

Registered in England and Wales: No. 07584936

AVIVA INVESTORS SOCIAL HOUSING GP  
LIMITED  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
31 DECEMBER 2022



# **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**

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**Directors**

A M Coles  
I C L Ebbs

**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  
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 2022**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2022.

### **Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

A M Coles  
I C L Ebbs (appointed on 6 January 2023)  
M Borello (resigned on 6 January 2023)

### **Principal activities**

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 2022 and consider them to be satisfactory.

### **Results**

The loss for the financial year amounted to £18,626 (2021: £17,517).

### **Future developments**

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

### **Going concern**

At the year end date the Company had net current liabilities and net liabilities of £132,849 (2021: £114,223). This is primarily comprised of £118,442 (2021: £98,421) owed to Aviva Investors REaLM Social Housing Limited Partnership with the remainder being accrued expenses relating to the current year. The directors have received confirmation that Aviva Investors REaLM Social Housing Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this company in an insolvent position. A letter of support has been provided by the Partnership.

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.

## **AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

Registered in England and Wales: No. 07584936

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Events after the reporting date**

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

#### **Employees**

The Company has no employees (2021: Nil).

#### **Independent Auditors**

PricewaterhouseCoopers LLP have been reappointed as the auditors of the Company and have indicated their willingness to continue in office.

#### **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 2022**

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#### **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:

##### **Covid-19, Ukraine/Russia conflict and inflationary pressures**

Whilst the Covid-19 pandemic continued to impact on certain parts of the global economy during 2022, restrictions are now lifted in all major economies. There was no material Covid-19 related impact on the Company during 2022 nor is any anticipated for 2023.

The ongoing conflict between Ukraine and Russia, which commenced in February 2022, together with the economic sanctions placed on Russia has had a material impact to many economies with elevated level of inflation leading to central banks swiftly increasing interest rates. Whilst this is expected to moderate in 2023, there is some uncertainty around this, due to the continued high levels of core inflation within western economies. The Directors continue to closely monitor the associated geo-political risks in relation to inflation, rising interest rates, volatile markets and any potential adverse impact on the Company and its investment. However, as at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Directors do not envisage that this will have a material impact on the Company.

##### **Operational risk**

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

##### **Liquidity risk**

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

## AVIVA INVESTORS SOCIAL HOUSING GP LIMITED

Registered in England and Wales: No. 07584936

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 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 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.

The Directors are also 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.

#### Director's confirmations

In the case of each member in office at the date the Director's report is approved:


- so far the member is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a member in order to make themselves 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.

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

The financial statements on pages 9 to 21 were approved by the Board of Directors on 15/09/2023 and signed on its behalf by:

**A M Coles**  
Director

DocuSigned by:  
  
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## **AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS SOCIAL HOUSING GP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; the Statement of Comprehensive Income and 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**

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

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

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

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

### **Reporting on other information**

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

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



## **AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS SOCIAL HOUSING GP LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

#### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

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

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

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

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

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

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

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

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

## **AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS SOCIAL HOUSING GP LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

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

## **Other required reporting**

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

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

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

We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

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

*Victoria Music*

Victoria Music (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20 September 2023

**AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

Registered in England and Wales: No. 07584936

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>1 Jan 2022 to 31 Dec 2022 £</b>	<b>1 Jan 2021 to 31 Dec 2021 £</b>
	<b>Note</b>		
<b>Turnover</b>		<b>465</b>	<b>454</b>
Administrative expenses	5	(19,091)	(17,971)
<b>Loss before taxation</b>		<b>(18,626)</b>	<b>(17,517)</b>
Tax on loss	6	-	-
<b>Loss for the financial year and total comprehensive expense for the financial year</b>		<b>(18,626)</b>	<b>(17,517)</b>

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2022 and 31 December 2021 relate to continuing operations.

The notes on pages 12 to 21 form an integral 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 2022**

	Note	31 Dec 2022 £	31 Dec 2021 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	5,414	4,949
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(138,263)	(119,172)
<b>Net current liabilities</b>		<u>(132,849)</u>	<u>(114,223)</u>
<b>Net liabilities</b>		<u>(132,849)</u>	<u>(114,223)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account		(132,850)	(114,224)
<b>Total Shareholders' deficit</b>		<u>(132,849)</u>	<u>(114,223)</u>

The financial statements on pages 9 to 21 were approved by the Board of Directors on 15/09/2023 and signed on its behalf by:

DocuSigned by:



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**A M Coles**

Director

The notes on pages 12 to 21 form an integral 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 2022**

	Called up share capital	Profit and loss account	Total Shareholders' deficit
	£	£	£
<b>Balance as at 1 January 2021</b>	<b>1</b>	<b>(96,707)</b>	<b>(96,706)</b>
Loss for the financial year and total comprehensive expense for the financial year	-	(17,517)	(17,517)
<b>Balance as at 31 December 2021 and 1 January 2022</b>	<b>1</b>	<b>(114,224)</b>	<b>(114,223)</b>
Loss for the financial year and total comprehensive expense for the financial year	-	(18,626)	(18,626)
<b>Balance as at 31 December 2022</b>	<b>1</b>	<b>(132,850)</b>	<b>(132,849)</b>

The notes on pages 12 to 21 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 2022

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### 1. General information

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.

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.

### 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 cost convention and on a going concern basis. The accounting policies have been consistently applied throughout the year and are consistent with those applied in previous years.

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

#### 3.2 Going concern

At the year end date the Company had net current liabilities and net liabilities of £132,849 (2021: £114,223). This is primarily comprised of £118,442 (2021: £98,421) owed to Aviva Investors REaLM Social Housing Limited Partnership with the remainder being accrued expenses relating to the current year. The directors have received confirmation that Aviva Investors REaLM Social Housing Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and it will not seek repayment of part or all of any intercompany debt, where to do so would place this company in an insolvent position. A letter of support has been provided by the Partnership.

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 2022**

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

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

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

##### **3.5 Use of 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 flow statement**

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

##### **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 2022

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### 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 (2021: £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 2022**

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

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

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

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

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

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

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

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

The Directors confirm that no critical accounting judgements and estimates have been made in relation to the 2022 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 2022****5. Administrative expenses**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
Administration fees	10,000	10,000
Fees payable to the auditors for the audit of the Company's financial statements*	8,234	7,106
Tax advisors fee	857	865
	<u>19,091</u>	<u>17,971</u>

\*During the year no non-audit fees were paid to statutory auditors (2021: £Nil).

The Directors received no emoluments from the Company for services to the Company for the financial year (2021: £Nil).

The Company had no employees during the financial year (2021: 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 2022****6. Tax on loss**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on loss for the year	-	-
<b>Tax on loss</b>	-	-
<b>(a) Tax reconciliation</b>		
The tax on the Company's loss before taxation is higher than (2021: higher than) from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:		
	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
Loss before taxation	(18,626)	(17,517)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19.00%)	(3,539)	(3,328)
Remeasurement of deferred tax for changes in tax rates	-	(6,883)
Non-taxable distribution from Limited Partnership	(88)	(86)
Taxable allocation from Limited Partnership	107	81
Deferred tax assets not recognised	3,520	10,216
<b>Total tax charge for the year</b>	-	-

**AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

Registered in England and Wales: No. 07584936

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****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:

	31 Dec 2022 £	31 Dec 2021 £
Unutilised management expenses	18,528	17,543
Deferred tax rate	25%	25%
<b>Deferred tax asset not recognised</b>	<b>4,632</b>	<b>4,386</b>

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

	31 Dec 2022 £	31 Dec 2021 £
Opening balance of unrecognised deferred tax assets	28,679	18,463
Deferred tax losses for the year	4,632	4,386
Effect of change of tax rate on opening balances	-	5,830
<b>Balance as at 31 December</b>	<b>33,311</b>	<b>28,679</b>

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**

The UK Government has enacted an increase in the UK corporation tax rate to 25% to take effect from 1 April 2023. This rate has been used in the calculation of the Company's deferred tax asset as at 31 December 2021 and 31 December 2022 and increased the Company's deferred tax asset by £1,112 in the year ended 31 December 2022.

The Company has unrecognised temporary differences of £133,245 (2021: £114,717) to carry forward against future taxable income. This comprises £2,000 of unused property losses, £131,230 of unused management expenses and £15 of Non-trade loan relationship deficit. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

**AVIVA INVESTORS SOCIAL HOUSING GP LIMITED**

Registered in England and Wales: No. 07584936

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. Debtors: amounts falling due within one year**

	31 Dec 2022 £	31 Dec 2021 £
Amounts owed by Group undertakings	1	1
Amounts owed by Partnership	5,413	4,948
	<u>5,414</u>	<u>4,949</u>

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

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

	31 Dec 2022 £	31 Dec 2021 £
Amounts owed to Partnership	118,442	98,421
Accruals	19,821	20,751
	<u>138,263</u>	<u>119,172</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**

	31 Dec 2022 £	31 Dec 2021 £
Allotted, called up and unpaid share capital of the Company:		
1 (2021:1) ordinary share of £1 each	<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 (2021: £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 2022

### 11. Related party transactions

	2022 Income earned/ (expenses incurred) in the year £	2022 Receivable / (payable) at year end £	2021 Income earned/ (expenses incurred) in the year £	2021 Receivable / (payable) at year end £
Aviva Investors REaLM Social Housing Limited Partnership - priority distribution	465	5,413	454	4,948
Aviva Investors Real Estate Limited - share capital	-	1	-	1
Aviva Investors REaLM Social Housing Limited Partnership - payment on behalf of the Company	(20,021)	(118,442)	(5,165)	(98,421)
	<u>(19,556)</u>	<u>(113,028)</u>	<u>(4,711)</u>	<u>(93,472)</u>

The Company is entitled to a priority distribution of 0.01% (2021: 0.01%) of the net income available for distribution from the Partnership.

During the year distribution income amounting to £465 (2021: £454) was receivable from the Partnership, £5,413 (2021: £4,948) remained outstanding at the year end.

Included within the £118,442 (2021: £98,421) amounts owed to the Partnership, £20,021 (2021: £5,165) relate to expenses incurred in the year by the Company that were paid for by the Partnership on behalf of the Company. At the Statement of Financial Position date, £Nil (2021: £12,806) amounts remain payable.

The Directors received no emoluments for services to the Partnership for the financial year (2021: £Nil).

### 12. Financial Instruments

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

#### Financial assets measured at undiscounted amount:

	31 Dec 2022 £	31 Dec 2021 £
<b>Financial liabilities measured at undiscounted amount:</b>		
Creditors: amounts falling due within one year (see Note 8)	<u>138,263</u>	<u>119,172</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 2022**

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#### **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.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate the financial statements at 31 December 2022. The consolidated financial statements of Aviva plc are available on the application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London, EC3P 3DQ.

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

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

**AVIVA INVESTORS REaLM SOCIAL HOUSING  
LIMITED PARTNERSHIP  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
31 DECEMBER 2022**



# **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

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## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP PARTNERS, ADVISERS AND OTHER INFORMATION**

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### **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 UK Fund Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

#### **Portfolio Manager**

Aviva Investors Global Services 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 2022**

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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 2022.

#### **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 commitment of the Partners is fully drawn for the current and prior year. During the year, £1,504,418 (31 December 2021: £1,174,202) of capital contributions were repaid to the Limited Partner.

#### **PRINCIPAL ACTIVITIES 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 the Performance Target over a rolling five year period 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 or investing in (including by way of loan, debt arrangements or funding, either directly or indirectly), existing or new social housing assets in the UK either as freehold or let on long leases that meet the Partnership's specific investments criteria with the purpose of enhancing returns and/or reducing risk; and
- b) Ensuring the Partnership's 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) Freehold and long leasehold interests in respect of social housing assets;
- b) Investments in, or originating debt arrangements, with third parties on commercial terms whether secured or unsecured, on/or granted in respect of social housing assets;
- c) Long term leases or loans, usually with terms of at least 25 years (more typically 35 to 50 years);
- 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 the consumer price index including owner occupier's housing costs or such other appropriate index as the Fund Manager may determine appropriate;
- e) Leases will be full repairing and insuring; and
- f) All direct management of underlying assets will be undertaken by a registered provider of social housing or a public sector body.

## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **REVIEW OF THE PARTNERSHIP'S BUSINESS - (CONTINUED)**

##### **Objective and strategy - (continued)**

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

- a) Properties will be located in the UK only;
- b) No single social housing asset will exceed £100,000,000 or 20 percent of the most recently determined gross asset value of the Partnership's assets once the most recently determined gross asset value of the Partnership's assets exceeds £500,000,000;
- c) If the most recently determined gross asset value of the Partnership's assets exceeds £500,000,000, then the gross rental income receivable by the Partnership for the first full calendar year of ownership of a social housing asset (or in the case of the construction of an asset, the first full calendar year following forecast completion of such construction) from a single counterparty or counterparties shall not exceed 20 percent of the total gross rental income receivable by the Partnership for that calendar year. This restriction shall not apply in respect of any counterparty which is part of the Government or quasi-Government entity;
- d) No more than 10 percent of the most recently gross asset value of the partnership's assets will be held in index-linked gilts, index-linked investment grade corporate bonds, money market instruments and derivatives. Such instruments will be held for efficient portfolio management and liquidity management;
- e) Investments may include investments into completed investments (readymade assets) or providing funding or forward funding to acquire developments.

The Partnership will not:

- a) Undertake speculative developments or speculative funding;
- b) Invest in other funds or collective investment schemes managed by an entity which is not an associate of or connected with the Fund Manager;
- c) Make any new investment unless it incorporates all of the following key metrics at the time of acquisition, which may be deviated from only with the approval of a Special Resolution:
  - i. Contractually fixed drawdowns and receipts, in timing and amount;
  - ii. Indexation, if any, is contractually fixed and only retail price index or consumer price index in the UK or the consumer price index including owner occupier's housing costs plus an annual margin, with caps and floors;
  - iii. Prepayment, if any, requires an unmodified spens clause (inflated cashflows discounted at the duration matched gilt);
  - iv. Cashflows must be paid in British Pounds;
  - v. The transaction and/or the counterparty paying/guaranteeing the loan/hell or high water underlease payments is rated as investment grade (BBB and above) assessed either by the Fund Manager or by an external rating agency and, if the assessment is conducted by the Fund Manager, the assessment is approved by a Special Resolution. Hell or high water means contractual lease payments that are made by a lessee to the lessor throughout the contractual lease term on an unconditional basis; and
  - vi. The tenor of the loan/underlease must be 50 years or less.

# AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### PARTNERSHIP PERFORMANCE

The financial position of the Partnership as at 31 December 2022 is shown in the Statement of Financial Position on page 17 with the results shown in the Statement of Comprehensive Income on page 16 and the Cash Flow Statement on page 19.

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 2022	31 December 2021
Partnership total return	-19.32%	10.79%
Net asset value (NAV)	£133,973,530	£135,373,809
Carrying value of assets	£133,195,978	£134,591,001
Number of assets	8	8

The above KPIs consist of the results of the Partnership and Aviva Investors REaLM Social Housing Unit Trust, as reported in the Investor Report.

The Partnership return, as reported to the investors in the investor report which is based on the fair value, was -19.32% (31 December 2021: 10.79%) against a Benchmark return of -29.21% (31 December 2021: 3.25%). The Benchmark is comprised of a composite of three index-linked gilts, equally weighted, that most closely match the duration of the Partnership. The Partnership's 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 2022**

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#### **CAPITAL MANAGEMENT AND OBJECTIVES**

The Partnership operates as an ungeared fund.

No new equity, in the form of capital contributions and advances, was injected into the Partnership during the year ended 31 December 2022 (31 December 2021: £Nil).

During the year the Partnership made a capital repayment of £1,504,418 (31 December 2021: £1,174,202).

#### **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 events to be disclosed or adjusted for in these audited financial statements.

#### **FUTURE DEVELOPMENTS**

The Directors expect the general level of activity to remain consistent with 2022.

#### **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:

#### **Covid-19, Ukraine/Russia conflict and inflationary pressures**

Whilst the Covid-19 pandemic continued to impact on certain parts of the global economy during 2022, restrictions are now lifted in all major economies. There was no material Covid-19 related impact on the Partnership during 2022 nor is any anticipated for 2023.

The ongoing conflict between Ukraine and Russia, which commenced in February 2022, together with the economic sanctions placed on Russia has had a material impact to many economies with elevated level of inflation leading to central banks swiftly increasing interest rates. Whilst this is expected to moderate in 2023, there is some uncertainty around this, due to the continued high levels of core inflation within western economies. The General Partner continues to closely monitor the associated geo-political risks in relation to inflation, rising interest rates, volatile markets and any potential adverse impact on the Partnership and its investment. However, as at the date of approval of these financial statements, based on its assessment of the current situation and information available, the General Partner does not envisage that this will have a material impact on the Partnership.

## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

##### **Management of financial and non-financial risks (continued)**

##### **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's 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 is minimal as the fluctuation in interest rates are independent of the receivables to be collected, which are matched to an inflation index.

##### **Credit risk**

The Partnership's investments are managed by property agents who have responsibility for the prompt collection of amounts due. The Partnership manages the risk of tenants defaulting on their rent demands by ensuring that a dedicated credit control team is engaged in collecting in advance the quarterly rent from tenants as soon as it falls due.

For finance agreement with councils, the key risk underlying these agreements is the recoverability of the amounts due from the councils. This risk on default on repayments is deemed limited due to the counter parties being public bodies supported by the government.

The two biggest tenants represent 88% of the Partnership's income for the year to 31 December 2022 (31 December 2021: 87%) and 72% of the tenant receivables balance at 31 December 2022 (31 December 2021: 0%). Management conducted further analysis on the two largest tenants to address the concentration credit risk, which includes monitoring the recovery of cash and their credit ratings post the year end. The tenant receivables balance were settled post year end.

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 commitment. 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 at bank and in hand 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.

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

**Management of financial and non-financial risks (continued)**

**Liquidity risk**

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

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2022 was as follows:

<b>As at 31 December 2022</b>	<b>On demand</b>	<b>1-3</b>	<b>4-12</b>	<b>More than</b>	<b>Total</b>
	<b>£</b>	<b>months</b>	<b>months</b>	<b>12 months</b>	<b>£</b>
<b>Financial assets</b>					
Net investment in finance leases	1,423,771	-	-	131,772,207	133,195,978
Amounts owed by General Partner	116,383	-	-	-	116,383
Trade debtors	862,988	-	-	-	862,988
Other debtors	3,795	-	-	-	3,795
Cash at bank and in hand	1,632,544	-	-	-	1,632,544
	<u>4,039,481</u>	<u>-</u>	<u>-</u>	<u>131,772,207</u>	<u>135,811,688</u>
<b>Financial liabilities</b>					
Finance costs - distributions payable to Limited Partner	1,594,307	-	-	-	1,594,307
Amounts due to related party	142,674	-	-	-	142,674
Accruals	77,883	-	-	-	77,883
Finance costs - distributions payable to General Partner	5,414	-	-	-	5,414
	<u>1,820,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,820,278</u>



# AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 as at 31 December 2021 was as follows:

As at 31 December 2021	On demand	1-3	4-12	More than	Total
	£	months	months	12 months	£
<b>Financial assets</b>					
Net investment in finance leases	1,484,972	-	-	133,106,029	134,591,001
Amounts owed by General Partner	98,421	-	-	-	98,421
Trade debtors	246,990	-	-	-	246,990
Other debtors	3,795	-	-	-	3,795
Cash at bank and in hand	2,157,417	-	-	-	2,157,417
	<u>3,991,595</u>	<u>-</u>	<u>-</u>	<u>133,106,029</u>	<u>137,097,624</u>
<b>Financial liabilities</b>					
Finance costs - distributions payable to Limited Partner	1,424,803	-	-	-	1,424,803
Amounts due to related party	173,637	-	-	-	173,637
Accruals	103,489	-	-	-	103,489
Finance costs - distributions payable to General Partner	4,948	-	-	-	4,948
	<u>1,706,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,706,877</u>

#### EMPLOYEES

The Partnership has no employees (31 December 2021: 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 2021: £Nil).

## AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

### STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### ENVIRONMENTAL

##### Our approach to responsible investment in real assets

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

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

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

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

For and on behalf of the Partnership:

DocuSigned by:



73417D26DAE24A3...

**A M Coles**

Director of Aviva Investors Social Housing GP Limited

**Date:** 27 April 2023

# AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

## GENERAL PARTNER'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of the General Partner present their annual report and the audited financial statements of the Partnership for the year ended 31 December 2022.

#### RESULTS AND DISTRIBUTIONS

The total comprehensive income for the Partnership for 2022 was £104,139 (31 December 2021: expense of £286,627). Distributions to the Partners were £4,652,327 (31 December 2021: £4,539,794).

Capital repayment of £1,504,418 (31 December 2021: £1,174,202) was made during the year.

#### DIRECTORS

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

M Borello (resigned on 6 January 2023)  
A M Coles  
I C L Ebbs (appointed on 6 January 2023)

#### 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 winding up of the Partnership.

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

#### As at 31 December 2022

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Social Housing Unit Trust	10	138,013,330
Aviva Investors Social Housing GP Limited	-	-
Total	<u>10</u>	<u>138,013,330</u>

#### As at 31 December 2021

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Social Housing Unit Trust	10	139,517,748
Aviva Investors Social Housing GP Limited	-	-
Total	<u>10</u>	<u>139,517,748</u>

## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

### **GENERAL PARTNER'S REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **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 £465 (31 December 2021: £454).

#### **GOING CONCERN**

As at 31 December 2022, the Partnership had net current assets of £777,552 (31 December 2021: £782,808). The Directors have prepared a going concern assessment which includes cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on both an expected and a worst case scenario and indicate that, even after taking account of a reasonably possible worst case scenario, the Partnership will have sufficient funds to meet its liabilities as they fall due for that period.

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, credit risk, operational risk and liquidity risk relating to financial instruments are set out in pages 4 to 7 and Note 17 of the financial statements.

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have been reappointed as the auditors of the Partnership and have indicated their willingness to continue in office.

#### **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 2022**

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#### **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner 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, 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 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.

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.

#### **General partner's confirmations**

In the case of each member in office at the date the general partner's report is approved:

- so far as the member is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

For and on behalf of the Partnership:

DocuSigned by:



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**A M Coles**

Director of Aviva Investors Social Housing GP Limited

Date: 27 April 2023

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF AVIVA INVESTORS**  
**REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 partnership's affairs as at 31 December 2022 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, including 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 2022; the Statement of Comprehensive Income, the Cash Flow Statement and 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 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**

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

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

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

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

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF AVIVA INVESTORS**  
**REaLM SOCIAL HOUSING LIMITED PARTNERSHIP (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Reporting on other information**

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

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

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

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

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and General Partner's Report for the year ended 31 December 2022 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 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 General Partner's Responsibilities in respect of the Financial Statements, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the general partner is responsible for assessing the 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 partnership or to cease operations, or has no realistic alternative but to do so.

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

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

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

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF AVIVA INVESTORS**  
**REaLM SOCIAL HOUSING LIMITED PARTNERSHIP (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present more favourable financial results and management bias in accounting estimates and judgemental areas of the financial statements such as net investment in finance leases. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment of finance leases.

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

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

**Use of this report**

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

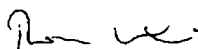
Other required reporting

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Thomas Norrie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 April 2023



**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
	Note		
Turnover	5	5,508,249	5,273,666
Amount receivable written off		(942)	(136,510)
<b>Gross profit</b>		<b>5,507,307</b>	<b>5,137,156</b>
Administrative expenses	6	(754,629)	(884,607)
<b>Operating profit</b>		<b>4,752,678</b>	<b>4,252,549</b>
Finance income		3,788	618
Finance costs - distribution to Partners	7	(4,652,327)	(4,539,794)
<b>Total comprehensive income/(expense) for the year</b>		<b>104,139</b>	<b>(286,627)</b>

**Continuing operations**

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2022 and 31 December 2021 relate to continuing operations.

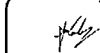
The notes on pages 20 to 30 form an integral part of these financial statements.

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	31 Dec 2022 £	31 Dec 2021 £
<b>Fixed assets</b>			
Net investment in finance leases	9	133,195,978	134,591,001
<b>Current assets</b>			
Debtors: Amounts falling due within one year	10	983,166	349,206
Cash at bank and in hand	11	1,632,544	2,157,417
		<u>2,615,710</u>	<u>2,506,623</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,838,158)</u>	<u>(1,723,815)</u>
<b>Net current assets</b>		<u>777,552</u>	<u>782,808</u>
<b>Total assets less current liabilities</b>		<u>133,973,530</u>	<u>135,373,809</u>
<b>Net assets attributable to Partners</b>	15	<u><u>133,973,530</u></u>	<u><u>135,373,809</u></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:

DocuSigned by:



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**A M Coles**

Director of Aviva Investors Social Housing GP Limited

Date: 27 April 2023

The notes on pages 20 to 30 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 2022**

	Proceeds from Partners £	Profit and loss account £	Total £
<b>Balance as at 1 January 2021</b>	<b>140,691,960</b>	<b>(3,857,322)</b>	<b>136,834,638</b>
Total comprehensive expense for the year	-	(286,627)	(286,627)
Capital repayment during the year	(1,174,202)	-	(1,174,202)
<b>Balance as at 31 December 2021</b>	<b>139,517,758</b>	<b>(4,143,949)</b>	<b>135,373,809</b>
Total comprehensive income for the year	-	104,139	104,139
Capital repayment during the year	(1,504,418)	-	(1,504,418)
<b>Balance as at 31 December 2022</b>	<b>138,013,340</b>	<b>(4,039,810)</b>	<b>133,973,530</b>

The notes on pages 20 to 30 form an integral part of these financial statements.

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	104,139	(286,627)
<b>Adjustments for:</b>		
Increase in debtors	(633,960)	(104,512)
Decrease in creditors	(55,626)	(795)
Finance income	(3,788)	(618)
Finance costs - distributions to Partners	4,652,327	4,539,794
Increase in investment in finance lease	1,395,023	1,470,658
<b>Net cash generated from operating activities</b>	<b>5,458,115</b>	<b>5,617,900</b>
<b>Cash flows from investing activities</b>		
Finance income	3,788	618
<b>Net cash generated from investing activities</b>	<b>3,788</b>	<b>618</b>
<b>Cash flows from financing activities</b>		
Partners' capital advances	(1,530,942)	(1,174,202)
Payment of finance costs - distributions	(4,455,834)	(4,541,488)
<b>Net cash used in financing activities</b>	<b>(5,986,776)</b>	<b>(5,715,690)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(524,873)</b>	<b>(97,172)</b>
Cash and cash equivalents at beginning of year	2,157,417	2,254,589
<b>Cash and cash equivalents at the end of year</b>	<b>1,632,544</b>	<b>2,157,417</b>

The notes on pages 20 to 30 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 2022**

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

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.

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.

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

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

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

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

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

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

The functional currency of the Partnership is considered to be Pound 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's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

As at 31 December 2022, the Partnership had net current assets of £777,552 (31 December 2021: £782,808). The Directors have prepared a going concern assessment which includes cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on both an expected and a worst case scenario and indicate that, even after taking account of a reasonably possible worst case scenario, the Partnership will have sufficient funds to meet its liabilities as they fall due for that period.

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.

# **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

##### **3.3 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 its estimated recoverable amount. Any impairment would be recognised in the Statement of Comprehensive Income.

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

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

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

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

Financial liabilities are recognised when the 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 liabilities classified on a fair value basis 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.

# **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **3.3 Financial instruments (continued)**

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

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

##### **(iv) 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.

#### **3.4 Leases**

Assets held under finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item from the Partnership to lessee are classified as finance lease. These leases are capitalised at the inception of the lease. The capitalised lease debtor is amortised over the shorter of estimated useful life or life of the lease using the interest rate implicit in the lease. The rental payments earned on the lease, excluding any contingent rent which is recognised in line with accounting policy 3.8 (below), are split between amortisation of the lease debtor and lease income in the Statement of Comprehensive Income.

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

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

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

#### **3.5 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 winding up of the Partnership.

#### **3.6 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.

## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

##### **3.7 Cash flow**

The Partnership reports cash flows from operating activities using the indirect method. Capital repayment and income distribution 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.

##### **3.8 Turnover**

Turnover comprises of finance lease income. Turnover is recognised on an accruals basis as per the effective interest rate method.

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

##### **3.9 Administrative expenses**

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

##### **3.10 Fund Manager fees**

Under the terms of the Fund Manager's Agreement dated 5 July 2011 ("the agreement") between the Partnership and Aviva Investors UK Fund Services Limited (the "Fund Manager"), the Fund Manager is entitled to an annual fee as defined in the agreement which is calculated on a quarterly basis and payable quarterly in arrears.

##### **3.11 Finance income**

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

##### **3.12 Distributions**

Income produced by the Partnership's investments 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.

##### **3.13 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 2022**

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## **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.

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

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

#### **a. Impairment assessment for net investment in finance lease**

The General Partner reviews Net investment in finance lease on the reporting date to assess whether an allowance for impairment should be recorded in the financial statements. An impairment loss is recognised if there are indicators of any impairment i.e. defaults in repayments or receipts from tenants when due or when comparing the value of the amortised cost against the market value as provided by the independent valuer (see note 9). Credit ratings are assessed initially pre-acquisitions and are then monitored on an annual basis by an independent credit analysis team. In determining the required level of impairment provisions, the General Partner reviews any history of past defaults of lease and loan repayments when due. Judgement is required to assess the robustness of the analysis and, where necessary, make appropriate assessment of credit ratings.

## **5. Turnover**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
Finance lease income	<u>5,508,249</u>	<u>5,273,666</u>

# **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP** **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2022**

## **6. Administrative expenses**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
Auditors' fees *	36,678	33,706
Fund Manager fees	623,854	667,484
Valuation fees	30,852	68,888
Depositary fees	26,888	32,541
Professional fees	7,301	54,997
Accounting fees	14,000	14,000
ESG fees	14,375	12,202
Bank charges	681	789
	<b>754,629</b>	<b>884,607</b>

The Partnership has no employees in the current or prior year. The Directors of the General Partner received no emoluments for services to the Partnership for the financial year (31 December 2021: £Nil).

\* During the year no non-audit fees were paid to the Statutory Auditors (31 December 2021: £Nil).

## **7. Finance costs - distributions to Partners**

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
Finance costs - distributions declared and paid	3,420,191	3,503,697
Proposed distributions at 31 December	1,232,136	1,036,097
<b>Total amounts available for distribution as per Statement of Comprehensive Income</b>	<b>4,652,327</b>	<b>4,539,794</b>

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 the Partnership's profits has been made in the financial statements. Any tax on income or capital is the responsibility of each individual Partner.

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9. Net investment in finance leases**

	31 Dec 2022 £	31 Dec 2021 £
Opening balance	134,591,001	136,061,659
Interest income for the year	5,508,249	5,273,666
Net cashflows from the lessees	(6,903,272)	(6,744,324)
<b>Net investment in finance leases</b>	<b>133,195,978</b>	<b>134,591,001</b>

At the reporting date, the General Partner assessed all finance lease receivables for any indicators of impairment by monitoring, on an annual basis, these being: both the credit ratings of each tenant and any history of past defaults in lease payments they fall due along with the carrying value (amortised cost) of each finance lease against the market value of the asset as provided by the independent valuer, CBRE. Based on this assessment no impairment provision has been made in these financial statements.

Below is the reconciliation of Gross investment in the lease and net investment in finance lease:

**As at 31 December 2022**

	Total amounts receivable on finance lease (Gross) £	Interest allocated to future periods £	Net investment in finance leases £
Not later than 1 year	6,992,522	5,568,751	1,423,771
Later than 1 year and not later than 5 years	27,970,086	21,653,576	6,316,510
Later than 5 years	235,287,358	109,831,661	125,455,697
<b>Total</b>	<b>270,249,966</b>	<b>137,053,988</b>	<b>133,195,978</b>

**As at 31 December 2021**

	Total amounts receivable on finance lease (Gross) £	Interest allocated to future periods £	Net investment in finance leases £
Not later than 1 year	6,631,730	5,146,758	1,484,972
Later than 1 year and not later than 5 years	26,526,919	19,993,732	6,533,187
Later than 5 years	229,762,495	103,189,653	126,572,842
<b>Total</b>	<b>262,921,144</b>	<b>128,330,143</b>	<b>134,591,001</b>

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Debtors: Amounts falling due within one year**

	31 Dec 2022 £	31 Dec 2021 £
Trade debtors	862,988	246,990
Amounts owed by General Partner (see Note 16)	116,383	98,421
Other debtors	3,795	3,795
	<u>983,166</u>	<u>349,206</u>

**11. Cash at bank and in hand**

	31 Dec 2022 £	31 Dec 2021 £
Cash at bank and in hand	<u>1,632,544</u>	<u>2,157,417</u>

**12. Creditors: Amounts falling due within one year**

	31 Dec 2022 £	31 Dec 2021 £
Fund Manager fees (see Note 16)	142,674	173,637
Other accruals	77,883	103,489
Finance costs - distributions payable to Limited Partner (see Note 16)	1,594,307	1,424,803
Finance costs - distributions payable to General Partner (see Note 16)	5,414	4,948
Deferred income	17,880	16,938
	<u>1,838,158</u>	<u>1,723,815</u>

**13. Analysis of net debt**

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	<u>2,157,417</u>	<u>(524,873)</u>	<u>1,632,544</u>

**14. Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the reporting date (31 December 2021: £Nil).

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Net assets attributable to Partners**

	<b>Limited Partner 100% £</b>	<b>Total 100% £</b>
<b>Proceeds from Partners</b>		
At 1 January 2022	139,517,758	139,517,758
Repayment of Partner's capital contribution during the year	(1,504,418)	(1,504,418)
<b>At 31 December 2022</b>	<b><u>138,013,340</u></b>	<b><u>138,013,340</u></b>
<b>Profit and loss account</b>		
At 1 January 2022	(4,143,949)	(4,143,949)
Total comprehensive income for the year before distributions to the Limited Partner	4,756,466	4,756,466
Finance costs - distribution to Limited Partner	(4,652,327)	(4,652,327)
<b>At 31 December 2022</b>	<b><u>(4,039,810)</u></b>	<b><u>(4,039,810)</u></b>
<b>Net assets attributable to Partners at 31 December 2022</b>	<b><u>133,973,530</u></b>	<b><u>133,973,530</u></b>
<b>Proceeds from Partners</b>		
At 1 January 2021	140,691,960	140,691,960
Repayment of Partner's capital contribution during the year	(1,174,202)	- 1,174,202
<b>At 31 December 2021</b>	<b><u>139,517,758</u></b>	<b><u>139,517,758</u></b>
<b>Profit and loss account</b>		
At 1 January 2021	(3,857,322)	(3,857,322)
Total comprehensive income for the year before distributions to the Limited Partner	4,253,167	4,253,167
Finance costs - distribution to Limited Partner	(4,539,794)	(4,539,794)
<b>At 31 December 2021</b>	<b><u>(4,143,949)</u></b>	<b><u>(4,143,949)</u></b>
<b>Net assets attributable to Partners at 31 December 2021</b>	<b><u>135,373,809</u></b>	<b><u>135,373,809</u></b>

During the year there was a capital repayment of £1,504,418 (31 December 2021: £1,174,202) by the Partnership to the Limited Partner.

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 2022**

**16. Related party transactions**

	2022 Income earned/ (Expense paid) in year £	2022 (Payable) / receivable at year end £	2021 Income earned/ (Expense paid) in year £	2021 (Payable) / receivable at year end £
Aviva Investors UK Fund Services Limited - Fund Manager fees	(623,854)	(142,674)	(667,484)	(173,637)
Aviva Investors Social Housing GP Limited - priority distributions	(465)	(5,414)	(454)	(4,948)
Aviva Investors Social Housing GP Limited -Paid for expenses	17,962	116,383	5,165	98,421
Aviva Investors REaLM Social Housing Unit Trust - distributions	(6,156,280)	(1,594,307)	(5,713,542)	(1,424,803)
	<u>(6,762,637)</u>	<u>(1,626,012)</u>	<u>(6,376,315)</u>	<u>(1,504,967)</u>

Aviva Investors UK Fund Services Limited is entitled to management fees in its capacity as Fund Manager of the Partnership.

The General Partner is entitled to a priority distribution of 0.01% of the net income from the Partnership. For the year ended 31 December 2022, the General Partner was entitled to distributions of £465 (31 December 2021: £454). At the year end, £5,414 (31 December 2021: £4,948) was still payable.

Expenses of the General Partner totalling £17,962 have been paid out of the bank accounts of the Partnership and recharged to the General Partner (31 December 2021: £5,165).

The Directors of Aviva Investors Social Housing GP Limited received no emoluments for services to the Partnership for the financial year (31 December 2021: £Nil).

**17. Financial instruments**

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

**Financial assets measured at amortised cost**

	31 Dec 2022 £	31 Dec 2021 £
Net investment in finance leases (see Note 9)	133,195,978	134,591,001
Debtors (see Note 10)	983,166	349,206
Cash at bank and in hand (see Note 11)	1,632,544	2,157,417
	<u>135,811,688</u>	<u>137,097,624</u>

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**17. Financial instruments (continued)**

**Financial liabilities measured at amortised cost**

	31 Dec 2022 £	31 Dec 2021 £
Creditors: Amounts falling due within one year (see Note 12)	<u>1,820,278</u>	<u>1,706,877</u>

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

	1 Jan 2022 to 31 Dec 2022 £	1 Jan 2021 to 31 Dec 2021 £
<b>Finance income</b>		
Bank and other interest received	<u>3,788</u>	<u>618</u>

**18. 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

**19. 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 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 2022

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#### Remuneration

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

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

There are four components of pay:

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

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

- A rounded assessment of financial performance is made accounting for a range of financial considerations, including, but not limited to operating profit, investment performance and net flows. The assessment of Aviva Investors' financial performance is formed with reference to -:
  - Actual results vs. prior period results
  - Actual results vs. agreed plans
  - Actual results relative to competitors
  - Actual results vs., and progress towards, our long-term target ambition.
- The remuneration of employees in Control Functions (defined as Risk, Compliance and Audit) is determined independently of the financial results of Aviva Investors in order to reinforce the independence of these functions.
- The non-financial considerations include consideration of risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.



# AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

## ADDITIONAL AIFMD DISCLOSURES - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2022

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### Remuneration (continued)

- Through Aviva Investors' Global Reward Framework, all investment employees should support responsible investment and integrate ESG considerations into their investment processes, including the consideration of Sustainability Risk. ESG metrics and research are embedded in the investment process and form part of the investment scorecard and annual risk attestation. The Chief Investment Officers and investment desk heads consider how investment employees demonstrate their commitment to ESG processes as part of the determination of performance and pay outcomes.
- Long Term Incentive Awards (LTIA) – discretionary long-term incentive plan to align reward with long-term investment performance, Aviva Group and Shareholders, and with the additional intention to help retain key talent. Part of the long-term incentive plan is in Aviva Investors Funds and part is in Aviva Restricted Share Units (RSUs), for the AI CEO the RSUs have additional performance conditions of Total Shareholder Return and Solvency II Return on Equity. Vesting is after 3 years and awards for Identified Staff will be subject to a pre-vesting assessment of individual performance, behaviours, and alignment with the company values of Aviva Investors throughout the three-year performance period.
- Benefits in Kind – standard benefits are provided that are appropriate to the market.

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

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

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

# AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP

## ADDITIONAL AIFMD DISCLOSURES - UNAUDITED

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Remuneration (continued)

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

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2022, apportioned remuneration based on the time assessed to be spent on AIUKFSL AIFMD activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and Code Staff:

	Senior Management	Other Code Staff
Total Remuneration:	£XXXm	£XXXm
Of which, Fixed Remuneration:	XX%	XX%
Variable Remuneration:	XX%	XX%
Pension/Benefits:	X%	X%
Number of Code staff:	XX	XX

## **AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**

### **ADDITIONAL AIFMD DISCLOSURES - UNAUDITED FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **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.

**AVIVA INVESTORS REaLM SOCIAL HOUSING LIMITED PARTNERSHIP**  
**NAV VALUATION - UNAUDITED**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**NAV valuation**

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

FRS 102 states methodology how an investment should be accounted at cost less impairment over its lease or finance term which is further detailed in Note 3.4. This methodology will only change if there is a significant change to inflation rates, which contributes to the discount rate and therefore the rate the investment is amortised. Unlike the CBRE valuations, this methodology does not therefore take account of the market value of that investment. The Partnership therefore has two NAVs per quarter: one which is valuing the investments at the CBRE valuations and one which is valuing them as per FRS102.