

Financial Statements
Spectrum Alpha General
Partner Limited
(formerly The Modus Alpha General
Partner Limited)

For the year ended 30 June 2010



Company No 5622821

Company information

Company registration number :	5622821
Registered office :	The Edge Clowes Street Manchester M3 5NA
Directors :	D Lockhart B Flood
Secretary :	J E Davies
Bankers :	National Westminster Bank Old Swan Liverpool Branch 509 Prescott Road Liverpool L13 3BZ
Auditor :	Grant Thornton UK LLP Registered Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 June 2010

Principal activity

The company's principal activity is acting as general partner of a property investment partnership

Results and dividends

The profit for the year after taxation amounted to £1,975 (2009 £2,969) The directors do not recommend the payment of a dividend (2009 £Nil)

Change of name

On 18 August 2010, the name of the company was changed from The Modus Alpha General Partner Limited to Spectrum Alpha General Partner Limited

Directors

The directors who served during the year are listed below All directors served throughout the year unless otherwise indicated

D Lockhart
B Flood

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Small company exemption

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

ON BEHALF OF THE BOARD



D Lockhart
Director
25 November 2010



Independent auditor's report to the members of Spectrum Alpha General Partner Limited

We have audited the financial statements of Spectrum Alpha General Partner Limited for the year ended 30 June 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the going concern disclosures made in the principal accounting policies section of the financial statements concerning the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Independent auditor's report to the members of Spectrum Alpha General Partner Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Joanne Kearns
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

25 November 2010

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The principal accounting policies of the company have remained unchanged in the year and are set out below. The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the company's circumstances.

Going concern

The company acts as general partner to Spectrum Alpha Property Partners Limited Partnership ('the LP'). The company receives a fee for acting in this capacity, but has no interest in the profits or assets of the LP. However, the company's future income streams and its ability to recover amounts due from the LP and its related entities (together, 'the Alpha Fund') is dependent on the ability of the LP to continue in operational existence.

The current economic environment is challenging, particularly in regard to the property sector, and the partners of the LP consider that the future outlook presents significant challenges both in terms of availability of funding and volatility of property values.

The restructuring of the Alpha Fund was completed in October 2009, under which the investors agreed to extend the life of the Alpha Fund to 30 June 2014. The restructuring of the Alpha Fund received support from all of the Alpha Fund's lending banks, and in March 2010 the loan facilities with the principal lender to the Alpha Fund (accounting for 75% of the total bank debt) were renewed to 30 June 2014. At the present date, the loan facility with one lender has expired and the partners are in negotiation for the renewal of this facility, and two further loan facilities are due to expire within the next 12 months. The partners are confident that these facilities will be renewed, although it is likely there will be revisions to the existing facility terms, particularly in view of current property values.

Whilst the directors of the company acknowledge that these circumstances cast some uncertainty over the company's ability to remain as a going concern, they are confident that the LP's negotiations with its lending banks will lead to a successful outcome. For this reason, the directors continue to adopt the going concern basis in the preparation of the financial statements.

Turnover

Turnover consists of the company's fee for acting as the general partner to Spectrum Alpha Property Partners Limited Partnership and is recognised on an accruals basis over the year to which the service relates.

Investments

Investments are stated at cost less amounts written off.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

	Note	Year ended 30 June 2010 £	Period ended 30 June 2009 £
Turnover	1	2,500	3,750
Profit on ordinary activities before taxation	1	2,500	3,750
Tax on profit on ordinary activities	3	(525)	(781)
Profit for the financial year	8	1,975	2,969

The results disclosed above relate entirely to continuing operations

There were no recognised gains or losses other than the profit for the financial year

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investments	4	<u>50</u>	<u>50</u>
Current assets			
Debtors	5	9,677	7,958
Creditors : amounts falling due within one year	6	<u>(525)</u>	<u>(781)</u>
Net current assets		9,152	7,177
Total assets less current liabilities		<u>9,202</u>	<u>7,227</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	<u>9,102</u>	<u>7,127</u>
Shareholders' funds	9	<u>9,202</u>	<u>7,227</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board on 25 November 2010



D Lockhart

Director

Spectrum Alpha General Partner Limited
Company no: 5622821

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities are attributable to the principal activity of the company, and arose entirely within the United Kingdom

Remuneration in respect of the company's auditor is settled by Spectrum Alpha Property Partners Limited Partnership, a related undertaking

2 Directors and employees

There were no employees of the company during the year other than the directors. The directors received no remuneration during the year (2009 £Nil)

3 Tax on profit on ordinary activities

	Year ended 30 June 2010 £	Period ended 30 June 2009 £
The tax charge represents		
UK corporation tax at 21% (2009 21%)	<u>525</u>	<u>781</u>

Factors affecting the tax charge for the year

The difference between the actual tax assessed in the year and the charge based on the standard rate of corporation tax in the United Kingdom of 21% (2009 21%) is explained as follows

	Year ended 30 June 2010 £	Period ended 30 June 2009 £
Profit on ordinary activities before taxation	<u>2,500</u>	<u>3,750</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21% (2009 21%)	525	788
Effect of		
Change in tax rate	-	(7)
Current tax charge for the year	<u>525</u>	<u>781</u>

4 Fixed asset investments

	Participating interest £
Cost and net book amount	
At 1 July 2009 and 30 June 2010	<u>50</u>

The above investment relates to a participating interest in Spectrum Alpha Property Partners Limited Partnership

5 Debtors

	2010 £	2009 £
Amounts owed by related undertaking (note 10)	9,577	7,858
Unpaid share capital	100	100
	<u>9,677</u>	<u>7,958</u>

6 Creditors : amounts falling due within one year

	2010 £	2009 £
Corporation tax	525	781

7 Share capital

	2010 £	2009 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Profit and loss account

	Profit and loss account £
At 1 July 2009	7,127
Profit for the financial year	<u>1,975</u>
At 30 June 2010	<u>9,102</u>

9 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2010 £	Period ended 30 June 2009 £
Profit for the financial year	1,975	2,969
Opening shareholders' funds	<u>7,227</u>	<u>4,258</u>
Closing shareholders' funds	<u>9,202</u>	<u>7,227</u>

10 Related party transactions

The company has taken advantage of the exemption in FRS 8 and has not disclosed transactions with group undertakings

During the year the company received a fee of £2,500 (2009 £3,750) from Spectrum Alpha Property Partners Limited Partnership, a limited partnership of which the company acts as general partner. At 30 June 2010 the company was owed a balance of £9,577 (2009 £7,858) from Spectrum Alpha Property Partners Limited Partnership.

11 Ultimate parent undertaking

The company is a subsidiary undertaking of Spectrum Property Management Limited which is the ultimate parent undertaking.



Financial Statements
Spectrum Alpha Property
Partners Limited Partnership
(formerly Modus Alpha Property
Partners Limited Partnership)

For the year ended 30 June 2010



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Registered No. LP011049

General information

Registration number :	LP011049
Registered office :	The Edge Clowes Street Manchester M3 5NA
Bankers :	Royal Bank of Scotland plc Old Swan Liverpool Branch 509 Prescott Road Liverpool L13 3BZ Nationwide Kings Park Road Moulton Park Northampton NM3 6NW
Solicitors :	DLA Piper UK LLP 101 Barbirolli Square Manchester M2 3DL
Auditor :	Grant Thornton UK LLP Registered Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the general partner

The general partner presents its report together with the audited financial statements for the year ended 30 June 2010

Reporting framework

Although the entity is a limited partnership, its governing document, the partnership agreement specifies that the accounts should be produced under United Kingdom Generally Accepted Practice and the Partnership (Accounts) Regulations 2008. The Partnership (Accounts) Regulations 2008 stipulates that the accounts should be prepared in accordance with the Companies Act 2006 as if the partnership were a company formed and registered under that Act.

Principal activity

The principal activity of the partnership is property investment.

Change of name

On 22 September 2010, the name of the partnership was changed from Modus Alpha Property Partners Limited Partnership to Spectrum Alpha Property Partners Limited Partnership.

Business review

The loss for the year after taxation amounted to £4,319,000 (2009 profit £3,386,000).

The Spectrum Alpha Property Partners Limited Partnership ('the Fund') was established in November 2005 (under the name Modus Alpha Property Partners Limited Partnership) with an estimated life to run to November 2010. A proposal was made to the investors in May 2009 to extend the life of the Fund to June 2014. The proposal was made in order to allow time for the property values to recover to enable optimum returns for investors in the Fund. The proposal was accepted by the investors and the restructuring of the Fund was completed in October 2009.

The economic environment continues to be challenging over the twelve month period under review. Along with most other asset classes, values in the commercial property market have not shown any signs of recovery from the credit crunch and resulting global economic crisis of 2009. There continues to be a lack of liquidity in the market in general and hence a lack of transactional activity in the property sector. As a result, values of retained properties across the sector continue to be affected. As a consequence of the economic climate a number of key changes to the Fund have been made in the period as summarised below:

- the bank loans to the Fund have been extended in the period apart from two of the facilities. One of these facilities was formally signed off subsequent to the year end and the other is at an advanced stage of negotiation to extend the facility to March 2012,
- one of the equity partners took the decision to exit the fund in the prior period and during the latter part of 2009 assigned its mezzanine loan to The Spectrum Alpha Jersey Property Unit Trust (see note 13),
- the partners performed a valuation of the investment property portfolio based on advice from the partnership's property asset manager. The results of the valuation have been reflected in the accounts (see note 8),
- a re-branding of the Fund has successfully occurred in 2010 and is now called Spectrum Alpha Property Partners Limited Partnership.

To date the Fund has a portfolio of 23 properties and given the hard work undertaken in the reporting period it is in a much stronger position to face the future market conditions. The Fund's asset advisors' strategy going forward is to continue to focus on the asset management initiatives and value enhancement opportunities with a view to recovering value across the portfolio.

The partners would like to take this opportunity to thank all interested parties in the Fund for their support and encouragement over the period under review and we look forward to facing the challenges that lie ahead.

Partners

Spectrum Alpha General Partner Limited acts as general partner to the limited partnership. The Spectrum Alpha Jersey Property Unit Trust, Brendan Flood and Spectrum Alpha Founder Partner LLP are the limited partners.

Financial risk management policies and objectives

The group uses various financial instruments to finance its operations, including bank loans, loans from the partners and also items which arise directly from its operations such as cash, trade debtors and trade creditors.

The main risks arising from the group's financial instruments are market risk, liquidity risk, interest rate risk and credit risk. The group has no exposure to currency risk since all of its operations are carried out within the United Kingdom. The partners review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

The group's exposure to market risk primarily relates to movements in the value of its investment properties, since the value of the properties is subject to a number of external factors, many of which are outside of the partners' control such as general economic conditions, interest rate fluctuations and other factors specific to the property sector. The partners monitor the market value of the properties by undertaking regular valuations.

Liquidity risk

The partners seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by loans from the partners.

The group finances its operations primarily through bank borrowings and loans from the partners. The maturity of these obligations is set out in note 13 to the financial statements.

Interest rate risk

The group manages its exposure to interest rate fluctuations on its bank borrowings by entering into fixed rate agreements where possible, and also by the use of interest rate swap agreements.

Credit risk

In order to manage credit risk, the partners regularly review the quality and credit rating of its tenant base. Credit limits are set where appropriate and reviewed by the finance team on a regular basis in conjunction with debt ageing and collection history.

Statement of the general partner's responsibilities

The general partner is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the general partner to prepare financial statements for each financial year. Under that law the general partner has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the partnership at the end of the period and of the profit or loss of the group for the period then ended. In preparing those financial statements, the general partner is required to

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

The general partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable it to ensure that the financial statements comply with the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008. The general partner is also responsible for safeguarding the assets of the partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the general partner is aware

- there is no relevant audit information of which the partnership's auditor is unaware, and
- the general partner has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE GENERAL PARTNER



For and on behalf of Spectrum Alpha General Partner Limited
General Partner
25 November 2010



Independent auditor's report to the members of Spectrum Alpha Property Partners Limited Partnership

We have audited the financial statements of Spectrum Alpha Property Partners Limited Partnership for the year ended 30 June 2010 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and partnership balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of general partner and auditor

The general partner's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of the general partner's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008, regulation 4, and give a true and fair view. We also report to you whether in our opinion the information given in the Report of the general partner is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the general partner and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent auditor's report to the members of Spectrum Alpha Property Partners Limited Partnership

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the general partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements, which exclude any provision for any liability to taxation on the individual partners.

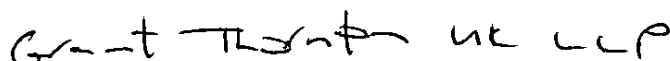
Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008,
- the financial statements give a true and fair view of the state of affairs of the group and the partnership as at 30 June 2010 and of the loss of the group for the year then ended, and
- the information given in the Report of the general partner is consistent with the financial statements

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the going concern disclosures made in the principal accounting policies section of the financial statements concerning the partnership's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership was unable to continue as a going concern.



Joanne Kearns
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
25 November 2010

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that they have been modified to include the revaluation of tangible fixed assets

The principal accounting policies of the group have remained unchanged in the year and are set out below. The general partner has reviewed the accounting policies in accordance with FRS 18 and considers them to be the most appropriate to the circumstances of the group and partnership.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the partnership and all subsidiary undertakings. Acquisitions are accounted for under the acquisition method. The results of entities acquired or disposed of are included in the group profit and loss account from or up to the date that control passes.

Going concern

The principal activity of Spectrum Alpha Property Partners Limited Partnership ('the LP') and its related entities (together, 'the Alpha Fund'), together with the factors likely to affect its future performance and development are described in the report of the general partner.

As described in the report of the general partner, the current economic environment is challenging, particularly in regard to the property sector, and the partners of the LP consider that the future outlook presents significant challenges both in terms of availability of funding and volatility of property values.

As disclosed in note 8, the partners have revalued the LP's investment properties in the year and concluded there is no movement from the existing carrying value of £118.2m, a deficit of £28.4m on the original cost. The partners believe that the fall in value of the investment properties over the last two years is a reflection of the current economic conditions, and is therefore temporary in nature. The partners are satisfied that the future rental income streams from the investment properties are robust, since the majority of properties are occupied on long term lease agreements by a very secure tenant base. The partners consider there is a potential risk to the financial viability of tenants as a result of the current economic conditions, however to date the LP has not experienced any significant loss in revenue arising from this risk.

The restructuring of the Alpha Fund was completed in October 2009, under which the investors agreed to extend the life of the Alpha Fund to 30 June 2014. The restructuring of the Alpha Fund received support from all of the Alpha Fund's lending banks, and in March 2010 the loan facilities with the principal lender to the Alpha Fund (accounting for 75% of the total bank debt) were renewed to 30 June 2014. At the present date, the loan facility with one lender has expired and the partners are in negotiation for the renewal of this facility, and two further loan facilities are due to expire within the next 12 months. The partners are confident that these facilities will be renewed, although it is likely there will be revisions to the existing facility terms, particularly in view of current property values.

As part of the restructuring of the Alpha Fund, the outstanding mezzanine loan in the LP was assigned to The Spectrum Alpha Jersey Property Unit Trust, the principal stakeholder in the LP (see related party transaction note). This loan is due for repayment at the end of December 2010, although the partners intend to extend the maturity of the loan to June 2014 to coincide with the life of the Alpha Fund, and are confident these negotiations can be concluded before the end of the year.

Whilst the partners acknowledge that these circumstances cast some uncertainty over the LP's ability to remain as a going concern, they are confident that the negotiations with its lending banks will lead to a successful outcome. For this reason, the partners continue to adopt the going concern basis in the preparation of the financial statements.

Turnover

Turnover consists of rental income receivable which is recognised on an accruals basis and is spread evenly over the term of the lease. Incentives paid to tenants to enter into a lease agreement and any costs associated with entering into the lease are spread over the same year.

Investment properties

Investment properties are initially recorded at cost and are revalued annually by the partners, with an independent valuation at least once every five years. These valuations are reflected in the balance sheet, and the surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Intangible fixed assets - goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Purchased goodwill is capitalised and amortised over its estimated useful life. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at cost less amounts written off.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the year of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Current tax

The partnership is not subject to corporation tax since the partners are taxed individually. The partnership has a number of corporate subsidiaries which are consolidated into these financial statements, which are subject to corporation tax.

Deferred taxation

In respect of the partnership's corporate subsidiaries which are subject to corporation tax, deferred tax is recognised on all timing differences where the transactions or events that give the entity an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs. Finance charges are charged to the profit and loss account on an accruals basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities. Distributions relating to equity instruments are debited directly to reserves.

Consolidated profit and loss account

	Note	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Turnover – continuing operations	2	9,125	13,658
Administrative expenses		<u>(5,878)</u>	<u>(3,404)</u>
Operating profit – continuing operations		3,247	10,254
Loss on disposal of subsidiary undertaking		–	(180)
Exceptional item – write-off of loans	4	–	8,119
Net interest	5	<u>(7,483)</u>	<u>(14,675)</u>
(Loss)/profit on ordinary activities before taxation	2	(4,236)	3,518
Tax on (loss)/profit on ordinary activities in corporate subsidiaries	6	(83)	(132)
(Loss)/profit for the financial year	16	<u><u>(4,319)</u></u>	<u><u>3,386</u></u>

The accompanying notes form part of these financial statements.

Consolidated balance sheet

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	8	118,198	118,198
Intangible assets	9	–	–
		<u>118,198</u>	<u>118,198</u>
Current assets			
Debtors	11	9,612	12,508
Cash at bank and in hand		3,387	1,278
		<u>12,999</u>	<u>13,786</u>
Creditors : amounts falling due within one year	12	<u>(50,167)</u>	<u>(152,555)</u>
Net current liabilities		(37,168)	(138,769)
Total assets less current liabilities		<u>81,030</u>	<u>(20,571)</u>
Creditors : amounts falling due after more than one year	13	(114,326)	(8,423)
Provision for liabilities	14	(124)	(107)
Net liabilities		<u>(33,420)</u>	<u>(29,101)</u>
Capital and reserves			
Partners' capital accounts	15	2	2
Revaluation reserve	16	(28,426)	(28,426)
Partners' other reserves	16	(4,996)	(677)
Total members' interests	17	<u>(33,420)</u>	<u>(29,101)</u>

The financial statements were approved by the general partner on 25 November 2010



For and on behalf of Spectrum Alpha General Partner Limited
General partner

Spectrum Alpha Property Partners Limited Partnership
Company no: LP011049

The accompanying notes form part of these financial statements

Partnership balance sheet

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	8	98,227	98,227
Investments	10	22,103	22,103
		<u>120,330</u>	<u>120,330</u>
Current assets			
Debtors	11	9,634	12,429
Cash at bank and in hand		3,300	1,219
		<u>12,934</u>	<u>13,648</u>
Creditors : amounts falling due within one year	12	<u>(49,759)</u>	<u>(152,132)</u>
Net current liabilities		<u>(36,825)</u>	<u>(138,484)</u>
Total assets less current liabilities		<u>83,505</u>	<u>(18,154)</u>
Creditors : amounts falling due after more than one year	13	<u>(114,326)</u>	<u>(8,423)</u>
Net liabilities		<u><u>(30,821)</u></u>	<u><u>(26,577)</u></u>
Capital and reserves			
Partners' capital accounts	15	2	2
Revaluation reserve	16	(26,132)	(26,132)
Partners' other reserves	16	(4,691)	(447)
Total members' interests	17	<u><u>(30,821)</u></u>	<u><u>(26,577)</u></u>

The financial statements were approved by the general partner on 25 November 2010



For and on behalf of Spectrum Alpha General Partner Limited
General partner

Spectrum Alpha Property Partners Limited Partnership
Company no: LP011049

The accompanying notes form part of these financial statements.

Consolidated cash flow statement

	Note	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Net cash inflow from operating activities	18	8,096	11,210
Returns on investments and servicing of finance			
Net interest		(7,236)	(14,524)
Net cash outflow from returns on investments and servicing of finance		(7,236)	(14,524)
Tax paid		(97)	(44)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		—	(24)
Net cash outflow from capital expenditure and financial investment		—	(24)
Acquisitions and disposals			
Disposal of subsidiary undertaking		—	(110)
Net cash outflow from acquisitions and disposals		—	(110)
Equity dividends paid		—	(521)
Cash inflow/(outflow) before financing		763	(4,013)
Financing			
Movement in partners capital		—	(1)
Movement on bank loans	20	(954)	2,196
Movement on loan notes	20	2,300	—
Movement on partners' loans	20	—	501
Net cash inflow from financing		1,346	2,696
Increase/(decrease) in cash in the year	19	2,109	(1,317)

The accompanying notes form part of these financial statements.

Other primary statements

Consolidated statement of total recognised gains and losses

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
(Loss)/profit for the financial year	(4,319)	3,386
Unrealised deficit on revaluation of fixed assets	–	(20,500)
Total recognised gains and losses for the year	(4,319)	(17,114)

Note of historical cost profits and losses

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
(Loss)/profit on ordinary activities before taxation	(4,236)	3,518
Realisation of revaluation deficit of previous years	–	(772)
Historical cost (loss)/profit on ordinary activities before taxation	(4,236)	2,746
Historical cost (loss)/profit for the year	(4,319)	2,614

Notes to the financial statements

1 Limited partnership agreement

The agreement dated 22 December 2005 and amended by a deed of amendment dated 7 October 2009 states that the purpose of the partnership is to carry out property investment

During the year, Spectrum Alpha General Partner Limited acted as general partner to the partnership. The general partner had no interest in the profits or assets of the partnership and instead took a fixed salary of £2,500 (2009 £3,750). Spectrum Alpha Founder Partner LLP (the FPLLP), Brendan Flood and The Spectrum Alpha Jersey Property Unit Trust are the limited partners, and had interests in the profits and assets of the partnership as follows

- Partnership profits are allocated to the limited partners in proportion to their capital contribution ratios until the 'first return threshold' has been achieved, which is defined as a cumulative internal rate of return of 12% per annum
- After the 'first return threshold' has been reached, the FPLLP is entitled to 62.5% of the partnership profits. The balance of partnership profits is payable to the other limited partners in proportion to their capital contributions

2 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit on ordinary activities before taxation are attributable to the principal activity of the group, and arose entirely within the United Kingdom

The (loss)/profit on ordinary activities before taxation is stated after charging:

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Auditor's remuneration	28	30

3 Directors and employees

The directors of the general partner did not receive any remuneration for their services to the limited partnership during the year (2009 £Nil). There were no employees of the partnership during the year (2009 Nil).

4 Exceptional item

In the prior financial period, one of the equity partners in The Spectrum Alpha Jersey Property Unit Trust (the JPUT), the primary stakeholder in the partnership, took the decision to exit the JPUT and wrote off its equity investment of £8,118,711. Since these funds had been invested by the JPUT in the partnership in the form of a loan, the JPUT in turn wrote off the amount of £8,118,711 from this loan.

5 Net interest

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Bank loan interest	7,052	15,002
Loan note interest	431	–
Bank and other interest receivable	–	(327)
	<u>7,483</u>	<u>14,675</u>

6 Tax on (loss)/profit on ordinary activities in corporate subsidiaries

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
The tax charge represents		
UK corporation tax at 28% (2009 28%)	66	97
Deferred taxation (note 14)	17	35
	<u>83</u>	<u>132</u>

Factors affecting the tax charge for the year

The difference between the actual tax assessed in the year and the charge based on the standard rate of corporation tax in the United Kingdom of 28% (2009 28%) is explained as follows

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
(Loss)/profit on ordinary activities before taxation	<u>(4,236)</u>	<u>3,518</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(1,186)	985
Effect of		
Profits/(losses) in entities not subject to corporation tax	1,189	(980)
Expenses not deductible for tax purposes	82	131
Capital allowances in excess of depreciation	(17)	(35)
Small companies relief	(2)	(4)
Current tax charge for the year	<u>66</u>	<u>97</u>

7 Dividends

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Interim dividend paid	—	392
Final dividend payable	—	38
	<u>—</u>	<u>430</u>

8 Tangible fixed assets

Group	Investment property £000
Cost/valuation and net book amount	
At 1 July 2009 and 30 June 2010	<u>118,198</u>
Partnership	Investment property £000
Cost/valuation and net book amount	
At 1 July 2009 and 30 June 2010	<u>98,227</u>

The partners have performed a valuation of the investment properties as at 30 June 2010, based on advice received from the partnership's property asset manager, and have concluded that there is no change to the existing carrying value (which is based on a partners' valuation in the previous financial period to 30 June 2009). The valuations were based on applying market rate rental yields to the rental income derived from the properties. The last independent professional valuations were undertaken on 31 December 2007 by Savills Chartered Surveyors and CB Richard Ellis, Chartered Surveyors. The basis of valuation used was open market value.

If the investment properties had not been revalued, they would have been included on the historical cost basis at the following amounts.

	Investment property Group £000	Partnership £000
Cost and net book amount		
At 30 June 2010	<u>146,624</u>	<u>124,359</u>
At 30 June 2009	<u>146,624</u>	<u>124,359</u>

9 Intangible fixed assets

Group	Purchased goodwill £000
Cost	
At 1 July 2009 and 30 June 2010	<u>915</u>
Amortisation	
At 1 July 2009 and 30 June 2010	<u>915</u>
Net book amount	
At 30 June 2010	<u>-</u>
At 30 June 2009	<u>-</u>

All purchased goodwill disclosed above in relation to previous acquisitions was written off immediately following acquisition

10 Fixed asset investments

Partnership	Group undertakings £000
Cost	
At 1 July 2009 and 30 June 2010	<u>23,021</u>
Amounts written off	
At 1 July 2009 and 30 June 2010	<u>918</u>
Net book amount	
At 30 June 2010	<u>22,103</u>
At 30 June 2009	<u>22,103</u>

At 30 June 2010 the partnership held an interest of more than 20% in the entities listed below. To avoid a statement of excessive length, dormant companies have been excluded

Group undertaking	Country of incorporation	Class held	Holding	Principal activity
Hawkbond Properties Limited	UK	Ordinary	100%	Property investment
Spectrum Alpha Nominees (No 5) Limited	UK	Ordinary	100%	Property investment
The MA Street Unit Trust	Jersey	Units	100%	Property investment

11 Debtors

	2010 £000	Group 2009 £000	2010 £000	Partnership 2009 £000
Trade debtors	903	1,187	674	944
Amounts owed by related undertakings	8,374	8,494	8,684	8,733
Prepayments and accrued income	193	171	159	136
Other debtors	142	2,656	117	2,616
	<u>9,612</u>	<u>12,508</u>	<u>9,634</u>	<u>12,429</u>

12 Creditors : amounts falling due within one year

	2010 £000	Group 2009 £000	2010 £000	Partnership 2009 £000
Bank loans (note 13)	23,472	142,440	23,472	142,440
Partner loans (note 13)	20,198	–	20,198	–
Corporation tax	66	97	–	–
Trade creditors	146	664	145	662
Amounts owed to related undertakings	10	8	10	8
Social security and other taxes	366	320	329	278
Accruals and deferred income	5,856	8,972	5,589	8,728
Other creditors	53	54	16	16
	<u>50,167</u>	<u>152,555</u>	<u>49,759</u>	<u>152,132</u>

13 Creditors : amounts falling due after more than one year

	Group and Partnership	
	2010 £000	2009 £000
Bank loans	103,356	–
Loan notes	2,547	–
Partner loans	8,423	8,423
	<u>114,326</u>	<u>8,423</u>

Bank loans are stated net of unamortised issue costs of £379,368 (2009 : £113,461), which are being released to the profit and loss account over the relevant loan term, in accordance with FRS 4

The group has entered into loan facilities with a number of lending banks in order to invest in properties. All facilities are secured on the relevant investment properties and interest is payable at various commercial rates, typically based on LIBOR plus margin. The partners classify these loans as 'senior' debt, and at 30 June 2010, the total amount of senior debt outstanding was £127,207,000

Creditors : amounts falling due after more than one year (continued)

In addition to the senior debt, the group also has mezzanine funding outstanding at 30 June 2010 of £20,198,000. As disclosed in the 2009 financial statements, the provider of the mezzanine funding took the decision to exit their investment in the partnership, and in October 2010 the mezzanine loan of £14,658,000 and accrued interest thereon of £5,540,000 (£20,198,000 in total) was assigned to The Spectrum Alpha Jersey Property Unit Trust ('the JPUT'), the principal stakeholder in the partnership. As a result, this loan has been presented within partner loans rather than bank loans in the financial statements. From the date of reassignment, no further interest is payable on the outstanding mezzanine loan. The loan is secured over the group's investment properties and is due for repayment in full on 22 December 2010, and is therefore disclosed as repayable within one year.

During the year, the partnership issued loan notes amounting to £2,300,000 to a number of investors in the JPUT. The loan notes are due for repayment on 30 June 2014 and interest is payable at 8% per annum. In addition, the loan notes carry a redemption premium such that the total return to the loan note holders (including the coupon interest rate) equates to 25% per annum. At 30 June 2010, the partnership has accrued a redemption premium of £247,250 which has been rolled up into the carrying value of the loan notes.

The group had previously entered into a number of interest rate swap agreements with the provider of the mezzanine loans, which covered senior debt of approximately £122m. As part of the agreement for the funding provider's exit from their investment in the partnership, these interest rate swap agreements were also terminated. At 30 June 2010, the group had only one interest rate swap agreement outstanding, covering bank debt of £8,475,000. The fair value of this swap agreement at 30 June 2010 was £629,187 (liability) which has not been recognised in the financial statements.

Bank and other loans are repayable as follows

	Group and Partnership	
	2010	2009
	£000	£000
<i>Within one year</i>		
Bank loans	23,472	142,440
Partner loans	20,198	—
<i>Between one and two years</i>		
Bank loans	9,080	—
<i>Between two and five years</i>		
Bank loans	94,276	—
Loan notes	2,547	—
Partner loans	8,423	8,423
	157,996	150,863

14 Provisions for liabilities

Group	Deferred taxation £000
At 1 July 2009	107
Charge for the year	17
At 30 June 2010	<u>124</u>

Deferred tax has been calculated at 28%, and the above liability relates entirely to accelerated capital allowances

15 Partners capital accounts

Group and Partnership	2010 £000	2009 £000
Limited partners	2	2
General partner	–	–
	<u>2</u>	<u>2</u>

16 Reserves

Group	Revaluation reserve £000	Partners' other reserves £000
At 1 July 2009	(28,426)	(677)
Loss for the financial year	–	(4,319)
At 30 June 2010	<u>(28,426)</u>	<u>(4,996)</u>

Partnership	Revaluation reserve £000	Partners' other reserves £000
At 1 July 2009	(26,132)	(447)
Loss for the financial year	–	(4,244)
At 30 June 2010	<u>(26,132)</u>	<u>(4,691)</u>

Reserves (continued)

Profit attributable to the partnership

The partnership has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The partnership's loss for the year was £4,244,000 (2009 profit £2,510,000)

17 Reconciliation of movement in total members' interests

Group	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
(Loss)/profit for the financial year	(4,319)	3,386
Dividends	—	(430)
Deficit on revaluation of tangible fixed assets	—	(20,500)
Movement in partners' capital	—	(1)
Net movement in total members' interests	(4,319)	(17,545)
Opening members' interests	(29,101)	(11,556)
Closing members' interests	(33,420)	(29,101)

Partnership	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
(Loss)/profit for the financial year	(4,244)	2,510
Dividends	—	(430)
Deficit on revaluation of tangible fixed assets	—	(18,378)
Movement in partners' capital	—	(1)
Net movement in total members' interests	(4,244)	(16,299)
Opening members' interests	(26,577)	(10,278)
Closing members' interests	(30,821)	(26,577)

18 Reconciliation of operating profit to net cashflow from operating activities

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Operating profit	3,247	10,254
Loss on disposal of fixed assets	—	290
Decrease/(increase) in debtors	2,896	(9,947)
Increase in creditors	1,953	10,613
Net cash inflow from operating activities	8,096	11,210

19 Reconciliation of net cash flow to movement in net debt

	Year ended 30 June 2010 £000	Period ended 30 June 2009 £000
Increase/(decrease) in cash in the year	2,109	(1,317)
Movement on bank loans	954	(2,196)
Movement on loan notes	(2,300)	–
Movement on partners' loans	–	(501)
Movement in net debt arising from cash flows	763	(4,014)
Other non-cash changes	(5,787)	7,968
Movement in net debt	(5,024)	3,954
Opening net debt	(149,585)	(153,539)
Closing net debt	(154,609)	(149,585)

20 Analysis of net debt

	At 1 July 2009 £000	Cash flow £000	Non-cash changes £000	At 30 June 2010 £000
Cash at bank and in hand	1,278	2,109	–	3,387
Bank loans	(142,440)	954	14,658	(126,828)
Loan notes	–	(2,300)	(247)	(2,547)
Partner loans	(8,423)	–	(20,198)	(28,621)
	(149,585)	763	(5,787)	(154,609)

The non-cash movements relate to the release of deferred bank arrangement fees, rolled-up interest charges and also the reclassification of the mezzanine debt and all accrued interest thereon, from bank loans to partner loans as disclosed in note 13

21 Leasing commitments

The group and partnership had annual commitments under non-cancellable operating leases as follows

Group and Partnership	2010 £000	2009 £000
Land and buildings		
Leases which expire after more than five years	151	219

22 Capital commitments

Group and Partnership	2010 £000	2009 £000
Contracted, but not provided in the financial statements	—	23,606

The prior year commitment disclosed above relates to an agreement entered into by the partnership to purchase an investment property. In November 2009, the partnership entered into a Deed of Release which released the partnership from this commitment.

23 Contingent liabilities

There were no contingent liabilities at 30 June 2010 or 30 June 2009.

24 Related party transactions

There is no ultimate controlling party.

Spectrum Investment Management Limited

Up to 3 November 2009, Spectrum Investment Management Limited ('SIM') was a 100% shareholder in Spectrum Alpha General Partner Limited, the general partner of Spectrum Alpha Property Partners Limited Partnership (the LP). In addition, D Lockhart and P Macfarlane, who are the controlling shareholders of SIM, are beneficiaries of the Modus Investors Syndicate Trust ('MIST'), a unit holder in The Spectrum Alpha Jersey Property Unit Trust ('the JPUT') which is the principal equity stakeholder in the LP. They are also members of the Spectrum Alpha Founder Partner LLP ('the FPLLP') which also has an equity stake in the LP. Up to 3 November 2009, SIM acted as the LP's property asset manager, and fees of £57,646 (2009 £197,403) were paid to SIM in this capacity.

Spectrum Property Management Limited

On 3 November 2009, Spectrum Property Management Limited ('SPM') acquired certain trade and assets from SIM, including the contract for the management of the LP's property assets. From this date, SPM became a 100% shareholder in Spectrum Alpha General Partner Limited, the general partner of the LP. D Lockhart and P Macfarlane, whose relationship to the LP is detailed above, are directors and the controlling shareholders of SPM.

During the year, SPM received fees of £206,323 (2009 £Nil) in its capacity as property asset manager to the LP.

In addition, the LP has made an accrual for additional fees of £2,100,000 due to SPM in respect of past services to the LP. Under the restructuring of the Alpha Fund completed in October 2009, the LP entered into an agreement with SPM to defer payment of these fees until 30 June 2014, the date of the termination of the Alpha Fund. These fees have been discounted to £1,680,930 which is the amount accrued in the financial statements.

Related party transactions (continued)

The Spectrum Alpha Jersey Property Unit Trust ('JPUT')

The JPUT is the primary stakeholder in the LP, and at 30 June 2010 had contributed capital of £812 (2009 £812) and loans of £8,117,899 (2009 £8,117,899) to the LP

During the year, the following transactions took place with the JPUT

- i As disclosed in note 13, during the year the LP's outstanding mezzanine loans were reassigned to the JPUT. The amount outstanding at 30 June 2010 under these loans amounted to £20,198,000 and is disclosed within creditors
- ii The LP operates a loan account with the JPUT, the balance on which at 30 June 2010 was £8,374,374 (2009 £8,493,650) and is disclosed within debtors

Spectrum Alpha General Partner Limited

Spectrum Alpha General Partner Limited ('SAGP') acts as general partner of the LP. During the year, the LP paid a salary of £2,500 (2009 £3,750) to SAGP in respect of its role as general partner. At 30 June 2010, the amounts owed to SAGP amounted to £9,627 (2009 £7,907) which is disclosed within creditors