unit Trust and on 19 July 2019 invested a further £107,778,000 in the trust to acquire subsidiaries listed below.

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

The Group had the following material interests held in SPVs established for the delivery of the Group's projects and held by Lime Mayfair Unit Trust. At the year end, the SPVs had disposed of its investment properties via a dividend in specie to the Unit Trust. The SPVs have since been placed into liquidation.

Name	Equity Interest	Held Through
Mayfair Healthcare Holdings Limited	100%	Lime Mayfair Unit Trust
Mayfair Healthcare (Oulton) Limited	100%	Lime Mayfair Unit Trust
Mayfair Healthcare (Harrogate) Limited	100%	Lime Mayfair Unit Trust
Mayfair Healthcare (Durham) Limited	100%	Lime Mayfair Unit Trust
Mayfair Healthcare (Wetherby) Limited	100%	Lime Mayfair Unit Trust
Mayfair Healthcare (Knaresborough) Limited	100%	Lime Mayfair Unit Trust

All of the above named companies are registered in England and Wales at 25 Farringdon Street, London, EC4A 4AB.

	2021 £000	2020 £000
<b>Hams Hall Unit Trust</b>		
Cost at 1 January	139,955	-
Acquisition of investment	-	138,680
Capital advances	-	1,275
Repayment of capital advances	(15)	-
	<b>139,940</b>	<b>139,955</b>

On 15 December 2020 the Partnership acquired 67.7m units for a consideration of £138.7m in Hams Hall Unit Trust. The Trust being set-up to acquire and hold a distribution warehouse located in England.

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

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 15. Net investment in finance leases at Group and Partnership level

	31 Dec 2021 £000	31 Dec 2020 £000
At 1 January	312,001	172,692
Adjustments in respect of prior years*	-	(4,577)
Transaction costs during the year	5,520	25
Interest income for the year	10,740	8,519
Transfer from inventory during the year	146,818	145,822
Net cash flows from the lessees	(15,612)	(10,480)
<b>At 31 December</b>	<b>459,467</b>	<b>312,001</b>

\*The adjustment was made in respect of the prior years in order to correct the investments in finance lease balance by removing future contingent rents from the calculation of the present value of the minimum lease payments. In accordance with accounting policy 3.8, investments in finance leases are recorded at the lower of the fair value of the leased asset or the present value of the minimum lease payments. FRS 102 defines minimum lease payments as being payments over the lease term that the lessee is or can be required to make, excluding contingent rent. In the 2019 financial statements and in previous periods, future contingent rents were included in the minimum lease payments thereby increasing the value of the finance lease that was recorded on the Statement of Financial Position in a way which was not in accordance with FRS 102. As such the 2019 Statement of Comprehensive Income and Statement of Financial Position were overstated by the present value of these future contingent rents adjustment has been made during the year 2020 to correct the overstated positions of prior periods.

At the reporting date General Partner assessed all finance lease receivables for any indicators of impairment by monitoring, on a quarterly basis, both the credit ratings of each tenant and any history of past defaults in lease payments as they fall due. Based on this assessment no impairment provision has been made in these financial statements.



# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 15. Net investment in finance leases at Group and Partnership level (continued)

Below is the reconciliation of Gross investment in the lease and net investment in finance lease at Group and Partnership level:

#### 31 December 2021

	<b>Total amounts receivable on finance lease (Gross) £'000</b>	<b>Interest allocated to future periods £'000</b>	<b>Net investment in finance leases £'000</b>
Not later than 1 year (see Note 3.7)	30,284	12,077	18,207
Later than 1 year and not later than 5 years (see Note 3.7)	122,034	47,423	74,611
Later than 5 years	571,381	204,732	366,649
<b>Total</b>	<b>723,699</b>	<b>264,232</b>	<b>459,467</b>

#### 31 December 2020

	<b>Total amounts receivable on finance lease (Gross) £'000</b>	<b>Interest allocated to future periods £'000</b>	<b>Net investment in finance leases £'000</b>
Not later than 1 year (see Note 3.7)	21,533	9,118	12,415
Later than 1 year and not later than 5 years (see Note 3.7)	87,532	36,202	51,330
Later than 5 years	404,949	156,693	248,256
<b>Total</b>	<b>514,014</b>	<b>202,013</b>	<b>312,001</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 16. Debtors

	Group 31 Dec 21 £000	Group 31 Dec 20 £000	Partnership 31 Dec 21 £000	Partnership 31 Dec 20 £000
<b>Debtors: amounts falling due after more than one year</b>				
Unamortised tenant incentives	38,463	40,071	38,463	40,071
Unamortised rent free periods	-	8,017	-	8,017
Deferred tax	938	-	-	-
	<b>39,401</b>	<b>48,088</b>	<b>38,463</b>	<b>48,088</b>
	Group 31 Dec 21 £000	Group 31 Dec 20 £000	Partnership 31 Dec 21 £000	Partnership 31 Dec 20 £000
<b>Debtors: amounts falling due within one year</b>				
Trade debtors	15,837	11,491	13,283	9,294
Other debtors	7,659	4,135	10,753	7,328
Term deposit	70,000	-	70,000	-
Deposit held with external legals	8,197	-	8,197	-
VAT receivable	-	10,048	-	10,048
Unamortised tenant incentives	1,609	1,609	1,609	1,609
Prepayments	114	139	25	26
Accrued income	1,699	2,128	106	103
<b>Total debtors amounts falling due within one year</b>	<b>105,115</b>	<b>29,550</b>	<b>103,973</b>	<b>28,408</b>
<b>Total debtors</b>	<b>144,516</b>	<b>77,638</b>	<b>142,436</b>	<b>76,496</b>

Trade debtors are shown net of the provision for bad debt and the write off of bad debts which was £0.2m for the year ended 31 December 2021 (2020: £0.7m). Trade debtors that are less than three months past their due date are not considered impaired.

### 17. Cash at bank and in hand

Group cash at bank and in hand includes £21.1m (2020: £19.8m) 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 Group.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 18. Creditors: amounts falling due within one year

	<b>Group</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>31 Dec 20</b> <b>£'000</b>
Trade creditors	787	662	178	210
Revolving credit facility	-	76,900	-	76,900
Deferred income	26,116	25,058	23,794	22,676
Sinking funds	17,472	16,681	-	-
Other creditors	3,919	11,391	4,025	11,640
Other creditors - taxation	41	659	-	-
Other creditors - VAT	1,098	906	216	-
Finance cost - distributions	30,052	27,150	30,052	27,150
Accruals	20,054	21,689	18,879	20,570
	<b>99,539</b>	<b>181,096</b>	<b>77,144</b>	<b>159,146</b>

On 22 August 2019 the Partnership entered into a 1 year £200m Revolving Credit Facility ("RCF") loan agreement with Lloyds Bank Corporate Markets Plc (the 'Lender') bearing interest as defined in section 5 of the RCF agreement with financial covenants as stated in clause 19 of the RCF agreement. On 20 August 2020 the Partnership entered into an amended and restated agreement with the Lender to renew the arrangement for further one year on the similar terms and conditions.

During the prior year the Partnership drew down £76.9m on 16 December 2020 from the RCF in order to facilitate the acquisition of the units in Hams Hall Unit Trust. With the drawdown being subsequently repaid on 15 January 2021. During the prior year the Partnership incurred interest cost of £ 164,000 and non utilisation cost of £586,000.

During the year Partnership complied with Financial covenants as per clause 19 of the RCF agreement.

### 19. Non-controlling interests

Non-controlling interests represent the 0.01% holding in the Norwich Union Public Private Partnership Fund held by NUPPP (GP) Limited (2020: 0.01%) and the 0.01% holding in Hams Hall Unit Trust held by Aviva Investors Real Estate Limited.

	<b>Group</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>31 Dec 20</b> <b>£'000</b>
Opening Non-controlling interests as at 1 January	20	21
Share of net result for the year	-	-
Other reserves movement	-	(1)
<b>Non-controlling interests as at 31 December</b>	<b>20</b>	<b>20</b>

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 20. Notes to the statement of cash flows

	Group 1 Jan 21 to 31 Dec 21 £000	Group 1 Jan 20 to 31 Dec 20 £000	Partnership 1 Jan 21 to 31 Dec 21 £000	Partnership 1 Jan 20 to 31 Dec 20 £000
<b>Operating profit</b>	<b>367,894</b>	121,971	<b>318,089</b>	109,031
Adjustments for:				
Increase in fair value of investment properties	(269,072)	(34,578)	(235,472)	(35,790)
(Increase)/decrease in fair value of properties under development	(2,996)	4,545	(2,996)	4,545
Decrease in fair amounts due under PFI agreements to undertakings in which the entity has a participating interest	3,683	4,756	-	-
Gain from sale of investment properties	(866)	(746)	(866)	(746)
Net loss on financial assets	5,039			
Changes in working capital:				
Increase in debtors and other assets	(66,869)	(31,771)	(67,460)	(31,478)
(Decrease)/increase in creditors	(765)	13,287	(644)	11,181
Tax paid	(519)	(2,216)	-	-
<b>Net cash inflow from operating activities</b>	<b>35,529</b>	75,248	<b>10,651</b>	56,743

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 21. Analysis of net debt

	At 1 January 2021 £'000	Cash flows £'000	At 31 December 2021 £'000
<b>Group</b>			
Cash at bank and in hand	175,941	42,635	218,576
Debt due within 1 year	(76,900)	76,900	-
	<u>99,041</u>	<u>119,535</u>	<u>218,576</u>
	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
<b>Partnership</b>			
Cash at bank and in hand	127,520	41,034	168,554
Debt due within 1 year	(76,900)	76,900	-
	<u>50,620</u>	<u>117,934</u>	<u>168,554</u>

### 22. Contingent liabilities and commitments

As at the year end the Partnership and Group has the following commitments to its properties held in the course of construction:

Properties held in the course of construction	Total draw down to date £'000	Total commitment £'000
Premier Inn, Cardiff	26,592	34,000
Premier Inn Westferry Hotel, London	72,339	106,000
Land off Pilot Way (Plot 1A) Dev Site, Ansty, Coventry	28,478	48,200
100B and 100C Bristol Business Park	30,319	55,200
Land at Kildean, Stirling	11,851	22,384
<b>Total</b>	<u>169,579</u>	<u>265,784</u>

The total commitment undrawn at the year end is £96.2m (2020: £227.6m).

There were no commitments or contingent liabilities at the balance sheet date (2020: £Nil), other than those noted above.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 23. Related party transactions

Group	2021 (Expenses paid) / income earned in the year £'000	2021 (Payable) / receivable at year end £000	2020 (Expenses paid) / income earned in the year £'000	2020 (Payable) / receivable at year end £000
Aviva Investors Global Services Limited	(129)	(32)	(128)	(32)
Aviva Investors UK Fund Services Limited	(13,175)	-	(11,140)	(2,896)
Lime Property Fund Unit Trust	-	(30,052)	(98,456)	(27,150)
NUPPP	9,721	2,402	8,717	2,626
NUPPP - repayment of capital advances	3,225	-	4,648	-
Lime Mayfair Unit Trust - distribution	4,700	1,092	3,353	835
Lime Mayfair Unit Trust - drawdown	-	-	(588)	-
Lime Mayfair Unit Trust - creation of units	(4,926)	-	-	-
Hams Hall Unit Trust	-	-	235	235
NUPPP (GP) Limited	-	-	(1)	-
Lime Mayfair Trustee 1	(10)	(3)	(10)	(3)
Lime Mayfair Trustee 2	(11)	(3)	(11)	(3)
Lime Mayfair Purpose Trust	(5)	(1)	(5)	(1)
RBC Fund Administration (CI) Limited	(14)	(4)	(14)	(4)
JTC Employer Solutions Trustee Limited	(16)	(3)	(16)	(3)

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 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 Mayfair Unit Trust is owned by the Lime Property Fund Limited Partnership and Aviva Investors Real Estate Limited. At the year end the percentage holdings were Lime Property Fund Limited Partnership 99.999999% and Aviva Investors Real Estate Limited 0.000001%.

Hams Hall Unit Trust is owned by the Lime Property Fund Limited Partnership and Aviva Investors Real Estate Limited. At the year end the percentage holdings were Lime Property Fund Limited Partnership 99.99% and Aviva Investors Real Estate Limited 0.01%.

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 23. Related party transactions (continued)

	2021 (Expenses paid) / income earned in the year £000	2021 (Payable) / receivable at year end £000	2020 (Expenses paid) / income earned in the year £000	2020 (Payable) / receivable at year end £000
<b>Partnership</b>				
Aviva Investors UK Fund Services Limited	(13,175)	-	(11,140)	(2,896)
Lime Property Fund Unit Trust	-	(30,052)	(98,456)	(27,150)
NUPPP	9,721	2,402	8,717	2,626
NUPPP - repayment of capital advances	3,225	-	4,648	-
Lime Mayfair Unit Trust - distribution	4,700	1,092	3,353	835
Lime Mayfair Unit Trust - drawdown	-	-	(588)	-
Lime Mayfair Unit Trust - creation of units	(4,926)	-	-	-
Hams Hall Unit Trust	-	-	235	235

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

Receipts of £10.0m (2020: £8.7m) are included in the Partnership's financial statements in respect of dividends received by Lime Property Fund Limited Partnership as majority owner of the Norwich Union Public Private Partnership Fund ("NUPPP"), of which £2.4m (2020: £2.3m) was outstanding as at 31 December 2021. The repayment of £3.2m (2020: £4.6m) represents the repayment of capital advances and reduction in the investment in NUPPP. The NUPPP 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 Mayfair Unit Trust is owned by the Lime Property Fund Limited Partnership and Aviva Investors Real Estate Limited. At the year end the percentage holdings were Lime Property Fund Limited Partnership 99.999999% and Aviva Investors Real Estate Limited 0.000001%.

Hams Hall Unit Trust is owned by the Lime Property Fund Limited Partnership and Aviva Investors Real Estate Limited. At the year end the percentage holdings were Lime Property Fund Limited Partnership 99.99% and Aviva Investors Real Estate Limited 0.01%.

The Directors of Lime Property Fund (General Partner) Limited received no emoluments for services to the Partnership for the financial year (2020: £Nil).

# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 24. Financial instruments

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

	<b>Group</b> <b>31 Dec 21</b> <b>£000</b>	<b>Group</b> <b>31 Dec 20</b> <b>£000</b>	<b>Partnership</b> <b>31 Dec 21</b> <b>£000</b>	<b>Partnership</b> <b>31 Dec 20</b> <b>£000</b>
<b>Financial assets</b>				
Measured at amortised cost:				
Debtors (see Note 16)	<b>101,693</b>	15,626	<b>102,233</b>	16,622
Net investment in finance leases (see Note 15)	<b>459,467</b>	312,001	<b>459,467</b>	312,001
Cash at bank and in hand	<b>218,576</b>	175,941	<b>168,554</b>	127,520
Measured at fair value:				
Amounts due under PFI agreements (see Note 13)	<b>107,422</b>	112,730	-	-
	<b>887,158</b>	616,298	<b>730,254</b>	456,143
<b>Financial liabilities</b>				
Measured at amortised cost:				
Creditors (see Note 18)	<b>72,284</b>	154,473	<b>53,134</b>	136,470



# LIME PROPERTY FUND LIMITED PARTNERSHIP

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

### 24. Financial instruments (continued)

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

	<b>Group</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Group</b> <b>31 Dec 20</b> <b>£'000</b>	<b>Partnership</b> <b>31 Dec 21</b> <b>£'000</b>	<b>Partnership</b> <b>31 Dec 20</b> <b>£'000</b>
<b>Finance income and expense</b>				
Total interest income for financial assets at amortised cost	<b>92</b>	<b>491</b>	<b>73</b>	<b>346</b>
Investment income	-	-	<b>19,988</b>	<b>12,468</b>
	<b>92</b>	<b>491</b>	<b>20,061</b>	<b>12,814</b>
Total interest expense for financial liabilities at amortised cost	<b>58</b>	<b>192</b>	<b>29</b>	<b>164</b>
<b>PFI agreements</b>				
Turnover	<b>26,173</b>	<b>26,059</b>	-	-
Cost of sales	<b>(10,336)</b>	<b>(10,282)</b>	-	-
<b>Gross profit</b>	<b>15,837</b>	<b>15,777</b>	-	-
Administrative expenses	<b>(1,359)</b>	<b>(1,385)</b>	-	-
<b>Total PFI agreement income</b>	<b>14,478</b>	<b>14,392</b>	-	-

### 25. Parent and ultimate controlling undertaking

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

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

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

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

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **26. Events after the reporting period**

On 7 January the Partnership completed on the purchase of the freehold interest in the Green Park House, Green Park, Bath for the sum of £82m with associated acquisition costs of £3.2m. The asset is leased to the University of Bath on a term of 27 years.

On 7 January the Partnership completed on the disposal of the freehold interest in the property known as Maidstone Audi, Chatham Road, Sanding, Maidstone for the sum of £12.6m.

On 7 January the Partnership completed on the disposal of the leasehold interest in the property known as the Land and buildings on the north side of Conway Road, Llandudno Junction for the sum of £10.6m.

On 28 February and 1 June the Partnership reinvested dividends of £4.5m and £3.9m respectively.

On 16 June the Partnership completed on the purchase of a portfolio of supported living assets for the sum of £55m with associated acquisition costs of £2.8m. The assets are leased to Big Help Asset Management on a term of 30 years.

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

### **NET ASSET VALUATION - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **NAV Valuation**

As per the Trust Instrument, the Net Asset Value ("NAV") per unit; which investors acquire units at, is based on the valuations performed by the independent valuer (the "CBRE valuations"). The NAV stated in these financial statements, however, does not use the CBRE valuations for the investments in finance leases and loan receivables. The valuations included in the financial statements for the investments in finance leases and loan receivables ("investments") are in accordance with FRS 102.

FRS 102 states methodology how an investment should be accounted at cost less impairment over its lease or finance term which is further detailed in Note 3.7. This methodology will only change if there is a significant change to inflation rates, which contributes to the discount rate and therefore the rate the investment is amortised. Unlike the CBRE valuations, this methodology does not therefore take account of the market value of that investment. The Partnership therefore has two NAVs per quarter: one which is valuing the investments at the CBRE valuations and one which is valuing them as per FRS102.

## LIME PROPERTY FUND LIMITED PARTNERSHIP

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

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#### Remuneration

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

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

There are four components of pay:

- Basic Salary – set within an appropriate market range, which is sufficient to allow the possibility, where performance so warrants, that an employee may receive no variable pay.
- Annual bonus – a discretionary short-term incentive plan where individuals may receive a bonus based on business and individual performance against targets. Where bonuses are equal to or greater than £75,000, a 3 year deferral with pro-rata vesting in Aviva funds and/or Aviva Group Plc shares occurs, following this a further holding period applies where regulation requires.

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

- A rounded assessment of financial performance is made accounting for a range of financial considerations, including, but not limited to operating profit, investment performance and net flows. The assessment of Aviva Investors' financial performance is formed with reference to -:
  - Actual results vs. prior period results
  - Actual results vs. agreed plans
  - Actual results relative to competitors
  - Actual results vs., and progress towards, our long-term target ambition.
- The remuneration of employees in Control Functions (defined as Risk, Compliance and Audit) is determined independently of the financial results of Aviva Investors in order to reinforce the independence of these functions.
- The non-financial considerations include consideration of risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.
- Through Aviva Investors' Global Reward Framework, all investment employees should support responsible investment and integrate ESG considerations into their investment processes, including the consideration of Sustainability Risk. ESG metrics and research are embedded in the investment process and form part of the investment scorecard and annual risk attestation. The Chief Investment Officers and investment desk heads consider how investment employees demonstrate their commitment to ESG processes as part of the determination of performance and pay outcomes.

## LIME PROPERTY FUND LIMITED PARTNERSHIP

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

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#### Remuneration (continued)

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

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

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

- the participant or their team has, in the opinion of the Directors, engaged in misconduct which ought to result in the complete or partial forfeit or repayment of their award;
- there has been, in the opinion of the Directors, a material failure of risk management by reference to Group risk management standards, policies and procedures, taking into account the proximity of the participant to the failure of risk management in question and the level of the participant's responsibility;
- there is, in the opinion of the Directors, a materially adverse misstatement of Aviva's or the participant's relevant business unit's financial statements for which the participant has some responsibility;
- the participant participated in or was responsible for conduct which resulted in significant, or potentially significant, loss(es) to their relevant business unit, Aviva or any member of the Aviva Group;
- the participant failed to meet appropriate standards of fitness and propriety;
- there is evidence of misconduct or material error that would justify, or would have justified, had the participant still been employed, summary termination of their contract of employment; or
- any other circumstances required by local regulatory obligations to which any member of the Group or business unit is subject.

## LIME PROPERTY FUND LIMITED PARTNERSHIP

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

#### Remuneration (continued)

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

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2021, apportioned remuneration based on the time assessed to be spent on AIUKFSL AIFMD activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and Code Staff:

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

## **LIME PROPERTY FUND LIMITED PARTNERSHIP**

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

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#### **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-net 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.