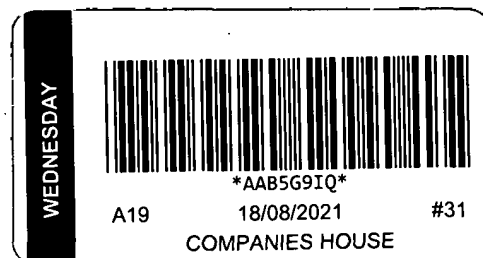


Registered number  
07669538

**MEPC MILTON GP LIMITED**  
**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **MEPC MILTON GP LIMITED**

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### **DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**

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## **MEPC MILTON GP LIMITED**

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### **DIRECTORS' REPORT**

The Directors present their annual report and the audited Financial Statements of MEPC Milton GP Limited (the "Company") for the year ended 31 December 2020. The Directors' Report has been prepared in accordance with the special provisions relating to small companies under S415A of the Companies Act 2006, and therefore, the Company has taken the exemption from preparing a Strategic Report.

### **PRINCIPAL ACTIVITIES**

The Company was incorporated on 14 June 2011 and the principal activity is to manage the operations and safeguard the assets of MEPC Milton LP (the "Limited Partnership"). The Directors foresee no material change in the scope or nature of the Company's activity.

### **GOING CONCERN**

As explained in the significant accounting policies note 2, the financial statements have been prepared on a going concern basis.

The Directors have assessed the going concern assumption including the impact of COVID-19 ("COVID") on the operations of the Company and Partnership. As the Company is dependent on the Limited Partnership, the Directors have prepared cash flow forecasts for the Company and Partnership for at least 12 months from the date of approval of the financial statements. In this forecast, the Directors have taken account of the implications of COVID which impacted the cash flows from rental income. The Directors have modelled a severe but plausible downside scenario in respect of the Company and Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, cash needs are still within the available financial resources. In preparing this forecast, the Directors have taken into account the following key business risks and uncertainties:

- Market risks on demand and supply;
- Yield shift movements;
- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having taken into account the risks and uncertainties, including the impact of COVID that exist within the business, the Directors have concluded that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

### **BREXIT**

The Directors have considered the risk of Brexit with respect to the valuation of investment properties and discount rate assumptions. Given the uncertainty in the future considerations, the Directors have evaluated the risk of Brexit to be minimal as at the date of the report. However, the Directors will continuously monitor and evaluate any risks which arise out of Brexit. See note 11 for further details.

### **EMPLOYEES**

The Company had no employees during the year (2019: none).

### **DIVIDENDS**

The Directors do not recommend the payment of a dividend (2019: £nil).

## **MEPC MILTON GP LIMITED**

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### **DIRECTORS' REPORT - (CONTINUED)**

#### **DIRECTORS**

The Directors who held office during the year and subsequently were:

V Chuangdumrongsomsuk  
CRA Darroch  
TO Jackson  
CM Taylor  
R Carnan  
DJ Price (appointed 22 June 2020)

#### **COMPANY SECRETARY**

The Company Secretary is Hermes Secretariat Limited.

#### **INDEPENDENT AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

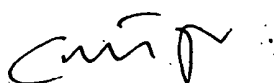
#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each person who was a Director at the time this report was approved confirms that:

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

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

Approved on 18 June 2021:



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Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

## **MEPC MILTON GP LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved on 18 June 2021:



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Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

## **MEPC MILTON GP LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEPC MILTON GP LIMITED**

#### **Opinion**

We have audited the financial statements of MEPC Milton GP Limited ("the company") for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholder's Funds and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

## **MEPC MILTON GP LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEPC MILTON GP LIMITED - (CONTINUED)**

#### **Fraud and breaches of laws and regulations – ability to detect - (continued)**

##### *Identifying and responding to risks of material misstatement due to fraud - (continued)*

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board/ audit committee/ treasury committee/ remuneration committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

##### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and financial services legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation and financial services legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **MEPC MILTON GP LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEPC MILTON GP LIMITED - (CONTINUED)**

#### **Fraud and breaches of laws and regulations – ability to detect - (continued)**

##### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **MEPC MILTON GP LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEPC MILTON GP LIMITED - (CONTINUED)**

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Craig Steven-Jennings (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
18 June 2021

**MEPC MILTON GP LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> £	<u>2019</u> £
Income from associated undertaking		2,216	2,537
<b>Profit before taxation</b>		<u>2,216</u>	<u>2,537</u>
Tax on profit	4	(479)	(563)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>1,737</u></u>	<u><u>1,974</u></u>

All activities are derived from continuing operations.

*(The notes on pages 12 to 17 form part of these audited financial statements)*

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**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	<u>Notes</u>	<u>2020</u> £	<u>2019</u> £
<b>Non-current asset</b>			
Investments	5	12	12
<b>Current asset</b>			
Debtors - amounts falling due within one year	6	18,455	16,804
<b>Creditors - amounts falling due within one year</b>	7	(487)	(573)
<b>Net current assets</b>		17,968	16,231
<b>Net assets</b>		17,980	16,243
<b>Capital and reserves</b>			
Share capital	8	100	100
Profit and loss account		17,880	16,143
<b>Total shareholders' funds</b>		17,980	16,243

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

The financial statements of MEPC Milton GP Limited (registered number 07669538) were approved by the Board of Directors and authorised for issue on 18 June 2021. They were signed on its behalf by:



Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

*(The notes on pages 12 to 17 form part of these audited financial statements)*

**MEPC MILTON GP LIMITED**

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**STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Called up</u> <u>share capital</u> £	<u>Profit and</u> <u>loss account</u> £	<u>Total</u> £
Balance at 1 January 2019	100	14,169	14,269
Total comprehensive income for the year	-	1,974	1,974
Balance at 31 December 2019	100	16,143	16,243
Total comprehensive income for the year	-	1,737	1,737
Balance at 31 December 2020	100	17,880	17,980

*(The notes on pages 12 to 17 form part of these audited financial statements)*

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## **MEPC MILTON GP LIMITED**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

##### **1. GENERAL INFORMATION**

The Company's principal activity is to manage the operations and safeguard the assets of MEPC Milton LP (the "Limited Partnership"). The Company was incorporated in England and Wales, with registration number 07669538. The address of its registered office is Sixth Floor, 150 Cheapside, London, England EC2V 6ET.

##### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The financial statements have been prepared under a going concern basis and under the historical cost convention and in accordance with FRS 102 issued by the Financial Reporting Council and with the Companies Act 2006.

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

The Company manages the operations and safeguards the assets of MEPC Milton LP. It does not trade and it is entitled to an allocation of profits from the Limited Partnership sufficient to cover any administrative expenses it incurs.

As at 31 December 2020, the Company had total net assets of £18,450 (2019: £16,243) and total comprehensive income of £2,207 (2019: £1,974). The Directors, having made all the necessary enquiries, do not anticipate any changes in the Company's activities or circumstances for the next 12 months from the date of the report. The Directors have concluded, based on these assumptions, that it is appropriate to prepare the accounts on a going concern basis.

The Directors have assessed the going concern assumption including the impact of COVID-19 ("COVID") on the operations of the Company and Partnership. As the Company is dependent on the Limited Partnership, the Directors have prepared cash flow forecasts for the Company and Partnership for at least 12 months from the date of approval of the financial statements. In this forecast, the Directors have taken account of the implications of COVID which impacted the cash flows from rental income. The Directors have modelled a severe but plausible downside scenario in respect of the Company and Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, cash needs are still within the available financial resources. In preparing this forecast, the Directors have taken into account the following key business risks and uncertainties:

- Market risks on demand and supply;
- Yield shift movements;
- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having taken into account the risks and uncertainties, including the impact of COVID that exist within the business, the Directors have concluded that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

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**MEPC MILTON GP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)****Consolidated group accounts - (continued)**

As General Partner of MEPC Milton LP, the Company is considered to have control over the Limited Partnership. However, the Company only has a direct interest in the Limited Partnership of less than 0.01% at the Statement of Financial Position date. The Directors therefore consider the financial statements would not give a true and fair view if the assets and liabilities and income and expenditure of the Partnership were to be fully consolidated. Therefore, they have opted to proportionally consolidate the Company's interest in MEPC Milton LP in order for the financial statements to give a true and fair view.

After assessing the impact of this, the Directors have confirmed that under section 383 of the Companies Act 2006, the Company is exempt from the requirement to prepare consolidated accounts on the grounds that the group is not large and is not an ineligible group. Consequently, the financial statements present information about the Company as an individual undertaking and not about its group.

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements in accordance with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. There were no material estimates or assumptions made at the end of the year.

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, it is measured at the present value of the future payments discounted at a market rate of interest for a similar instrument.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Trust transfers substantially all risks and rewards of ownership.

The Trust's financial assets consist only of debtors.

Debtors are recognised initially at transaction price less attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Manager assesses, at each Statement of Financial Position date, whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the Statement of Comprehensive Income.

## **MEPC MILTON GP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

##### **Financial assets and liabilities - (continued)**

In relation to debtors, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Trust will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in subsequent years the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

##### **Statement of Cash Flows**

A Statement of Cash Flows has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of FRS 102 section 7. 1B.

##### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### **Income and expenses**

Income and expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

Income represents the Company's distribution income from associated undertakings.

##### **Investments**

Investments in subsidiary and associated undertakings are held at cost less provision for impairment.

##### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

##### **Functional and presentation currency**

These financial statements are presented in Pound Sterling ("£"), which is the Company's functional and presentation currency.

#### **3. ADMINISTRATIVE EXPENSES**

The Directors received no remuneration from the Company. The Directors were remunerated through related group undertakings and the proportion allocated for this Company is £nil (2019: £nil). The Company did not employ any other persons as it is administered by the employees of MEPC Limited. Audit fees of £3,910 (2019: £3,910) are paid by MEPC Milton LP. There are no non-audit fees payable to the auditor (2019: £nil).

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**MEPC MILTON GP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****4. TAX CHARGE ON PROFIT**

	<u>2020</u> £	<u>2019</u> £
<b>Analysis of charge in the year</b>		
Current tax:		
UK corporation tax at 19% (2019: 19%)	483	551
Adjustments in respect of prior years	(4)	12
	<u>479</u>	<u>563</u>
<b>Reconciliation of total tax charge:</b>		
Profit before taxation	2,216	2,537
Corporation tax at 19% (2019: 19%)	421	482
Income not taxable for tax purposes	(421)	(482)
Tax allocation from underlying partnership	483	513
Chargeable gains	-	38
Adjustments to tax in respect of prior years	(4)	12
Total tax charge for the year	<u>479</u>	<u>563</u>

**Factors which may affect future tax charges**

The standard rate of corporation tax in the UK for the year ended 31 December 2020 was 19%. Following the budget announcement on 3 March 2021, the standard rate is due to increase from 19% to 25% from 1 April 2023. This increase in rate has not been substantively enacted at 31 December 2020 and therefore it did not affect the calculation for this period.

**5. INVESTMENTS**

	<u>Subsidiary</u> <u>undertakings</u> £	<u>Associated</u> <u>undertaking</u> £	<u>2020</u> £	<u>2019</u> £
As at 1 January and 31 December	<u>2</u>	<u>10</u>	<u>12</u>	<u>12</u>



**MEPC MILTON GP LIMITED****NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****5. INVESTMENTS - (CONTINUED)**

The Company has investments in the following subsidiary and associated undertakings:

<u>Subsidiary undertakings</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>Holding</u>	<u>%</u>
MEPC Milton Park No. 1 Limited	Sixth Floor, 150 Cheapside, London, England EC2V 6ET	Dormant	£1 share	100%
MEPC Milton Park No. 2 Limited	Sixth Floor, 150 Cheapside, London, England EC2V 6ET	Dormant	£1 share	100%
<u>Associated undertaking</u>	<u>Registered office</u>	<u>Principal activity</u>	<u>Holding</u>	<u>%</u>
MEPC Milton LP	Sixth Floor, 150 Cheapside, London, England EC2V 6ET	Investment property	£10 share	Less than 0.01%

**6. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2020</u> £	<u>2019</u> £
Amounts owed by group undertakings	18,455	16,804

The amounts owed by group undertakings are repayable on demand and are interest-free.

**7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2020</u> £	<u>2019</u> £
Tax payable	474	560
Amounts owed to group undertakings	13	13
	487	573

The amounts owed to group undertakings are repayable on demand and are interest-free.

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**MEPC MILTON GP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****8. SHARE CAPITAL**

	<u>2020</u> £	<u>2019</u> £
Allotted and unpaid:		
100 Ordinary shares of £1	100	100
<hr/>		
The Company issued the following classes of ordinary shares at £1 each:		
50 "A" shares	50	50
29 Director Non-Voting "B" shares	29	29
21 Full Voting "B" shares	21	21
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

"A" shares and Full Voting "B" shares have full voting rights. Director Non-Voting "B" shares have all the same rights as "A" shares and the Full Voting "B" shares except the holder of the Director Non-Voting "B" shares may not vote on the appointment or removal of Directors of the Company.

**9. RELATED PARTIES TRANSACTIONS**

As at 31 December 2020, the Company had intercompany loans in place with group undertakings MEPC Milton LP £18,455 receivable (2019: £16,804) and MEPC Financial Services Limited £13 payable (2019: £13 payable). The intercompany loans are unsecured, bear no interest and are repayable on demand. These balances are also disclosed in notes 6 and 7.

**10. CONTROLLING PARTY TRANSACTIONS**

The Directors of the General Partner regard the BT Pension Scheme (a UK pension scheme with scheme registration number 100850030) and Canada Pension Plan Investment Board (a Canadian crown corporation) as the immediate and ultimate joint controlling entities.

Copies of BT Pension Scheme accounts are available from One America Square, 17 Crosswall, London EC3N 2LB. The address of Canada Pension Plan Investment Board is One Queen Street East, Suite 2500, Toronto, ON, M5C 2W5, Canada where copies of Canada Pension Plan Investment Board's accounts are available.

**11. MARKET CONSIDERATION - BREXIT**

The United Kingdom officially left the European Union on 31 January 2020 ("Brexit"). A trade and cooperation agreement was reached on 24 December 2020 surrounding trade interactions between the United Kingdom and European Union. All new relevant rules and regulations apply effective from 1 January 2021.

It is currently not practicable to forecast with certainty how the value of, or the cash flows arising from, assumptions involved in the Company's assets might be affected by Brexit. Consequently, it is currently not possible to accurately quantify the possible effect of Brexit on the Company.

**12. SUBSEQUENT EVENTS**

In the opinion of the Directors, there are no significant events subsequent to the year end that are deemed necessary to be adjusted or disclosed in the financial statements.

Registered number  
LP014504

**MEPC MILTON LP**  
**GENERAL PARTNER'S REPORT AND AUDITED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**MEPC MILTON LP**

**GENERAL PARTNER'S REPORT AND AUDITED FINANCIAL STATEMENTS**

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## **MEPC MILTON LP**

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### **GENERAL PARTNER'S REPORT**

The General Partner presents its annual report and the audited financial statements of MEPC Milton LP (the "Partnership") for the year ended 31 December 2020.

MEPC Milton LP is regulated by a Partnership Deed dated 21 June 2011.

The financial statements have been prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008 and Companies Act 2006 as applicable to qualifying partnerships

The Partnership's properties were valued by chartered surveyors, CBRE, as independent external valuers on the basis of open market value as defined in the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

### **FUTURE DEVELOPMENTS**

Likely future developments are discussed in the Strategic Report.

### **GOING CONCERN**

The General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the next 12 months from the date of the report. Accordingly, the financial statements have been prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in note 2 of the financial statements.

The General Partner has prepared cash flow forecasts for the Partnership for at least 12 months from the date of approval of the financial statements. In this forecast, the General Partner has taken account of the implications of COVID-19 which impacted the cash flows from rental income. The General Partner has modelled a severe but plausible downside scenario in respect of the Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, the Partnership's cash needs are still within the available financial resources. In preparing this forecast, the General Partner has taken into account the following key business risks and uncertainties:

- Market risks on demand and supply;
- Yield shift movements;
- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having taken into account the risks and uncertainties, including the impact of COVID that exist within the business, the General Partner has concluded that the Partnership has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner has concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

### **BREXIT**

The General Partner has considered the risk of Brexit with respect to the valuation of investment properties and discount rate assumptions. Given the uncertainty in the future considerations, the General Partner has evaluated the risk of Brexit to be minimal as at the date of the report. However, the General Partner will continuously monitor and evaluate any risks which arise out of Brexit. See note 16 for further details.

### **EMPLOYEES**

The Partnership had no employees during the year (2019: none).

### **DISTRIBUTIONS**

Distributions of £22,158,106 (2019: £25,365,702) have been declared and approved during the year.

**MEPC MILTON LP**

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**GENERAL PARTNER'S REPORT - (CONTINUED)****INDEPENDENT AUDITOR**


Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

**DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditor is unaware, and the General Partner has taken all the steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

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

Approved by the General Partner on 18 June 2021 and signed on its behalf by:



Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

## **MEPC MILTON LP**

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### **STRATEGIC REPORT**

The General Partner presents its Strategic Report for MEPC Milton LP (the "Partnership") for the year ended 31 December 2020.

#### **PRINCIPAL ACTIVITY**

The Partnership's principal activity is investment in property. The General Partner does not foresee any material changes in the scope or nature of the Partnership's activity for the forthcoming year.

#### **BUSINESS REVIEW**

The Partnership is focused on securing optimal earnings through efficient management and an appropriate capital structure. The results for the year are set out in the attached Statement of Comprehensive Income. The Partnership's turnover has increased during the year to £45,237,639 (2019: £38,958,398). This includes a prospective change to an accounting policy from 1 January 2021 which increased the turnover by £9,110,257 (note 3). The Total Comprehensive Income for the financial year was £21,101,254 (2019: £40,906,997).

Net bank borrowings were £199,089,288 (2019: £198,883,719). The Partnership's loan to value (LTV) was 34.2% (2019: 34.3%).

The Partnership has continued to develop in 2020, building on its Enterprise Zone and Local Development Order status, both of which support the Partnership's vision and future growth potential.

Demand is still high for space on Milton Park, and we have nearly completed improvements to both the telecoms infrastructure and the electricity availability to facilitate future developments of office and laboratory buildings.

There were no land disposals during the year (2019: none).

As the park continues to enjoy near full occupancy, development work will continue in 2021 to provide further office and laboratory space for the growing demand.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties continue to be market driven. A strong economic environment can improve customer demand and consequently increase occupancy, lowering operating costs. Conversely, a weak economic environment can contribute towards weak customer demand and potentially higher void rates and associated higher operating costs. As most of the income is contractually based, there is less risk of not being able to maintain current income levels in the short-term. Further risk arises from fluctuations in property valuations due to market yield shifts and changes in weighted average lease lengths.

Approved by the General Partner on 18 June 2021 and signed on its behalf by:



Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

## **MEPC MILTON LP**

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### **STATEMENT OF PARTNER'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE GENERAL PARTNER'S REPORT AND THE FINANCIAL STATEMENTS**

The General Partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations.

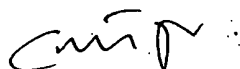
The Partnerships (Accounts) Regulations 2008 requires the partner to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law, the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership or that period. In preparing these financial statements, the partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

Approved by the General Partner on 18 June 2021 and signed on its behalf by:



Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET



## **MEPC MILTON LP**

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### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF MEPC MILTON LP**

#### **Opinion**

We have audited the financial statements of MEPC Milton LP ("the qualifying partnership") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Partnership Funds, the Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the qualifying partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The partner has prepared the financial statements on the going concern basis as it does not intend to liquidate the partnership or to cease its operations, and as it has concluded that the partnership's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the partner's conclusions, we considered the inherent risks to the partnership's business model and analysed how those risks might affect the partnership's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the partner's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the partnership's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the partnership will continue in operation.

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

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**MEPC MILTON LP**

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**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF MEPC MILTON LP -  
(CONTINUED)****Fraud and breaches of laws and regulations – ability to detect - (continued)***Identifying and responding to risks of material misstatement due to fraud - (continued)*

- Enquiring of partner and inspection of policy documentation as to the partnership's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board/ audit committee/ treasury committee/ remuneration committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the partner and other management (as required by auditing standards), and from inspection of the partnership's regulatory and legal correspondence and discussed with the partner and other management the policies and procedures regarding compliance with laws and regulations.

As the partnership is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the partnership is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and financial services legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the partnership is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the partnership's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of partnership legislation and financial services legislation recognising the financial and regulated nature of the partnership's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the partner and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **MEPC MILTON LP**

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### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF MEPC MILTON LP - (CONTINUED)**

#### **Fraud and breaches of laws and regulations – ability to detect – (continued)**

##### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

The General Partner is responsible for the Strategic report and General Partner's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and General Partner's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

#### **Partner's responsibilities**

As explained more fully in their statement set out on page 5, the partners are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

## **MEPC MILTON LP**

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### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNER OF MEPC MILTON LP - (CONTINUED)**

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Craig Steven-Jennings (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
18 June 2021

**MEPC MILTON LP****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Notes</u>	<u>2020</u> £	<u>2019</u> £
Turnover	3	45,237,639	38,958,398
Cost of sales	4	(13,771,355)	(4,055,266)
<b>Gross profit</b>		<b>31,466,285</b>	<b>34,903,132</b>
Administrative expenses	5	(1,919,245)	(1,898,727)
Unrealised (decrease)/increase in fair value of investment and development properties	7	(3,518,868)	12,723,861
<b>Total expenses</b>		<b>(5,438,113)</b>	<b>10,825,134</b>
<b>Operating profit</b>		<b>26,028,172</b>	<b>45,728,266</b>
Net finance charges	6	(4,926,918)	(4,821,269)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO PARTNERS</b>		<b>21,101,254</b>	<b>40,906,997</b>

All activities are derived from continuing operations.

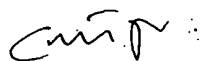
*(The notes on pages 14 to 21 form part of these audited financial statements)*

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> £	<u>2019</u> £
<b>Non-current asset</b>			
Investment and development properties	7	568,927,137	570,734,191
<b>Current assets</b>			
Debtors	9	27,582,599	24,009,157
Short-term cash deposit	10	7,013,145	14,013,145
Cash at bank	10	9,504,842	5,694,999
		44,100,586	43,717,301
<b>Current liability</b>			
Creditors - amounts falling due within one year	11	(18,802,722)	(17,919,631)
<b>Net current assets</b>		25,297,864	25,797,670
<b>Total assets less current liability</b>		594,225,001	596,531,861
<b>Creditors - amounts falling due after more than one year</b>	12	(3,706,645)	(5,162,222)
Long-term debt	13	(199,089,288)	(198,883,719)
		(202,795,933)	(204,045,941)
<b>Net assets attributable to partners</b>		391,429,068	392,485,920
<b>Partners' accounts</b>			
Partners' capital		100,000	100,000
Partners' advances		166,942,845	166,942,845
Profit and loss account		224,386,223	225,443,075
<b>Partnership funds</b>		391,429,068	392,485,920

The financial statements of MEPC Milton LP (registered number LP014504) were approved by the General Partner and authorised for issue on 18 June 2021. They were signed on its behalf by:



Christopher Taylor  
Director  
MEPC Milton GP Limited  
Sixth Floor, 150 Cheapside  
London, England  
EC2V 6ET

*(The notes on pages 14 to 21 form part of these audited financial statements)*

**MEPC MILTON LP****STATEMENT OF CHANGES IN PARTNERSHIP FUNDS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>MEPC Milton Park Unit Trust £</b>	<b>MEPC Milton GP Limited £</b>	<b>Total £</b>
<b>Partners' capital</b>			
Balance at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	99,990	10	100,000
<b>Partners' advances</b>			
Balance at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	166,942,845	-	166,942,845
<b>Total Partners' contribution</b>	<b>167,042,835</b>	<b>10</b>	<b>167,042,845</b>
<b>Profit and loss account</b>			
Balance at 1 January 2019	209,864,096	37,684	209,901,780
Total comprehensive income for the year	40,902,906	4,091	40,906,997
Distributions declared	(25,363,165)	(2,537)	(25,365,702)
Balance at 1 January 2020	225,403,837	39,238	225,443,075
Total comprehensive income for the year	21,099,144	2,110	21,101,254
Distributions declared	(22,155,890)	(2,216)	(22,158,106)
Balance at 31 December 2020	224,347,091	39,132	224,386,223
<b>Partnership funds</b>	<b>391,389,926</b>	<b>39,142</b>	<b>391,429,068</b>

*(The notes on pages 14 to 21 form part of these audited financial statements)*

**MEPC MILTON LP****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Notes</u>	<u>2020</u> £	<u>2019</u> £
<b>RECONCILIATION OF TOTAL COMPREHENSIVE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
Total comprehensive income for the year		21,101,254	40,906,997
Unrealised decrease/(increase) in fair value of investment and development properties	7	3,518,868	(12,723,861)
Amortisation of finance costs	13	205,569	205,575
Decrease in provision for bad debts		-	(36,657)
Interest income	6	(11,722)	(117,457)
Interest expense	6	4,938,640	4,938,726
(Increase)/decrease in debtors		(3,591,668)	453,490
(Decrease)/increase in creditors		(144,524)	596,291
<b>NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES</b>		<b>26,016,417</b>	<b>34,223,104</b>
<b>CASH FLOW USED IN INVESTING ACTIVITY</b>			
Capital expenditure		(2,190,134)	(8,203,138)
<b>NET CASH FLOW USED IN INVESTING ACTIVITY</b>		<b>(2,190,134)</b>	<b>(8,203,138)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest received		17,214	48,465
Interest paid		(4,925,708)	(4,925,795)
Distributions paid		(22,107,946)	(25,851,204)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>(27,016,440)</b>	<b>(30,728,534)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(3,190,157)</b>	<b>(4,708,569)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>19,708,144</b>	<b>24,416,713</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>16,517,987</b>	<b>19,708,144</b>
<b>RECONCILIATION TO CASH AT BANK</b>			
		<u>2020</u> £	<u>2019</u> £
Cash at bank		9,504,842	5,694,999
Short-term cash deposits		7,013,145	14,013,145
<b>CASH AND CASH EQUIVALENTS</b>		<b>16,517,987</b>	<b>19,708,144</b>

*(The notes on pages 14 to 21 form part of these audited financial statements)*



## **MEPC MILTON LP**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

##### **1. GENERAL INFORMATION**

The Partnership was established on 21 June 2011 in the United Kingdom under the 1907 Limited Partnership Act. The address of the registered office is Sixth Floor, 150 Cheapside, London, EC2V 6ET. The principal activity of the Partnership is investment in property.

##### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The financial statements have been prepared under the historical cost convention, modified to include Investment and development properties at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council. The financial statements have been prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008.

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

The principal activity of the Partnership is property investment. As at 31 December 2020, the Partnership had total net assets of £391,429,068 (2019: £392,485,920) and total comprehensive income of £21,101,254 (2019: £40,906,997).

The General Partner has prepared cash flow forecasts for the Partnership for at least 12 months from the date of approval of the financial statements. In this forecast, the General Partner has taken account of the implications of COVID-19 which impacted the cash flows from rental income. The General Partner has modelled a severe but plausible downside scenario in respect of the Partnership's cash flows and incorporating mitigating actions. The result of this forecast indicates that, in this scenario, the Partnership's cash needs are still within the available financial resources. In preparing this forecast, the General Partner has taken into account the following key business risks and uncertainties:

- Market risks on demand and supply;
- Yield shift movements;
- Possible failure of tenants on account of COVID and reductions in net rental income; and
- Increased capital expenditure required to maintain the assets.

Having taken into account the risks and uncertainties, including the impact of COVID that exist within the business, the General Partner has concluded that the Partnership has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner has concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements in accordance with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The key assumptions concerning the future and other key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements relate to property valuations.

Investment properties are carried at fair value determined by market value in accordance with valuations carried out by the independent valuers. Valuations are based on a number of key assumptions including an estimate of future rental income and appropriate discount rate. For investment properties under development, key judgements also include estimates of future development costs.

**Investment and development properties**

Investment and development properties comprise freehold land and buildings and is initially stated at cost being the value of the consideration given including directly attributable costs, including any related transaction cost, and subsequently measured at fair value through profit or loss. Fair value changes are recognised in the Statement of Comprehensive Income in the year in which they arise.

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Partnership transfers substantially all risks and rewards of ownership.

The Partnership's financial assets consist only of debtors and cash at bank.

Debtors are recognised initially at transaction price less attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Financial assets and liabilities (continued)**

The General Partner assesses, at each Statement of Financial Position date, whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the Statement of Comprehensive Income.

In relation to debtors, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Partnership will not be able to collect all of the amounts due under original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in subsequent years the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**Turnover**

Rental income is recognised on a straight line basis over the lease term, net of discounts and VAT. All incentives given for lessees to enter into leases (such as contributions to fitting out costs or rent free periods) are amortised and released to the profit or loss over the entire term of the lease.

Service charge income is recognised in the accounting period in which the services and the associated expenses are rendered. Service costs billed to tenants are presented gross in the statement of comprehensive income unless the tenant is acting as principal whereby it controls a promised service and bears the rewards and risks of the services.

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**MEPC MILTON LP**

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**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)****Income and expenses**

Income and expenses are recognised on an accrual basis.

**Taxation**

The Partnership is not a taxable entity. Any liabilities arising from the results of the Partnership are taxed in the financial statements of the Partners.

**Functional and presentation currency**

These financial statements are presented in Pound Sterling ("£"), which is the Partnership's functional and presentation currency.

**3. TURNOVER**

The Partnership's turnover consists solely of rental and service charge income generated in the United Kingdom.

	<u>2020</u>	<u>2019</u>
	£	£
Rental income	35,432,089	37,846,194
Amortisation of lease incentives	695,293	1,112,204
Service charge income	9,110,257	-
	<hr/>	<hr/>
Total turnover	45,237,639	38,958,398
	<hr/>	<hr/>

In 2020 it was noted that the Partnership, who is party to lease agreements in the capacity of a lessor, pays for specific service charges, as set out in the lease agreement, and then recharges these service charges onto the lessee. Service charges relate to the day to day operational costs of the property and covers a range of costs such as building insurance, repairs and maintenance, utilities and managers fee. In the year ended 31 December 2019, the Partnership had reported recharge income and expenses arising from service charges on a net basis in the statement of comprehensive income. However, given the substance of the transaction, the Partnership is considered to act as the principal in this arrangement and therefore the recharge income and expenses should have been presented on a gross' basis. This change in accounting policy has been applied prospectively from 1 January 2020. There is no impact on net assets or profit & loss account at 31 December 2019 or 2020 as a result of this change.

The Directors have chosen to apply this change in accounting policy prospectively from 1 January 2020 and decided not to restate the prior year period as the change does not impact the net assets or profit and loss account as at 31 December 2019 nor 2020, and therefore, would not be considered material to the users of these audited financial statements.

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**MEPC MILTON LP**

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**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****4. COST OF SALES**

The Partnership's cost of sales consists of service charge expenses and any non-recoverable expense that is directly attributable to the property letting business.

	<u>2020</u> £	<u>2019</u> £
Service charge income	-	(8,428,351)
Service charge expenses	9,110,257	8,428,351
Non-recoverable property expenses	4,661,097	4,055,266
	<hr/>	<hr/>
Total cost of sales	13,771,355	4,055,266
	<hr/>	<hr/>

The Partnership applied a change in accounting policy prospectively from 1 January 2020 regarding the presentation of the service charge income and expense. See note 3 for further details.

**5. ADMINISTRATIVE EXPENSES**

The Partnership does not employ any persons as it is administered under an Asset Management Agreement with MEPC Limited. Included within administrative expenses are audit fees of £19,110 (2019: £20,240), including £3,910 (2019: £3,910) for the audit of MEPC Milton GP Limited. There are no non-audit fees payable to the auditor (2019: £nil).

**6. NET FINANCE CHARGES**

	<u>2020</u> £	<u>2019</u> £
Interest receivable and similar income:		
Interest receivable	11,722	117,457
	<hr/>	<hr/>
	11,722	117,457
	<hr/>	<hr/>
Interest payable and similar expenses:		
Bank loan interest expense	(4,938,640)	(4,938,726)
	<hr/>	<hr/>
	(4,938,640)	(4,938,726)
	<hr/>	<hr/>
	(4,926,918)	(4,821,269)
	<hr/>	<hr/>

**MEPC MILTON LP****NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>7. INVESTMENT AND DEVELOPMENT PROPERTIES</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening balance	570,734,191	549,677,296
Capital expenditure	1,711,814	8,333,034
(Decrease)/increase in the fair value during the year	(3,518,868)	12,723,861
	<u>568,927,137</u>	<u>570,734,191</u>

Investment and development properties, which are all freehold, were valued at 31 December 2020 on the basis of open market value as defined in the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, by chartered surveyors CBRE as external valuers. The valuation was £584,000,000 (2019: £582,715,992). The book value of investment and development properties totalling £568,927,137 (2019: £570,734,190) is stated net of £15,072,866 (2019: £11,981,802) of lease incentive costs which are as capitalised and accounted for as debtors: lease incentives.

The historical cost of properties at 31 December 2020 was £358,696,859 (2019: £356,985,045), including capitalised interest of £1,510,753 (2019: £1,510,753).

As at 31 December 2020 the Partnership had capital commitments of £1,305,668 (2019: £2,388,559) for works which were contracted but not provided for.

All of the investments properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The following table shows the significant unobservable inputs used in measuring the fair value of the investment property.

<b>Significant Unobservable inputs</b>	<b>Impact on the valuation</b>
<b>Yields</b>	Fair Value would decrease if the yield was increased and increase if reduced
<b>Occupancy</b>	Fair Value would increase if the occupancy was increased and decrease if reduced
<b>ERV's</b>	Fair Value would increase if the ERV's were increased and decreased if reduced

**8. FUTURE MINIMUM LEASE RECEIVABLES**

At the Statement of Financial Position date, the Partnership had contracted with tenants for the following future minimum lease receivables:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	36,215,577	33,659,173
In the second to fifth years inclusive	84,858,125	78,586,457
After five years	47,091,198	32,616,456
	<u>168,164,900</u>	<u>144,862,086</u>

**MEPC MILTON LP****NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>9. DEBTORS</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Rent and sundry receivables	3,554,329	3,378,099
Amounts owed by group undertakings	20,000	-
Other debtors	5,228,759	3,487,033
	<u>8,803,088</u>	<u>6,865,132</u>
 <b>Amounts falling due after more than one year:</b>		
Lease incentives	15,072,866	11,981,803
Tenants' deposit accounts	3,706,645	5,162,222
	<u>18,779,511</u>	<u>17,144,025</u>
	<u>27,582,599</u>	<u>24,009,157</u>
 <b>10. CASH AND CASH EQUIVALENTS</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>£</b>	<b>£</b>
Cash at bank	9,504,842	5,694,999
Short-term cash deposit	7,013,145	14,013,145
	<u>16,517,987</u>	<u>19,708,144</u>
 <b>11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	8,702,293	8,734,685
Amounts owed to group undertakings	7,801,401	7,424,944
Other taxation and social security	1,094,827	661,602
Trade creditors	273,132	180,261
Other creditors	931,069	918,138
	<u>18,802,722</u>	<u>17,919,630</u>
The amounts owed to group undertakings are repayable on demand and are interest-free.		
 <b>12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>£</b>	<b>£</b>
Tenants' deposit accounts	<u>3,706,645</u>	<u>5,162,222</u>

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**MEPC MILTON LP**

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**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>13. LONG-TERM DEBT</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>£</b>	<b>£</b>
Bank loan	200,000,000	200,000,000
Less: deferred finance costs	(910,712)	(1,116,281)
	<u>199,089,288</u>	<u>198,883,719</u>

On 6 June 2018, a bank loan was issued for £200,000,000. The facility is secured over the investment property of the Partnership, bears interest at a fixed rate of 2.36% and matures in full on 6 June 2025.

**14. RELATED PARTY TRANSACTIONS**

As at 31 December 2020, the Partnership had intercompany loans in place with MEPC Milton Park Unit Trust of £6,680,700 payable (2019: £6,630,540 payable) and MEPC Milton GP Limited of £18,455 payable (2019: £16,805 payable). The intercompany loans are unsecured, bear no interest and are repayable on demand.

During the year, the Partnership was charged fees of £1,737,057 (2019: £2,246,250) by MEPC Limited, a fellow subsidiary of BT Pension Scheme. Outstanding amounts in respect of these fees of £1,102,247 (2019: £777,560) are included under amounts owed to group undertakings.

**15. ULTIMATE CONTROLLING PARTY**

The ultimate parent company and the smallest and largest group in which the results of the Partnership are consolidated is that headed by the BT Pension Scheme. The consolidated financial statements of this group are available from One America Square, 17 Crosswall, London, EC3N 2LB.

**16. MARKET CONSIDERATION – BREXIT**

The United Kingdom officially left the European Union on 31 January 2020 ("Brexit"). A trade and cooperation agreement was reached on 24 December 2020 surrounding trade interactions between the United Kingdom and European Union. All new relevant rules and regulations apply effective from 1 January 2021.

It is currently not practicable to forecast with certainty how the value of, or the cash flows arising from, assumptions involved in the Partnership's assets might be affected by Brexit. Consequently, it is currently not possible to accurately quantify the possible effect of Brexit on the Partnership.

**17. SUBSEQUENT EVENTS**

In the opinion of the General Partner, there are no significant events subsequent to the year end that are deemed necessary to be adjusted or disclosed in the financial statements.