

AVIVA INVESTORS SOCIAL HOUSING GP
LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2017



AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

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AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

B S Hill
G P Mills
D S Skinner

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. 07584936

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
7 More London Riverside
London
SE1 2RT

Other Information

Aviva Investors Social Housing GP Limited (the 'Company') is a wholly owned subsidiary of Aviva Investors Real Estate Limited and is a member of the Aviva plc group of companies (the 'Aviva Group')

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors

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

A C Appleyard (resigned 28 August 2018)
B S Hill
G P Mills (appointed 29 August 2018)
D S Skinner

Principal activity

The principal activity of the Company is to act as the General Partner of Aviva Investors REaLM Social Housing Limited Partnership (the 'Partnership') which is engaged in the business of property investment. The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership.

The Directors have reviewed the activities of the Company for the year and the position as at 31 December 2017 and consider them to be satisfactory.

Results

The loss for the financial year amounted to £12,973 (2016: £9,606).

Future developments

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

Dividend

During the year no dividends were paid (2016: £Nil).

The Directors do not recommend the payment of a dividend for the financial year ended 31 December 2017 (2016: £Nil).

Going Concern

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

Therefore, the Directors have a reasonable expectation that the Company 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.

Events after the reporting date

There have been no significant events affecting the Company since the year end.

Employees

The Company has no employees (2016: Nil).

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to the Independent Auditors

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

- so far as the Director is aware, there is no relevant audit information 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 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 independent 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.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

Risk and capital management policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva Group. The Aviva Group operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). Aviva has an Audit Committee, which includes shareholder representatives.

(b) Management of financial and non-financial risks

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

Market risk

The Company's principal exposure to market risk takes the form of property values, which have a direct impact on the value of the Partnership's investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which manages the investments on behalf of the Partnership.

Operational risk

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

Liquidity risk

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

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2017

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

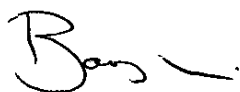
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited 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.

In preparing their report, the Directors' have taken advantage of the exemption for small companies in accordance with section 415(A) of the Companies Act 2006.

By order of the Board: 11/9/2018



B S Hill
Director

Independent auditors' report to the members of Aviva Investors Social Housing GP Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors Social Housing GP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and 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.

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 2017; the statement of comprehensive income, the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2017 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 Director's responsibilities in respect of the financial statements set out on page 5, 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.

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. 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

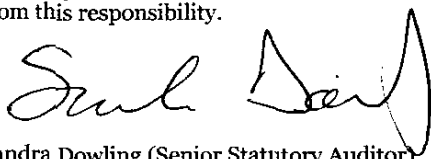
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received 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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.



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

11 September 2018

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover		518	513
Administrative expenses	5	(13,491)	(10,119)
Loss before taxation		(12,973)	(9,606)
Tax on loss	6	-	-
Total comprehensive loss for the financial year		(12,973)	(9,606)

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2017 and 31 December 2016 relate to continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

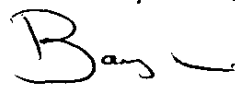
Registered in England and Wales: No. 07584936

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	7	2,757	2,239
Creditors: amounts falling due within one year	8	(53,834)	(40,343)
Net liabilities		<u>(51,077)</u>	<u>(38,104)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(51,078)	(38,105)
Total Shareholders' deficit		<u>(51,077)</u>	<u>(38,104)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved and authorised for issue by the Board and were signed on its behalf on 11/9/2018


B S Hill
Director

The notes on pages 11 to 19 form part of these financial statements.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total Shareholders' deficit
	£	£	£
Balance as at 1 January 2016	1	(28,499)	(28,498)
Total comprehensive loss for the financial year	-	(9,606)	(9,606)
Balance as at 31 December 2016 and 1 January 2017	1	(38,105)	(38,104)
Total comprehensive loss for the financial year	-	(12,973)	(12,973)
Balance as at 31 December 2017	1	(51,078)	(51,077)

The notes on pages 11 to 19 form part of these financial statements.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Aviva Investors Social Housing GP Limited (the "Company") acts as the General Partner of Aviva Investors REaLM Social Housing 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 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 British Pounds as this is the Company's functional currency, being the primary economic environment in which it operates.

3.2 Going concern

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

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

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.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.4 Strategic report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Part 15 of the Companies Act 2006 relating to small entities.

3.5 Use of estimate

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 Cash

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

3.8 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.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.9 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 (2016: £Nil).

3.10 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 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.

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.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.10 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 assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make 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.

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Administrative expenses

	2017 £	2016 £
Administration fees	10,000	6,350
Fees payable to the auditors for the audit of the Company's financial statements	3,491	3,769
	<u>13,491</u>	<u>10,119</u>

The Directors received no emoluments from the Company for services to the Company for the financial year (2016: £Nil).

The Company had no employees during the financial year (2016: Nil).

6. Tax on loss

	2017 £	2016 £
Analysis of tax charge in the year		
UK corporation tax charge on loss for the year	-	-
Tax on loss	<u>-</u>	<u>-</u>

(a) Tax reconciliation

The tax on the Company's loss before taxation differs (2016: differs) from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2017 £	2016 £
Loss before taxation	<u>(12,973)</u>	<u>(9,606)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(2,497)	(1,921)
Non-taxable distribution from Limited Partnership	(100)	(103)
Taxable allocation from Limited Partnership	172	196
Deferred tax assets not recognised	2,425	1,828
Total tax charge for the year	<u>-</u>	<u>-</u>

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Tax on loss (continued)

(b) Deferred tax

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

	2017 £	2016 £
Tax loss for the year	13,491	9,139
Deferred tax rate	17%	17%
Deferred tax asset not recognised	2,293	1,554

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

	2017 £	2016 £
Opening balance of unrecognised deferred tax assets	6,217	4,937
Deferred tax losses for the year	2,293	1,554
Reduction in tax rate	-	(274)
Balance as at 31 December	8,510	6,217

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 102, Section 29 as to the availability of suitable taxable profits in the foreseeable future.

(c) Factors affecting current tax charge for the year

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

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts owed by group undertaking (see Note 11)	1	1
Amounts owed by Partnership (see Note 11)	2,756	2,238
	<u>2,757</u>	<u>2,239</u>

Amounts owed by both the group undertaking and the Partnership are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to Partnership (see Note 11)	35,341	31,705
Accruals and deferred income	18,493	8,638
	<u>53,834</u>	<u>40,343</u>

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

9. Called up share capital

	2017 £	2016 £
Allotted, called up and unpaid share capital of the Company at 31 December 2017: 1 (2016: 1) ordinary share of £1	<u>1</u>	<u>1</u>

10. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2016: £Nil).

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Related party transactions

	2017 Income earned/ (expenses incurred) in the year £	2017 Receivable / (payable) at year end £	2016 Income earned/ (expenses incurred) in the year £	2016 Receivable / (payable) at year end £
Aviva Investors REaLM Social Housing Limited Partnership - priority distribution	518	2,756	513	2,238
Norwich Union (Shareholder GP) Limited - share capital	-	-	-	1
Aviva Investors Real Estate Limited - share capital	-	1	-	-
Aviva Investors REaLM Social Housing Limited Partnership - payment on behalf of the Company	(13,491)	(35,341)	(10,119)	(31,705)
	<u>(12,973)</u>	<u>(32,584)</u>	<u>(9,606)</u>	<u>(29,466)</u>

The Company is entitled to a priority distribution of 0.01% (2016: 0.01%) of the Net Income available for distribution from the Partnership.

During the year administration fees of £10,000 (2016: £6,350) and audit fees of £3,491 (2016: £3,769) were paid by the Partnership on behalf of the Company. At the Statement of Financial Position date the Company owed £35,341 (2016: £31,705) to the Partnership.

The Directors received no emoluments for services to the Partnership for the financial year.

12. Financial instruments

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

	2017 £	2016 £
Financial assets measured at undiscounted amount:		
Debtors: amounts falling due within one year (see Note 7)	<u>2,757</u>	<u>2,239</u>
Financial liabilities measured at undiscounted amount:		
Creditors amount falling due within one year (see Note 8)	<u>53,834</u>	<u>40,343</u>

AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. 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.

The Company was previously owned by Norwich Union (Shareholder GP) Limited which is a wholly owned subsidiary of Aviva Life & Pensions UK Limited, whose ultimate controlling entity is Aviva plc. The transfer was effective as at 27 April 2017.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

14. 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 year that have a bearing on the understanding of these financial statements, except as already disclosed or adjusted in these financial statements.

01/12/2017

Registered in England No: LP014414

**AVIVA INVESTORS REaLM SOCIAL HOUSING
LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2017**

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

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AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

PARTNERS, ADVISERS AND OTHER INFORMATION

Partners

Limited Partner

Aviva Investors REaLM Social Housing Unit Trust

General Partner

Aviva Investors Social Housing GP Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Fund Manager

Aviva Investors Global Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Asset Manager

Aviva Investors Real Estate Finance Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Bankers

Royal Bank of Scotland

London City Office

PO Box 412

62/63 Threadneedle Street

London

EC2R 8LA

Registered Office

St Helen's

1 Undershaft

London

EC3P 3DQ

Registered Number

Registered in England and Wales: No. LP014414

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors of the General Partner (the "Directors") present their strategic report of Aviva Investors REaLM Social Housing Limited Partnership (the "Partnership") for the year ended 31 December 2017.

THE PARTNERSHIP

The Partnership was established on 21 April 2011 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 2017 is £213,050,000 (31 December 2016: £237,980,000) of which £140,691,960 (31 December 2016: £140,950,010) has been drawn down by the Partnership.

PRINCIPAL ACTIVITY OF THE PARTNERSHIP

The principal activity of the Partnership is to invest, directly or indirectly, in social housing assets in the UK. This will continue to be the principal activity of the Partnership for the foreseeable future.

REVIEW OF THE PARTNERSHIP'S BUSINESS

Objective and strategy

The Partnership's objective is to achieve investment returns in excess of 150 basis points per annum above long dated index-linked gilts over the long term by investing in social housing assets in the UK.

To achieve the Partnership's objective, the Partnership has adopted the following strategy for its property portfolio:

- (a) Acquiring, either directly or indirectly, social housing investments that meet the Partnership's specific investment criteria and will enhance returns and/or reduce risk; and
- (b) Ensuring the Partnership assets are proactively managed so as to maximise returns.

Typically investments in which the Partnership has an interest (either directly or indirectly) will have the following characteristics:

- (a) Long leasehold or senior secured debt arrangements in social housing assets in the UK;
- (b) Minimum leases / debt of 25 years or more (more typically more than 30 years) to a registered provider of social housing;
- (c) Assets will typically revert to the registered provider at the end of the lease term / debt for either a peppercorn rent or a percentage of the original purchase price of the asset (preferably the only payment will be of a peppercorn reversion);
- (d) The rent for assets will be subject to annual increases in line with the retail price index or consumer price index in the UK or such other appropriate index as the Fund Manager may determine appropriate; and
- (e) The leases will be fully repairing and insuring.

It is envisaged that the Partnership will operate within the following broad constraints:

- (a) Properties located in the UK only;
- (b) No single long lease is to exceed £100,000,000 or 20 percent of the gross asset value of the Partnership once the gross asset value of the Partnership exceeds £500,000,000;

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

REVIEW OF THE PARTNERSHIP'S BUSINESS - (CONTINUED)

Objective and strategy - (continued)

- (c) No single registered social landlord shall be involved with assets exceeding £100,000,000 in value or 20 percent of the gross asset value of the Partnership once the gross asset value of the Partnership exceeds £500,000,000; and
- (d) Up to 10 percent in value of Partnership assets can be held as index-linked gilts, index-linked investment grade corporate bonds, money market instruments and derivatives for efficient portfolio management and liquidity management.

The Partnership will not:

- (a) Undertake speculative developments or speculative funding;
- (b) Acquire secondary social housing debt; or
- (c) Invest in other funds or collective investment schemes managed by any entity which is not an associate of or connected with the General Partner or Fund Manager.

PARTNERSHIP PERFORMANCE

The financial position of the Partnership at 31 December 2017 is shown in the Statement of Financial Position on page 14 with the results shown in the Statement of Comprehensive Income on page 13 and the Cash Flow Statement on page 16.

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 Partnership as a whole. These KPIs comprise of:

	31 December 2017	31 December 2016
Fund return per unit price	10.72%	6.93%
Distribution yield	3.10%	3.58%
Net asset value (NAV)	£160,624,071	£157,120,296
Market value of assets	£158,344,044	£154,927,822
Number of assets	8	8

The Partnership produced a total return of 10.72% against a Benchmark return of 2.99%. The Benchmark is comprised of a composite of three index-linked gilts, equally weighted, that most closely match the duration of the Fund. The funds strong relative performance was driven by an increasing appetite from investors for income strip assets, which reduced the sector idiosyncratic risk premium.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

CAPITAL MANAGEMENT AND OBJECTIVES

The Partnership operates as an ungeared fund.

£Nil of new equity, in the form of capital contributions and advances, was injected into the Partnership during the year ended 31 December 2017 (31 December 2016: £Nil).

PURCHASES AND DISPOSALS

There were no purchases or disposals during the year.

EVENTS AFTER THE REPORTING PERIOD

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

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of proposed acquisitions.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Aviva Group's approach to risk and capital management

The Aviva plc and subsidiaries ("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.

Management of financial and non-financial risks

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

Market risk

The Partnership's investment in finance leases was measured at amortised cost. However, the Partnership is indirectly exposed to market risk as the market value of its investment in finance leases can fluctuate due to the changes in interest rates. Interest rate risk is explained below:

Interest rate risk

The Partnership exposure to interest rate risk arises from the fluctuation of the long-term interest rates as measured by the yield on UK gilts that could impact the value of its investments. Interest rates do not have a direct impact on the amount that will be collected from the Partnership's investment in finance leases. Consequently, the General Partner believes that the risk to the overall return, relative to benchmark, is minimal as the fluctuation in interest rates are independent of the receivables to be collected, which are matched to the inflation index.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Credit risk

The Partnership does not have a significant exposure to credit risk as receivables are mainly short-term trading items. The Partnership's investments are managed by agents who have responsibility for the prompt collection of amounts due.

The Partnership manages this risk of tenant default by ensuring that a dedicated credit control team is engaged in collecting the quarterly rent from tenants as soon as it falls due. The two biggest tenants represent 86% of the Partnership's income for the year to 31 December 2017 (31 December 2016: 78%) and 71% of the tenant receivables balance at 31 December 2017 (31 December 2016: 58%).

Loan commitments are made under the Limited Partnership Agreement ("LPA") that is signed by all parties so that the member of the Partnership is aware of their commitments. The General Partner communicates regularly with the member of the Partnership to make them aware of likely future capital requirements and provide explanations for investment performance to manage the risk of default.

Cash in hand and at bank are held with financial institutions with good credit ratings.

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.

Liquidity risk

The Partnership does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Partnership's obligations as and when they fall due.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Management of financial and non-financial risks (continued)

Liquidity risk (continued)

The maturity analysis of the Partnership's financial assets and liabilities would be as follows:

As at 31 December 2017	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial assets					
Net investment in finance leases	-	1,627,358	4,882,073	151,834,613	158,344,044
Finance leases receivable	1,490,357	-	-	-	1,490,357
Amounts owed by General Partner	35,341	-	-	-	35,341
Amounts owed by third party	-	-	-	-	-
Cash at bank and in hand	2,491,153	-	-	-	2,491,153
	<u>4,016,851</u>	<u>1,627,358</u>	<u>4,882,073</u>	<u>151,834,613</u>	<u>162,360,895</u>
Financial liabilities					
Finance costs - distributions payable to Limited Partner	1,311,561	-	-	-	1,311,561
Accruals	422,507	-	-	-	422,507
Finance costs - distributions payable to General Partner	2,756	-	-	-	2,756
	<u>1,736,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,736,824</u>
As at 31 December 2016					
	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial assets					
Net investment in finance leases	-	1,572,133	4,716,400	148,639,289	154,927,822
Finance leases receivable	1,235,769	-	-	-	1,235,769
Amounts owed by General Partner	31,704	-	-	-	31,704
Amounts owed by third party	2,694	-	-	-	2,694
Cash at bank and in hand	2,410,597	-	-	-	2,410,597
	<u>3,680,764</u>	<u>1,572,133</u>	<u>4,716,400</u>	<u>148,639,289</u>	<u>158,608,586</u>
Financial liabilities					
Finance costs - distributions payable to Limited Partner	1,275,051	-	-	-	1,275,051
Accruals	211,002	-	-	-	211,002
Finance costs - distributions payable to General Partner	2,237	-	-	-	2,237
	<u>1,488,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,488,290</u>

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

EMPLOYEES

The Partnership has no employees (31 December 2016: Nil). The key management personnel have been identified as the Directors of Aviva Investors Social Housing GP Limited. The Directors received no remuneration (31 December 2016: £Nil).

ENVIRONMENTAL

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

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

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

For and on behalf of the Partnership:



B S Hill

Director of Aviva Investors Social Housing GP Limited

Date: 19/4/2018

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of the General Partner present their annual report and the audited financial statements of the Partnership for the year ended 31 December 2017.

RESULTS AND DISTRIBUTIONS

The total comprehensive income for the Partnership for 2017 was £3,761,825 (31 December 2016: £4,665,256). Distributions to the Partners were £5,183,306 (31 December 2016: £5,132,983).

DIRECTORS

The current Directors of Aviva Investors Social Housing GP Limited and those in office throughout the year, except as noted, are as follows:

A C Appleyard
B S Hill
D S Skinner

FUTURE DEVELOPMENT

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

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

The Partners' accounts include capital contributions and Partners' advance as follows:

As at 31 December 2017

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Social Housing Unit Trust	10	140,691,950
Aviva Investors Social Housing GP Limited	-	-
Total	10	140,691,950

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Social Housing Unit Trust	10	140,950,000
Aviva Investors Social Housing GP Limited	-	-
Total	10	140,950,000

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

AMOUNTS ATTRIBUTABLE TO THE GENERAL PARTNER

The General Partner is entitled to a priority profit share in accordance with the LPA for its services as General Partner.

The General Partner's allocations are expensed through the Statement of Comprehensive Income.

The General Partner's priority profit share entitlement for the year was £518 (2016: £513).

GOING CONCERN

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

FINANCIAL INSTRUMENTS

The business of the Partnership includes use of financial instruments. Details of the Partnership's risk management objectives and policies, and exposures to market risk, interest rate risk, credit risk, operational risk and liquidity risk relating to financial instruments are set out in Note 16 to the financial statements and on pages 4 to 6 in the Strategic Report.

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 AUDITORS

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

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

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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 have prepared the 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make 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 qualifying partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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:



B S Hill

Director of Aviva Investors Social Housing GP Limited

Date: 19/4/2018

Independent auditors' report to the partners of Aviva Investors REaLM Social Housing Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors REaLM Social Housing Limited Partnership's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its profit and 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 Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the cash flow statement, the statement 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 qualifying partnership 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the general partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the general partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2017 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 qualifying partnership and its 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 the General Partner's Responsibilities in respect of the financial statements set out on page 10, 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 qualifying 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 qualifying 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.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, 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 this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2018

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
	Note		
Turnover	5	9,704,754	10,489,250
Gross profit		9,704,754	10,489,250
Administrative expenses	6	(760,765)	(692,053)
Operating profit		8,943,989	9,797,197
Finance income		1,142	1,042
Finance costs - distribution to Partners	7	(5,183,306)	(5,132,983)
Total comprehensive income for the year		3,761,825	4,665,256

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2017 and 31 December 2016 relate to continuing operations.

The notes on pages 17 to 26 form an integral part of these financial statements.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 Dec 2017 £	31 Dec 2016 £
Fixed assets			
Net investment in finance leases	9	151,834,613	148,639,289
Current assets			
Debtors	10	1,525,698	1,270,167
Net investment in finance leases	9	6,509,431	6,288,533
Cash at bank and in hand	11	2,491,153	2,410,597
		<u>10,526,282</u>	<u>9,969,297</u>
Creditors: Amounts falling due within one year	12	(1,736,824)	(1,488,290)
Net current assets		<u>8,789,458</u>	<u>8,481,007</u>
Total assets less current liabilities		<u>160,624,071</u>	<u>157,120,296</u>
Net assets attributable to partners	14	<u>160,624,071</u>	<u>157,120,296</u>

These audited financial statements were approved and authorised for issue by the Board of Directors of Aviva Investors Social Housing GP Limited, the General Partner and were signed on its behalf by:



B S Hill
Director of Aviva Investors Social Housing GP Limited

Date: 19/4/2018

The notes on pages 17 to 26 form an integral part of these financial statements.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Proceeds from Partners £	Profit and loss account £	Total £
Balance at 1 January 2016	140,950,010	11,505,030	152,455,040
Total comprehensive income for the year	-	4,665,256	4,665,256
Balance at 31 December 2016	140,950,010	16,170,286	157,120,296
Total comprehensive income for the year	-	3,761,825	3,761,825
Repayment of Partner's capital contribution during the year	(258,050)	-	(258,050)
Balance at 31 December 2017	140,691,960	19,932,111	160,624,071

The notes on pages 17 to 26 form an integral part of these financial statements.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
Cash flows from operating activities		
Profit for the financial year	3,761,825	4,665,256
Adjustments for:		
Increase in debtors	(255,531)	(320,492)
Increase/(decrease) in creditors	211,505	(876,919)
Finance income	(1,142)	(1,042)
Finance costs - distributions to Partners	5,183,306	5,132,983
Net cash generated from operating activities	8,899,963	8,599,786
Cash flows from investing activities		
Finance income	1,142	1,042
Purchase of new finance leases (see note 3.5)	(3,416,222)	(3,417,223)
Net cash used in investing activities	(3,415,080)	(3,416,181)
Cash flows from financing activities		
Repayment of Partners' capital contribution	(258,050)	-
Payment of finance costs - distributions	(5,146,277)	(5,125,420)
Net cash used in financing activities	(5,404,327)	(5,125,420)
Net increase in cash at bank and in hand	80,556	58,185
Cash at bank and in hand at beginning of year	2,410,597	2,352,412
Cash at bank and in hand the end of year	2,491,153	2,410,597

The notes on pages 17 to 26 form an integral part of these financial statements.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The principal activity of Aviva Investors REaLM Social Housing Limited Partnership (the "Partnership") is to invest, directly or indirectly, in social housing assets in the UK. This will continue to be the principal activity of the Partnership 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, EC3P 3DQ. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

2. Statement of compliance

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

3. Accounting policies

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

3.1 Basis of preparation

These Partnership financial statements are prepared on a going concern basis, under the historical cost convention.

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

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

3.2 Going concern

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

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.3 NAV valuation

The NAV per unit which investors acquire units at is based on the CB Richard Ellis Limited ("CBRE") valuation. The NAV stated in these financial statements, however, does not use the CBRE valuation for the income strip assets (Derwent, Green Square, Pennaf and South Yorkshire). The valuations in the financial statements for the income strip assets are in accordance with a finance lease methodology.

The finance lease methodology states how an income strip investment should be accounted for in terms of it fully amortising over its lease term. This methodology will only change if there is significant change to inflation rates, which contribute to the discount rate and therefore the rate the investment is amortised. Unlike the CBRE valuation, 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 income strip assets at the CBRE valuation and one which is valuing them as a finance lease.

3.4 Financial instruments

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

(i) Financial assets

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

Basic financial assets, including debtors 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.

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

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

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

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

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.4 Financial instruments (continued)

(ii) Financial liabilities

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

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, 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 fair value plus any directly attributable transaction costs. Subsequent to initial recognition, investments in finance leases are accounted for at amortised cost.

3.5 Leases

Assets held under finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Partnership by lessee are classified as finance lease. These leases are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. 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 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 beginning of the lease term, the rental payments received are lower than the capital and income returns from the lease model (the finance lease income on the face of the Statement of Comprehensive Income) and therefore the distribution paid is all income. As such, the lease debtor increases over the first half of the lease term.

As the term of the lease progresses, the lease income will eventually exceed the income return on the finance lease and so the distribution to investors will be split between both capital and income. Over the second half of the lease term, the lease debtor will be amortised and eventually reduced to zero.

3.6 Partners' accounts

Partners' accounts consist of capital contributions and non-interest bearing 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 Partnership.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Accounting policies (continued)

3.7 Cash at bank and in hand

Cash at bank and in hand comprise of cash and cash on deposit with banks, both of which are immediately available.

3.8 Cash flow

The Partnership reports cash flows from operating activities using the indirect method. Interest paid is presented within cash flows from financing activities. The acquisitions of investment are disclosed as cash flows from investing activities because this most appropriately reflects the Partnership's business activities.

3.9 Turnover

Turnover comprises finance lease income. Turnover is recognised on an accruals basis.

3.10 Other income

Other income in the year ended 31 December 2016 related to a deferred income balance of £996,877 that was written off in the year (31 December 2017: £Nil).

3.11 Administrative expenses

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

3.12 Fund Manager fees

Under the terms of the Fund Manager's Agreement dated 21 April 2011 between the Partnership and Aviva Investors UK Fund Services Limited (the "Fund Manager"), the Fund Manager is entitled to an annual fee equivalent to 0.3% of the Partnership assets, calculated on a quarterly basis and payable quarterly in arrears.

3.13 Finance income

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

3.14 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 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.

3.15 Related party transactions

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

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Partnership's Financial Statements requires the General Partner 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.

5. Turnover

	1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
Finance lease income	9,704,754	9,492,373
Other income	-	996,877
	<u>9,704,754</u>	<u>10,489,250</u>

6. Administrative expenses

	1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
Auditors' fees	28,798	30,907
Fund Manager fees	586,687	538,157
Valuation fees	48,062	43,430
Depositary fees	29,437	32,287
Professional fees	52,960	31,017
Other administrative expenses	14,700	16,068
Bank charges	121	187
	<u>760,765</u>	<u>692,053</u>

The Partnership had no employees in the current or prior year. The Directors received no emoluments for services to the Partnership for the financial year (31 December 2016: £Nil).

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Finance costs - distributions to Partners

	1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
Finance costs - distributions declared and paid	3,868,989	3,857,419
Proposed distributions at 31 December	1,314,317	1,275,564
Total amounts available for distribution as per Statement of Comprehensive Income	5,183,306	5,132,983

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:

Aviva Investors REaLM Social Housing Unit Trust	99.99%
Aviva Investors Social Housing GP Limited	0.01%

8. Taxation

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 each individual partner.

9. Net investment in finance leases

	31 Dec 2017 £	31 Dec 2016 £
Total amounts receivable	597,387,736	603,676,268
Less interest allocated to future periods	(439,043,692)	(448,748,446)
Net investment in finance leases	158,344,044	154,927,822
Not later than 1 year (see note 3.5)	(3,407,877)	(3,416,221)
Later than 1 year and not later than 5 years (see note 3.5)	(13,366,345)	(13,492,995)
Later than 5 years	175,118,266	171,837,038
Net investment in finance leases	158,344,044	154,927,822

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Debtors

	31 Dec 2017 £	31 Dec 2016 £
Finance leases receivable	1,490,357	1,235,769
Amounts owed by General Partner (see note 15)	35,341	31,704
Amounts owed by third party	-	2,694
	<u>1,525,698</u>	<u>1,270,167</u>

11. Cash at bank and in hand

	31 Dec 2017 £	31 Dec 2016 £
Cash at bank and in hand	<u>2,491,153</u>	<u>2,410,597</u>

12. Creditors: Amounts falling due within one year

	31 Dec 2017 £	31 Dec 2016 £
Accruals	422,507	211,002
Finance costs: distributions payable to Limited Partner (see note 15)	1,311,561	1,275,051
Finance costs: distributions payable to General Partner (see note 15)	2,756	2,237
	<u>1,736,824</u>	<u>1,488,290</u>

13. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the reporting date (31 December 2016: £Nil).

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Net assets attributable to partners

	Limited Partner 100% £	Total 100% £
Proceeds from Partners		
At 1 January 2017	140,950,010	140,950,010
Repayment of Partner's capital contribution during the year	(258,050)	(258,050)
At 31 December 2017	140,691,960	140,691,960
Profit and loss account		
At 1 January 2017	16,170,286	16,170,286
Total comprehensive income	3,761,825	3,761,825
At 31 December 2017	19,932,111	19,932,111
Net assets attributable to Partners at 31 December 2017	160,624,071	160,624,071
Proceeds from Partners		
At 1 January 2016	140,950,010	140,950,010
Repayment of Partner's capital contribution during the year	-	-
At 31 December 2016	140,950,010	140,950,010
Profit and loss account		
At 1 January 2016	11,505,030	11,505,030
Total comprehensive income	4,665,256	4,665,256
At 31 December 2016	16,170,286	16,170,286
Net assets attributable to Partners at 31 December 2016	157,120,296	157,120,296

During the year there was a repayment of capital totalling £258,050 (2016: £nil) by the Partnership to the Limited Partner. There was a repayment due to excess capital cash being held, where there was no further investment expected in the Partnership but further investment was expected in the Limited Partner. Hence capital was repaid by the Partnership in order to put the Limited Partner in funds for further investment.

The General Partner is entitled to 0% of the net assets.

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Related party transactions

	1 Jan to 31 Dec 2017 (Expense paid) / income earned in year £	31 Dec 2017 (Payable) / receivable at year end £	1 Jan to 31 Dec 2016 (Expense paid) / income earned in year £	31 Dec 2016 (Payable) / receivable at year end £
Aviva Investors UK Fund Services Limited - fund management fees	(586,687)	(300,953)	(538,157)	(138,869)
Aviva Investors Social housing GP Limited - priority distribution	(518)	(2,756)	(513)	(2,237)
Aviva Investors REaLM Social Housing GP Limited	3,637	35,341	4,770	31,704
Aviva Investors REaLM Social Housing Unit Trust - distributions	(5,182,788)	(1,311,561)	(5,132,470)	(1,275,051)
	<u>(5,766,356)</u>	<u>(1,579,929)</u>	<u>(5,666,370)</u>	<u>(1,384,453)</u>

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

The General Partner is entitled to a priority distribution of 0.01% of the net income from the Partnership. Expenses of the General Partner totalling £3,637 have been paid out of the bank accounts of the Partnership and recharged to the General Partner (31 December 2016: £4,770).

The Directors of Aviva Investors Social Housing GP Limited received no emoluments for services to the Partnership for the financial year (31 December 2016: £Nil).

16. Financial instruments

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

Financial assets that are debt instruments measured at amortised cost

	31 Dec 2017 £	31 Dec 2016 £
Net investment in finance leases (see note 9)	158,344,044	154,927,822
Debtors (see note 10)	1,525,698	1,270,167
Cash at bank and in hand (see note 11)	2,491,153	2,410,597
	<u>162,360,895</u>	<u>158,608,586</u>

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

16. Financial instruments (continued)

Financial liabilities measured at amortised cost

	31 Dec 2017 £	31 Dec 2016 £
Creditors (see note 12)	<u>1,736,824</u>	<u>1,488,290</u>

The Partnership's income in respect of financial instruments are summarised below:

	1 Jan 2017 to 31 Dec 2017 £	1 Jan 2016 to 31 Dec 2016 £
Total interest income for financial assets at amortised cost	<u>1,142</u>	<u>1,042</u>

17. Parent and ultimate controlling undertaking

The General Partner of the Partnership is Aviva Investors Social Housing GP Limited, a company incorporated in Great Britain and registered in England and Wales.

The Partnership's ultimate parent undertaking is Aviva Investors Social Housing Unit Trust, which is registered in Jersey.

The financial statements of Aviva Investors REaLM Social Housing Limited Partnership are available on application to:

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

18. Events after the reporting period

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

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Remuneration

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

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: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

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 personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit performance against agreed targets, a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations includes the following comparisons -:
 - 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 non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- 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.

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 2017, 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 staff whose actions have a material impact on the risk profile of AIUKFSL ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration	£0.4m	£0.2m
Of which,		
Fixed Remuneration:	35%	56%
Variable Remuneration:	58%	30%
Pension/Benefits:	7%	14%
Number of Code staff	11	11

AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP
ADDITIONAL AIFMD DISCLOSURES - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2017

Leverage

Leverage as required to be calculated by the AIFM Directive.

Pursuant to its regulatory obligations, the General Partner is required to express the level which the Partnership's leverage will not exceed. For the purposes of this disclosure, leverage is any method by which the Partnership's exposure is increased beyond its holding of securities and cash. A Partnership'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 Partnership'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 partnership: 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 partnership 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 Partnership's own physical holdings and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a partnership. This calculation of exposure under the gross methodology includes all Incremental Exposure as well as the Partnership's own physical holdings, excluding cash.

The AIFM Directive requires that each leverage ratio to be expressed as the ratio between a partnership's total exposure (including securities and cash) and its net asset value. Using the methodologies prescribed under the AIFM Directive, the Partnership is generally expected to be leveraged at the ratio of 1:1 using the commitment methodology and 1:1 using the gross methodology. The Partnership 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.