

Registered in England and Wales: No. 07680828

**AVIVA INVESTORS COMMERCIAL ASSETS GP
LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2019**



AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

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AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

G P Mills
C J Urwin
A M Coles

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. 07680828

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Other Information

Aviva Investors Commercial Assets 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 COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

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:

G P Mills
D S Skinner (resigned on 16 July 2019)
B S Hill (resigned on 11 October 2019)
C J Urwin (appointed on 29 October 2019)
A M Coles (appointed on 30 October 2019)

Principal activity

The principal activity of the Company is to act as the General Partner of Aviva Investors REaLM Commercial Assets 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 2019 and consider them to be satisfactory.

Results

The loss for the financial year amounted to £14,603 (2018: £11,672).

Future developments

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

Going Concern

At the balance sheet date the company had net current liabilities of £71,946. This is driven by £76,351 owed to the Partnership. The directors have received confirmation that the 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. In addition, 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 COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Events after the reporting date

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a nonadjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact.

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, except those noted above.

Employees

The Company has no employees (2018: Nil).

Disclosure of information to the Independent Auditors

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

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

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

Independent Auditors

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

Qualifying indemnity provisions

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

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of Sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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). The Aviva Group 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

The outbreak of the novel coronavirus (also known as COVID-19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable we will see a period of slow economic growth or even recession.

Whilst it is not possible to fully assess the impact on specific industries or their constituents at this stage, the Directors believe that the Company has the right strategy in place to mitigate against the worst consequences of the outbreak. Business continuity plans have been enacted for itself and service providers, so the Directors expect the Company to be in a position to continue operations throughout this period.

However, there is unlikely to be an entity that is completely immune from the consequences of the outbreak and the Directors consider that the novel coronavirus presents increased uncertainty and risk with respect to the Company's performance and financial results. The Directors will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Market risk

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

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. Details of the Aviva Group's approach to operational risk are set out in the Aviva Group's Risk Management Framework ("RMF") and in the financial statements of Aviva Investors Global 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 COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

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

The financial statements on pages 8 to 19 were approved by the Board of Directors on 18 May 2020 and signed on its behalf by:

DocuSigned by:

Garry Mills

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G P Mills
Director

Date: 18 May 2020

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2019 **Report on the audit of the financial statements**

Opinion

In our opinion, Aviva Investors Commercial Assets GP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; 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

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

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

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption 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.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 May 2020

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
	Note		
Turnover		1,359	1,163
Administrative expenses	5	(15,962)	(12,835)
Loss before taxation		(14,603)	(11,672)
Tax on loss	6	-	-
Loss for the financial year and total comprehensive expense for the year		(14,603)	(11,672)

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

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

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	31 Dec 2019 £	31 Dec 2018 £
Current assets			
Debtors: amounts falling due within one year	7	7,914	6,555
Current liabilities			
Creditors: amounts falling due within one year	8	(79,860)	(63,898)
Net current liabilities		<u>(71,946)</u>	<u>(57,343)</u>
Net liabilities		<u>(71,946)</u>	<u>(57,343)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		<u>(71,947)</u>	<u>(57,344)</u>
Total Shareholders' deficit		<u>(71,946)</u>	<u>(57,343)</u>

The financial statements on pages 8 to 19 were approved by the Board of Directors on 18 May 2020 and signed on its behalf by

Garry Mills

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G P Mills
Director

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

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total Shareholders' deficit
	£	£	£
Balance as at 1 January 2018	1	(45,672)	(45,671)
Loss for the financial year and total comprehensive expense for the year	-	(11,672)	(11,672)
Balance as at 31 December 2018 and 1 January 2019	1	(57,344)	(57,343)
Loss for the financial year and total comprehensive expense for the year	-	(14,603)	(14,603)
Balance as at 31 December 2019	1	(71,947)	(71,946)

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

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Aviva Investors Commercial Assets GP Limited (the "Company") acts as the General Partner of Aviva Investors REaLM Commercial Assets Limited Partnership (the "Partnership") which is engaged in the business of property investment.

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

2. Statement of compliance

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

3. Accounting policies

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

3.1 Basis of preparation

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

These financial statements have been presented in pounds sterling as this is the Company's functional currency, being the primary economic environment in which it operates.

3.2 Going concern

At the balance sheet date the company had net current liabilities of £71,946. This is driven by £76,351 owed to the Partnership. The directors have received confirmation that the 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. In addition, 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 COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.4 Strategic report and Directors' report

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

3.5 Use of estimates

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

3.6 Turnover

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

3.7 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 COMMERCIAL ASSETS GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 (2018: £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, including other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

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

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

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 accounts.

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****5. Administrative expenses**

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Fees payable to the auditors for the audit for the Company's financial statements*	5,359	2,331
Administration fees	10,000	9,775
Tax advisors fee	603	713
Bank fees	-	16
	<u>15,962</u>	<u>12,835</u>

*During the year no non-audit fees were paid to statutory auditors.

The Directors received no emoluments from the Company for services to the Company for the financial year (2018: £Nil).

The Company had no employees during the financial year (2018: Nil).

6. Tax on loss

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Analysis of tax charge in the year		
UK corporation tax on loss for the year	-	-
Tax on loss for the year	<u>-</u>	<u>-</u>

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****6. Tax on loss (continued)****(a) Tax reconciliation**

The tax on the Company's loss before taxation is higher than (2018: higher than) from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	31 Dec 2019 £	31 Dec 2018 £
Loss before taxation	(14,603)	(11,672)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (31 December 2018: 19.00%)	(2,775)	(2,218)
Non-taxable distribution from Partnership	(258)	(221)
Taxable allocation from Partnership	347	286
Deferred tax assets not recognised	2,686	2,153
Total tax charge for the year	-	-

(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 2019 £	31 Dec 2018 £
Unutilised management expenses	14,135	11,328
Deferred tax rate	17%	17%
Deferred tax asset not recognised	2,403	1,926

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

	31 Dec 2019 £	31 Dec 2018 £
Opening balance of unrecognised deferred tax assets	10,023	8,097
Deferred tax losses for the year	2,403	1,926
Balances at 31 December	12,426	10,023

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.

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****6. Tax on loss (continued)****(c) Factors affecting current tax charge for the year**

The deferred tax balances have been calculated using the future tax rate in force at the balance sheet date, being 17%. On 11 March 2020, the government announces that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net unrecognised deferred tax asset position by £1,462.

7. Debtors: amounts falling due within one year

	31 Dec 2019 £	31 Dec 2018 £
Other debtors - VAT	-	3,048
Amounts owed by Group undertakings	1	1
Amounts owed by Partnership	7,913	3,506
	<u>7,914</u>	<u>6,555</u>

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

8. Creditors: amounts falling due within one year

	31 Dec 2019 £	31 Dec 2018 £
Amounts owed to Partnership	76,351	50,276
Accruals	3,509	13,622
	<u>79,860</u>	<u>63,898</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 2019 £	31 Dec 2018 £
Allotted, called up and unpaid share capital of the Company: - ordinary share of £1 each	<u>1</u>	<u>1</u>

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****10. Contingent liabilities and capital commitments**

There were no contingent liabilities or commitments at the Statement of Financial Position date (2018: £Nil).

11. Related party transactions

	2019 Income earned / (expenses incurred) in the year £	2019 Receivable / (payable) at year end £	2018 Income earned / (expenses incurred) in the year £	2018 Receivable / (payable) at year end £
Aviva Investors REaLM Commercial Assets Limited Partnership - priority distribution	1,359	7,913	1,163	3,506
Aviva Investors REaLM Commercial Assets Limited Partnership - recovered VAT	-	-	-	3,048
Aviva Investors Real Estate Limited - share capital	-	1	-	1
Aviva Investors REaLM Commercial Assets Limited Partnership - payment on behalf of the Company	(15,962)	(76,351)	(12,122)	(50,276)
	(14,603)	(68,437)	(10,959)	(43,721)

The Company is entitled to a priority distribution of 0.01% (2018: 0.01%) of the net income available for distribution from the Partnership.

During the year distribution income amounting to £1,359 (2018: £1,163) was receivable from the Partnership, £7,913 (2018: £3,506) remained outstanding at the year end.

During the year administration fees of £10,000 (2018: £9,775), audit fees of £5,359 (2018: £2,331) and bank fees of £Nil (2018: £16) were paid by the Partnership on behalf of the Company. At the statement of financial position date the Company owed £76,351 (2018: £50,276) to the Partnership.

The Directors received no emoluments for services to the Partnership for the financial year (2018: £Nil).

AVIVA INVESTORS COMMERCIAL ASSETS GP LIMITED

Registered in England and Wales: No. 07680828

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****12. Financial instruments**

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

	31 Dec 2019 £	31 Dec 2018 £
Financial assets measured at undiscounted amount:		
Debtors: amounts falling due within one year (see Note 7)	<u>7,914</u>	<u>6,555</u>

	31 Dec 2019 £	31 Dec 2018 £
Financial liabilities measured at undiscounted amount:		
Creditors: amounts falling due within one year (see Note 8)	<u>(79,860)</u>	<u>(63,898)</u>

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 2019. 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

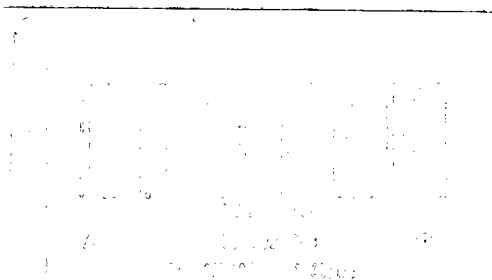
On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a nonadjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact.

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, except those noted above.

Registered in England No: LP014525

**AVIVA INVESTORS REaLM COMMERCIAL
ASSETS LIMITED PARTNERSHIP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 2019**



AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

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AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP PARTNERS, ADVISORS AND OTHER INFORMATION

Partners

Limited Partner

Aviva Investors REaLM Commercial Assets Unit Trust

General Partner

Aviva Investors Commercial Assets 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

Asset 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. LP014525

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors of the General Partner (the "Directors") present their strategic report of Aviva Investors REaLM Commercial Assets Limited Partnership (the "Partnership") for the year ended 31 December 2019.

THE PARTNERSHIP

The Partnership was established on 5 July 2011 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008. The total commitment of the Partners as at 31 December 2019 is £436,389,193 (31 December 2018: £395,089,193) of which £400,143,119 (31 December 2018: £389,324,146) has been drawn down.

PRINCIPAL ACTIVITY OF THE PARTNERSHIP

The principal activity of the Partnership is to invest, directly or indirectly, in UK based commercial assets. 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 objective of the Partnership is to achieve investment returns in excess of 200 basis points per annum (net of costs and expenses) above the rate of return generated by long dated index-linked gilts over the long term by investing in commercial assets based in the UK.

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

- (a) Acquiring or investing in (including by way of loans, debt arrangements or funding) (either directly or indirectly) existing or new commercial assets in the UK either as freehold or let on long leases (intended to generally be 25 years+) that meet the Partnership's specific investment criteria with the purpose of enhancing returns and/or reducing risk; and
- (b) Devising and implementing business plan initiatives that improve projected investment returns and meet defined risk/reward criteria.

The Partnership may acquire commercial assets from any sector of the UK market, including alternative sectors such as healthcare and education as well as mainstream sectors such as offices and retail. 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 commercial assets;
- (b) Investments in or originating debt arrangements with third parties on commercial terms whether secured or unsecured on or granted in respect of commercial assets;
- (c) Long term leases or loans, usually with terms of at least 25 years (more typically 35 years+);
- (d) Lessee/borrower will typically be a public sector body or an investment grade corporate occupier;
- (e) Leases will be fully repairing and insuring;
- (f) Investments may include investment into completed investments (assets that are already built or occupied) or, more likely, providing funding or forward funding to acquire developments; and
- (g) Assets expected to deliver a net margin (after fees and expenses) of between 100 and 300bps over long dated index-linked gilts, with an overall target of 200bps.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Objective and strategy (continued)

The Partnership will operate within the following broad constraints:

- (a) Properties will be located in the UK and denominated in Sterling;
- (b) At the point the Partnership invests into a Commercial Asset, no single Commercial Asset will exceed 20 per cent of the aggregate of the most recently determined Gross Asset Value and the total capital committed by the Partnership for the acquisition of the relevant Commercial Asset;
- (c) If the most recently determined Gross Asset Value of the Partnership Assets exceeds £500 million, then the gross rental income receivable by the Partnership for the first full calendar year of ownership of a Commercial Asset (or in the case of construction of an asset, the first full calendar year following forecast completion of such construction) from a single counterparty (or counterparties within the same Group) shall not exceed 20 per cent 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 a quasi-Government entity; and
- (d) No more than 10 percent of the most recently determined Gross Asset Value of the Partnerships 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.

PARTNERSHIP PERFORMANCE

The financial position of the Partnership at 31 December 2019 is shown in the Statement of Financial Position on page 15 with the results shown in the Statement of Comprehensive Income on page 14 and the Cash Flow Statement on page 17.

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 2019	31 December 2018
Fund total return	6.27%	5.51%
Net asset value (NAV)	409,140,763	£393,509,751
Carrying value of assets	405,070,392	£350,049,357
Number of assets	18	17

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

The Fund return reported to the investors was 6.27% (31 December 2018: 5.51%) against a Benchmark return of 4.31% (31 December 2018: 2.81%). The Benchmark is comprised of a composite of three index linked gilts, equally weighted, that most closely match the duration of the Fund. The correlation between the total return and the benchmark has been low historically owing mainly to funding transactions.

CAPITAL MANAGEMENT AND OBJECTIVES

The Partnership operates as an ungeared fund.

£11,300,000 of new equity, in the form of capital contributions and advances, was injected into the Partnership during the year ended 31 December 2019 (31 December 2018: £54,939,193).

During the year to 31 December 2019 there was a capital repayment of £481,071 (31 December 2018: £Nil).

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

PURCHASES AND DISPOSALS

On 31 January 2019, the Partnership advanced the remaining commitment of £28,303,273 for the acquisition of 85-103 Queensway and 24-26 The Forum. The property was acquired for £47,080,506 on 5 December 2018.

On 7 June 2019, the Partnership completed on the acquisition of the Monks Road campus of Lincoln College, Lincoln for £23,089,395. This was a sale and leaseback transaction with a lease granted by the Partnership to Lincoln for 50 years, at the end of which the College will have the option to buy the freehold back for £1.

EVENTS AFTER THE REPORTING PERIOD

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK Real Estate is yet to see the full impact of COVID 19 in terms of investment and occupier activity. Liquidity and transaction volumes for all but the best quality real estate are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Various initiatives have been enacted across government and the industry to protect occupiers.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. Management has assessed every asset individually across the portfolio given each asset's unique circumstances with respect to the borrower strength and associated covenants. Management does not consider the impact of COVID-19 is material to the financial statements.

The entity invests in real estate long income and whilst not immune from the challenges likely to be presented to the wider market, should be well positioned compared to traditional real estate because of its focus on long-term contractual cashflows to strong tenant counterparties.

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, except those noted above.

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to remain consistent with 2019.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks arising in the Partnership are market, 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

The outbreak of the novel coronavirus (also known as COVID 19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable we will see a period of slow economic growth or even recession.

Whilst it is not possible to fully assess the impact on specific industries or their constituents at this stage, the General Partner believes the partnership has a strong balance sheet and the right strategy in place to mitigate against the worst consequences of the outbreak. Business continuity plans have been enacted for itself and service providers, so the General Partner expects the entity to be in a position to continue operations throughout this period.

However, there is unlikely to be an entity that is completely immune from the consequences of the outbreak and the General Partner considers that the novel coronavirus presents increased uncertainty and risk with respect to the Partnership's performance and financial results. The General Partner will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Market risk

The Partnership's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. Market risk is managed by ongoing proactive asset management.

Credit risk

The Partnership investments are managed by property agents who have responsibility for the prompt collection of amounts due. The Partnership manages this risk of tenant defaulting on their rent demands by ensuring that a dedicated credit control team is engaged in collecting the advance 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 50% of the Partnership's income for the year to 31 December 2019 (31 December 2018: 59%) and 0% of the tenant receivables balance at 31 December 2019 (31 December 2018: 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.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Management of financial and non-financial risks (continued)

Credit risk (continued)

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

Operational risk

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

Liquidity risk

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

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2019 was as follows:

As at 31 December 2019

	On demand	1-3 months	4-12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Net investment in finance leases	-	-	-	304,668,561	304,668,561
Loan receivable	-	-	-	100,401,831	100,401,831
Trade debtors	922,815	-	-	-	922,815
Amounts owed by third party	460,216	-	-	-	460,216
Amounts owed by General Partner	76,351	-	-	-	76,351
Other trade receivables	964,105	-	-	-	964,105
Cash in hand and at bank	11,599,834	-	-	-	11,599,834
	14,023,321	-	-	405,070,392	419,093,713
Financial liabilities					
Finance costs: distributions payable to Limited Partner	3,463,221	-	-	-	3,463,221
Finance costs: distributions payable to General Partner	4,866	-	-	-	4,866
Accrued capital expenditure	2,190,682	-	-	-	2,190,682
Accruals	1,004,027	-	-	-	1,004,027
Trade creditors	960	-	-	-	960
Other creditors	35,571	-	-	-	35,571
	6,699,327	-	-	-	6,699,327

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Management of financial and non-financial risks (continued)

Liquidity risk (continued)

As at 31 December 2018

	On demand	1-3 months	4-12 months	More than 12 months	Total
	£	£	£	£	£
Financial assets					
Net investment in finance leases	-	-	-	278,710,233	278,710,233
Loan receivable	-	-	-	71,339,124	71,339,124
Trade debtors	390,094	-	-	-	390,094
Amounts owed by third party	115,751	-	-	-	115,751
Amounts owed by General Partner	50,276	-	-	-	50,276
Other trade receivables	324,930	-	-	-	324,930
Cash in hand and at bank	51,434,191	-	-	-	51,434,191
	52,315,242	-	-	350,049,357	402,364,599
Financial liabilities					
Finance costs: distributions payable to Limited Partner	3,115,027	-	-	-	3,115,027
Finance costs: distributions payable to General Partner	3,507	-	-	-	3,507
Accrued capital expenditure	3,647,208	-	-	-	3,647,208
Accruals and deferred income	4,325,230	-	-	-	4,325,230
Trade creditors	21,985	-	-	-	21,985
Other creditors	69,475	-	-	-	69,475
	11,182,432	-	-	-	11,182,432

COVID-19

Management's assessment of the financial risks associated with COVID-19 and the Company's response to such risks is detailed above within principal risks and uncertainties.

EMPLOYEES

The Partnership has no employees (31 December 2018: Nil). The key management personnel have been identified as the Directors of Aviva Investors Commercial Assets GP Limited. The Directors received no remuneration (2018: £Nil).

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

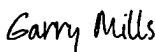
ENVIRONMENTAL

Aviva Investors Real Assets (AIRA) recognises its duty to act as responsible stewards of its clients' assets. Consistent with its fiduciary and stewardship obligations, AIRA maintains a deep conviction that Responsible Investment including environmental, social and governance (ESG) factors can have an impact on investment returns and client outcomes.

AIRA's fiduciary duty is to protect and maintain the value of assets, it aims to do this by integrating Responsible Investment, including ESG considerations, into its investment and asset management decisions. Responsible Investment factors are implemented from origination or acquisition to divestment or termination.

AIRA supports industry initiatives to develop a common platform to evaluate the Responsible Investment impact and credentials of Real Asset investments, and to setup standardised reporting frameworks and benchmarks. AIRA is a founding member of GRESB infrastructure and an advisory member of GRESB Real Estate and has partnered with a number of organisations to participate on ESG initiatives including the Better Buildings Partnership.

For and on behalf of the Partnership:

DocuSigned by:

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G P Mills
Director of Aviva Investors Commercial Assets GP Limited

Date: 20 April 2020

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of the General Partner present their annual report and the audited financial statements of the Partnership for the year ended 31 December 2019.

RESULTS AND DISTRIBUTIONS

The total comprehensive income for 2019 was £4,812,039 (31 December 2018: £5,784,556). Distributions to the Partners were £13,589,156 (31 December 2018: £11,631,214).

DIRECTORS

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

B S Hill (resigned 11 October 2019)
 G P Mills
 D S Skinner (resigned 16 July 2019)
 C J Urwin (appointed 29 October 2019)
 A M Coles (appointed 30 October 2019)

FUTURE DEVELOPMENTS

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

EVENTS AFTER THE REPORTING PERIOD

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

PARTNERS' ACCOUNTS

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

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

As at 31 December 2019

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Commercial Assets Unit Trust	10	400,143,109
Aviva Investors Commercial Assets GP Limited	-	-
Total	<u>10</u>	<u>400,143,109</u>

As at 31 December 2018

	Capital Contributions £	Capital Advance £
Aviva Investors REaLM Commercial Assets Unit Trust	10	389,324,136
Aviva Investors Commercial Assets GP Limited	-	-
Total	<u>10</u>	<u>389,324,136</u>

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 £1,359 (2018: £1,163).

GOING CONCERN

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

FINANCIAL INSTRUMENTS

The business of the Partnership includes use of financial instruments. Details of the Partnership's risk management objectives and policies, and exposures to price risk, credit risk, liquidity risk and cash flow risk relating to financial instruments are set out in pages 5 to 7 and Note 20 of the financial statements.

INDEPENDENT AUDITORS

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the 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 COMMERCIAL ASSETS LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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


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

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

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

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

This report was approved by the board and signed on its behalf.

DocuSigned by:

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G P Mills
Director of Aviva Investors Commercial Assets GP Limited

Date: 20 April 2020

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF AVIVA INVESTORS REaLM
COMMERCIAL ASSETS LIMITED PARTNERSHIP
FOR THE YEAR ENDED 31 DECEMBER 2019
Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors REaLM Commercial Assets Limited Partnership's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; 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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF AVIVA INVESTORS REaLM
COMMERCIAL ASSETS LIMITED PARTNERSHIP (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities in Respect of the Financial Statements set out on page 11, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2020

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
	Note		
Turnover	5	20,431,310	16,797,199
Gross profit		20,431,310	16,797,199
Administrative expenses	6	(2,106,644)	(1,654,036)
Gain on disposal of investment properties	9	-	2,183,629
Operating profit		18,324,666	17,326,792
Finance income		76,529	88,978
Finance costs - distribution to partners	7	(13,589,156)	(11,631,214)
Total comprehensive income for the year		4,812,039	5,784,556

Continuing operations

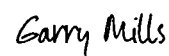
All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

The notes on pages 18 to 33 form an integral part of these financial statements.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 Dec 2019 £	31 Dec 2018 £
Fixed assets			
Net investment in finance leases	10	304,668,561	278,710,233
Loan receivable	11	100,401,831	71,339,124
		<u>405,070,392</u>	<u>350,049,357</u>
Current assets			
Debtors	13	2,875,185	3,208,635
Cash at bank and in hand	14	11,599,834	51,434,191
		<u>14,475,019</u>	<u>54,642,826</u>
Creditors: Amounts falling due within one year	15	(10,404,648)	(11,182,432)
Net current assets		<u>4,070,371</u>	<u>43,460,394</u>
Total assets less current liabilities		<u>409,140,763</u>	<u>393,509,751</u>
Net assets attributable to Partners	18	<u>409,140,763</u>	<u>393,509,751</u>

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

DocuSigned by:

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G P Mills
 Director of Aviva Investors Commercial Assets GP Limited

Date: 20 April 2020

The notes on pages 18 to 33 form an integral part of these financial statements.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Proceeds from Partners £	Profit and loss account £	Total £
Balance as at 1 January 2018	334,384,953	(1,598,951)	332,786,002
Total comprehensive income for the year	-	5,784,556	5,784,556
Partners' loan advances received during the year	54,939,193	-	54,939,193
Balance as at 31 December 2018	389,324,146	4,185,605	393,509,751
Total comprehensive income for the year	-	4,812,039	4,812,039
Capital repayment	(481,027)	-	(481,027)
Partners' loan advances received during the year	11,300,000	-	11,300,000
Balance as at 31 December 2019	400,143,119	8,997,644	409,140,763

The notes on pages 18 to 33 form an integral part of these financial statements.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	1 Jan 2019 to 31 Dec 2019	1 Jan 2018 to 31 Dec 2018
	£	£
Cash flows from operating activities		
Profit for the financial year	4,812,039	5,784,556
Adjustments for:		
Decrease in debtors	333,450	6,000,124
(Decrease)/increase in creditors	(3,318,019)	1,894,988
Gain on disposal of investment properties	-	(2,183,629)
Increase in investment in finance lease (see Note 3.5)	-	(3,376,395)
Finance income	(76,529)	(88,978)
Finance costs - distributions to partners	13,589,156	11,631,214
Net cash generated from operating activities	15,340,097	19,661,880
Cash flows from investing activities		
Paid for net investment in finance lease	(23,767,646)	(20,996,912)
Investments in loan receivables	(29,062,707)	(71,339,124)
Proceeds from disposal of investment properties	-	56,683,629
Finance income	76,529	88,978
Net cash used in investing activities	(52,753,824)	(35,563,429)
Cash flows from financing activities		
Partners' capital advances	11,300,000	54,939,193
Payment of finance costs - distributions	(13,239,603)	(9,872,665)
Capital repayment	(481,027)	-
Net cash (used in)/generated from financing activities	(2,420,630)	45,066,528
Net (decrease)/increase in cash at bank and in hand	(39,834,357)	29,164,979
Cash at bank and in hand at beginning of year	51,434,191	22,269,212
Cash at bank and in hand at end of year	11,599,834	51,434,191

The notes on pages 18 to 33 form an integral part of these financial statements.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The principal activity of Aviva Investors REaLM Commercial Assets Limited Partnership (the "Partnership") is to invest, directly or indirectly, in UK based commercial assets. This will continue to be the principal activity of the Partnership for the foreseeable future.

The Partnership is registered as a limited partnership in England and Wales under the Limited Partnership Act 1907 and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ. The Partnership is governed by Company Law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

2. Statement of compliance

The Partnership'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 preceding year.

3.1 Basis of preparation

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

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

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

3.2 Going concern basis

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

3.3 Inventories

The Partnership has an arrangement in place with a developer to develop an asset that will then be leased to an unrelated party upon completion of the asset under a finance lease agreement. The costs associated with this development have been treated as inventory on the financial statements as and when they are incurred by the developer. Inventories are stated at lower of cost and estimated selling price less costs to sell. At the end of each reporting period, inventories are assessed for impairment. If an asset is impaired, the asset is reduced to its selling price less costs to complete and sell and the impairment loss is recognised in the Statement of Comprehensive Income. Once the project is completed, the asset is transferred to a finance lease at cost (refer to note 3.5). Refer to Note 4 for further information on this classification.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.4 Financial instruments

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

(i) Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and 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 as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

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

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

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.4 Financial instruments (continued)

(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.

(iv) 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.

(v) Loan receivable

The Partnership enters into financing agreement with various counterparties for the development of investment properties. The Partnership advances the loan before the development starts and will receive the repayments based on the terms and conditions of the underlying agreement. The Partnership does not take on any additional risk or benefits of the development of these investment properties as:

- a. The Partnership does not benefit other than repayments for this financing as per the terms of the agreement.
- b. The Partnership is not exposed to any development risk and additional cost above the fixed commitment for financing the development of investment properties.
- c. In the event that development of investment properties is cancelled or stalled, then the Partnership and / or the counter party have, under the terms of the relevant agreement, the ability to step-in and complete the development.

Loan receivable is stated at amortised cost, less impairment provision for permanent diminution in value. The General Partner assesses at each period end whether there is objective evidence that the loan receivable is impaired. Impairment provisions are calculated based on the difference between the carrying amount of the asset and its estimated recoverable amount. Any impairment would be recognised in the Statement of Comprehensive Income. Loan interest income is recognised on an accruals basis using the effective interest rate method. At the beginning of the finance term, the repayments received are lower than the principal and income returns as per effective interest rate. As such, the loan receivable balance increases over the first half of the finance term.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.5 Leases

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

Assets held under finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Partnership by lessee are classified as finance lease. These are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The capitalised lease debtor is amortised over the shorter of estimated useful life or life of the lease using the interest rate implicit in the lease. The rental payments earned on the lease are split between amortisation of the lease debtor and lease income in the Statement of Comprehensive Income.

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

At the beginning of the lease term, the rental payments received are lower than the capital and income returns from the lease model (the finance lease income on the face of the Statement of Comprehensive Income) and therefore the distribution paid is all income. As such, the lease debtor increases over the first half of the lease term.

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

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

3.6 Partners' accounts

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

3.7 Cash at bank and in hand

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

3.8 Cash flow

The Partnership reports cash flows from operating activities using the indirect method. Interest paid is presented within cash flows from financing activities. The acquisition of investments in finance leases, loan receivables and disposals of are disclosed as cash flows from investing activities because this most appropriately reflects the Partnership's business activities.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

3.9 Turnover

Turnover comprises rental income, finance lease income and interest on loan receivable.

Rental income is recognised on an accruals basis in the Statement of Comprehensive Income, over the period to which the income relates.

Finance lease income is recognised using the effective interest rate method.

Interest on loan receivable is recognised using the effective interest rate method.

3.10 Administrative expenses

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

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 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 is 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 Directors, separate disclosure is necessary to understand the effect of the transactions on the Partnership financial statements.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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. Valuation of investment properties

The fair value of the Partnership's investment properties represents an estimate by independent professional valuers of the open market value of those investments as at the reporting date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar investment properties. Fair value disclosures in relation to investment properties are given in Note 9. During the prior year the Partnership sold all of its investment property and as at 31 December 2019 Partnership does not hold any investment property at fair value.

b. Impairment assessments for net investment in finance lease and loan receivables

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

4.2 Critical accounting judgements and assumptions

a. Determination on whether costs in relation to property under development are classified as inventory or loan receivables/finance lease

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

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Turnover

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Rental income	-	2,396,016
Finance lease income	16,688,493	13,328,752
Interest on loan receivable	3,718,054	1,072,431
Other income	24,763	-
	<u>20,431,310</u>	<u>16,797,199</u>

6. Administrative expenses

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Auditors' fees*	30,636	29,977
Fund Manager fees	1,667,324	1,536,168
Depositary fees	76,931	68,544
Other operating expenses/(income)	181,871	(105,888)
Bank charges	734	693
Professional fees	135,148	110,542
Other administrative expenses	14,000	14,000
	<u>2,106,644</u>	<u>1,654,036</u>

The Partnership had 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 2018: £Nil).

*During the year no non-audit fees were paid to statutory auditors.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Finance costs - distributions to Partners

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Finance costs - distributions declared and paid	10,243,820	8,515,024
Proposed distributions at 31 December	3,345,336	3,116,190
Total amounts available for distribution as per Statement of Comprehensive Income	13,589,156	11,631,214

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 Commercial Assets Unit Trust	99.99%
Aviva Investors Commercial Assets GP Limited	0.01%

8. Taxation

The Partnership is not subject to taxation and no provision for taxation on Partnership profits has been made in the financial statements. Any tax on income or capital is the responsibility of each individual partner.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Investment properties

	Freehold £	Total £
Fair market value at 1 January 2018	54,500,000	54,500,000
Gain on disposal of investment properties	2,183,629	2,183,629
Disposal proceeds	(56,683,629)	(56,683,629)
Fair market value at 31 December 2018	-	-
Gain on disposal of investment properties	-	-
Disposal proceeds	-	-
Fair market value at 31 December 2019	-	-

The investment properties were valued to fair value, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. There were no investment properties at 31 December 2019.

The valuations performed by the independent valuer for financial reporting processes have been reviewed by the Fund Manager. Discussions of valuation processes and results are held between the Fund Manager and the independent valuers at least once every quarter. At each year end, the Fund Manager:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Investment properties are valued by using the investment method which involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent free periods and associated running costs. The primary method of valuation for the REaLM Commercial Asset Fund uses a discounted cashflow approach (DCF). The valuer applies an appropriate internal rate of return (IRR) to the cashflow having regard to the credit strength of the tenant, the underlying real estate, and how the passing rent sits in relation to estimated rental value (ERV). The valuer uses their professional judgement, analysis of market observations and traded comparable property investments in arriving at an appropriate IRR. The valuer also has regard to IRRs achieved on comparable traded debt (GILTS and Corporate Bonds) with an apportioned property illiquidity premium to reflect the risks of trading property.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Net investment in finance leases

	31 Dec 2019 £	31 Dec 2018 £
Opening balance	278,710,233	201,551,829
Additions during the year	23,089,395	-
Transaction costs during the year	171,130	900,932
Interest income for the year	16,688,493	13,328,752
Transfer from inventory during the year	-	73,782,009
Net cashflows from the lessees	(13,990,690)	(10,853,289)
Net investment in finance leases	304,668,561	278,710,233

At the reporting date General Partner assessed all finance lease receivables for any indicators of impairment by monitoring, on a quarterly basis, both the credit ratings of each tenant and any history of past defaults in lease payments they fall due. 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:

31 December 2019

	Total amounts receivable on finance lease (Gross) £	Interest allocated to future periods £	Net investment in finance leases £
Not later than 1 year (see Note 3.5)	14,387,626	17,450,120	(3,062,494)
Later than 1 year and not later than 5 years (see Note 3.5)	63,560,850	72,643,894	(9,083,044)
Later than 5 years	732,457,485	415,643,386	316,814,099
Total	810,405,961	505,737,400	304,668,561

31 December 2018

	Total amounts receivable on finance lease (Gross) £	Interest allocated to future periods £	Net investment in finance leases £
Not later than 1 year (see Note 3.5)	13,481,208	15,947,292	(2,466,084)
Later than 1 year and not later than 5 years (see Note 3.5)	58,202,034	66,489,052	(8,287,018)
Later than 5 years	651,731,600	362,268,265	289,463,335
Total	723,414,842	444,704,609	278,710,233

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Loan receivable

	31 Dec 2019 £	31 Dec 2018 £
No later than 1 year	2,230,664	1,180,187
Later than 1 year	98,171,167	70,158,937
	<u>100,401,831</u>	<u>71,339,124</u>

On 11 June 2018 the Partnership entered into a £51,441,625 financing agreement, relating to the redevelopment of St George's Shopping Centre, Gravesend, (the "Agreement") with Gravesham Borough Council (the "Borrower") and REEF Real Estate Regen 1 Limited (the "Developer"). The term with the Borrower is for 50 years, at the end of which they have the option to acquire the asset for £1. As per the terms of the Agreement, all funds have been spent or advanced to either the Borrower or the Developer for the acquisition of the asset. Under the terms of the Agreement the Borrower has a lease with the Partnership with quarterly rental payments, which increase annually by the applicable RPI Index Factor.

On 5 December 2018 the Partnership entered into a £47,080,506 financing agreement, relating to the redevelopment of Queensway Stevenage (the "Agreement") with Stevenage Borough Council (the "Borrower") and REEF Real Estate Regen 1 Limited (the "Developer"). The term with the Borrower is for 37 years, at the end of which they have the option to acquire the asset for £1. As per the terms of the Agreement, all funds have been spent or advanced to either the Borrower or the Developer for the acquisition of the asset. Under the terms of the Agreement the Borrower has a lease with the Partnership with quarterly rental payments, which increase annually by the applicable RPI Index Factor. As at 31 December 2018, £18,777,233 was advanced and the balance of £28,303,273 was advanced on 31 January 2019.

12. Inventories

	31 Dec 2019 £	31 Dec 2018 £
Opening balance	-	54,182,222
Movement during the year	-	19,599,787
Transfer to finance lease	-	(73,782,009)
Balance at 31 December	<u>-</u>	<u>-</u>

During the year ended 31 December 2018, inventories of £73,782,009 were transferred to net investment in finance leases upon completion of the project.

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Debtors

	31 Dec 2019 £	31 Dec 2018 £
Trade debtors	922,815	390,094
VAT recoverable	451,698	2,327,584
Other trade receivables	964,105	324,930
Amounts owed by third party	460,216	115,751
Amounts owed by General Partners (see Note 19)	76,351	50,276
	<u>2,875,185</u>	<u>3,208,635</u>

14. Cash at bank and in hand

	31 Dec 2019 £	31 Dec 2018 £
Cash at bank and in hand	<u>11,599,834</u>	<u>51,434,191</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Finance costs - distributions payable to Limited Partner (see Note 19)	3,463,221	3,115,027
Finance costs - distributions payable to General Partner (see Note 19)	4,866	3,507
Accrued capital expenditure	2,190,682	3,647,208
Accruals	163,531	187,013
Deferred finance lease	3,705,321	3,323,236
Trade creditors	960	21,985
Other creditors	35,571	69,475
Fund manager fees (see Note 19)	840,496	814,981
	<u>10,404,648</u>	<u>11,182,432</u>

16. Analysis of net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	<u>51,434,191</u>	<u>(39,834,357)</u>	<u>11,599,834</u>

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Contingent liabilities and commitments

The Partnership had no contingent liabilities or commitments at the reporting date (31 December 2018: capital commitment of £28,303,273 for the acquisition of 85-103 Queensway and 24-26 The Forum, Stevenage).

18. Net assets attributable to Partners

	Limited Partner 100.00%	Total 100.00%
	£	£
Proceeds from Partners		
At 1 January 2019	389,324,146	389,324,146
Proceeds received	11,300,000	11,300,000
Capital repayment	(481,027)	(481,027)
At 31 December 2019	<u>400,143,119</u>	<u>400,143,119</u>
Income account		
At 1 January 2019	4,185,605	4,185,605
Total comprehensive income for the year before distributions to the Limited Partner	18,401,195	18,401,195
Finance costs - distribution to Limited Partner	(13,589,156)	(13,589,156)
At 31 December 2019	<u>8,997,644</u>	<u>8,997,644</u>
Net assets attributable to Partners at 31 December 2019	<u>409,140,763</u>	<u>409,140,763</u>
Proceeds from Partners		
At 1 January 2018	334,384,953	334,384,953
Proceeds received	54,939,193	54,939,193
At 31 December 2018	<u>389,324,146</u>	<u>389,324,146</u>
Income account		
At 1 January 2018	(1,598,951)	(1,598,951)
Total comprehensive income for the year before distributions to the Limited Partner	17,415,770	17,415,770
Finance costs - distribution to Limited Partner	(11,631,214)	(11,631,214)
At 31 December 2018	<u>4,185,605</u>	<u>4,185,605</u>
Net assets attributable to Partners at 31 December 2018	<u>393,509,751</u>	<u>393,509,751</u>

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

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Related party transactions

	2019 (Expense paid) / income earned in year £	2019 (Payable) / receivable at year end £	2018 (Expense paid) / income earned in year £	2018 (Payable) / receivable at year end £
Aviva Investors UK Fund Services Limited - fund manager fees	(1,667,324)	(840,496)	(1,536,168)	(814,981)
Aviva Investors Commercial Assets GP Limited - priority distribution	(1,359)	(4,866)	(1,163)	(3,507)
Aviva Investors Commercial Assets GP Limited	26,075	76,351	17,122	50,276
Aviva Investors REaLM Commercial Assets Unit Trust - distributions	(13,587,797)	(3,463,221)	(11,630,051)	(3,115,027)
	<u>(15,230,405)</u>	<u>(4,232,232)</u>	<u>(13,150,260)</u>	<u>(3,883,239)</u>

Aviva Investors UK Fund Services Limited is entitled to management fees in its capacity as Fund Manager of the Partnership. More details are provided in Note 3.13.

The General Partner is entitled to a priority distribution of 0.01% of the net income from the Partnership. Expenses of the General Partner totalling £26,075 have been paid out of the bank accounts of the Partnership and recharged to the General Partner (31 December 2018: £17,122).

The Directors of Aviva Investors Commercial Assets GP Limited received no emoluments for services to the Partnership for the financial year (31 December 2018: £Nil).

20. 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 2019 £	31 Dec 2018 £
Net investment in finance leases (see Note 10)	304,668,561	278,710,233
Loan receivable (see Note 11)	100,401,831	71,339,124
Debtors	2,423,487	3,208,635
Cash at bank and in hand (see Note 14)	11,599,834	51,434,191
	<u>419,093,713</u>	<u>404,692,183</u>

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20. Financial Instruments (continued)

Financial liabilities measured at amortised cost:

	31 Dec 2019 £	31 Dec 2018 £
Creditors	<u>(6,699,327)</u>	<u>(11,182,432)</u>

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

	1 Jan 2019 to 31 Dec 2019 £	1 Jan 2018 to 31 Dec 2018 £
Finance income		
Total interest income for financial assets at amortised costs	<u>76,529</u>	<u>88,978</u>

21. Financial Risk Management

Management's assessment of the financial risks associated with COVID-19 and the Company's response to such risks is detailed in Note 23.

22. Parent and ultimate controlling undertaking

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

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

The financial statements of Aviva Investors Commercial Assets Limited Partnership are available on application to:

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

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. Events after the reporting period

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK Real Estate is yet to see the full impact of COVID 19 in terms of investment and occupier activity. Liquidity and transaction volumes for all but the best quality real estate are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Various initiatives have been enacted across government and the industry to protect occupiers.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. The impact of COVID-19 is uncertain and may be material; the General Partner is in dialogue with the Fund Manager and will continue to monitor the situation.

The entity invests in real estate long income and whilst not immune from the challenges likely to be presented to the wider market, should be well positioned compared to traditional real estate because of its focus on long-term contractual cashflows to strong tenant counterparties.

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

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP

ADDITIONAL AIFMD DISCLOSURES - UNAUDITED

FOR THE YEAR ENDED 31 DECEMBER 2019

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

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit performance against agreed targets. a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations include the following comparisons -:
 - Actual results vs. prior period results
 - Actual results vs. agreed plans
 - Actual results relative to competitors
 - Actual results vs., and progress towards, our long-term target ambition.
- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

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

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2019, apportioned remuneration based on the time assessed to be spent on AIUKFSL (in its role as AIFM) to its senior management team, and Code Staff:

	Senior Management	Other Code Staff
Total Remuneration:	£1.8m	£1.5m
Of which, Fixed Remuneration:	21%	35%
Variable Remuneration:	73%	48%
Pension/Benefits:	7%	18%
Number of Code staff:	18	30

AVIVA INVESTORS REaLM COMMERCIAL ASSETS LIMITED PARTNERSHIP
ADDITIONAL AIFMD DISCLOSURES - UNAUDITED
FOR THE YEAR ENDED 31 DECEMBER 2019

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 COMMERCIAL ASSETS LIMITED PARTNERSHIP

NAV VALUATION - UNAUDITED

FOR THE YEAR ENDED 31 DECEMBER 2019

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 and loan receivables. The valuations included in the financial statements for the investments in finance leases and loan receivables ("investments") are in accordance with FRS 102.

FRS 102 states methodology how an investment should be accounted at cost less impairment over its lease or finance term which is further detailed in notes 3.6 and 3.5 (iv). 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.