Company number 07717091

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**
(FORMERLY ALNERY NO 2987 LIMITED)

**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014**



25 Bank Street
Canary Wharf
E14 5JP London
United Kingdom

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

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**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

**COMPANY INFORMATION**

**DIRECTORS OF THE GENERAL PARTNER**

Mr Colin Whittington
Mr Shaun Burch
Mr Karl McCathern

**LEGAL ADVISERS TO THE GENERAL PARTNER**

Wragge & Co LLP
55 Colmore Row
B3 2AS Birmingham
United Kingdom

**TAX ADVISERS TO THE GENERAL PARTNER**

Deloitte LLP
Athene Place
66 Shoe Lane
London EC4A 3BQ
United Kingdom

**ADMINISTRATOR SECRETARY AND REGISTAR**

J P Morgan Secretaries (UK) Limited
Level 23, 25 Bank Street
Lonon E14 5JP
United Kingdom

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

**REPORT OF THE GENERAL PARTNER**

Wellesbourne Distribution Park GP Limited (the Company) presents its report on the activities together with the financial statements for the year ended December 31, 2014

These financial statements are intended for the exclusive use of the partners in the Partnership and are confidential Any disclosure of information in these financial statements may only be made with the prior consent of the Company

**ACTIVITIES**

The Company was incorporated on July 25, 2011 and was formerly known as Alnery No 2987 Limited The name change was effective on July 29, 2011

The sole activity of the Company is to act as the General Partner of the Wellesbourne Distribution Park Limited Partnerhsip (the Partnership) as governed by the Limited Partnership agreement

On August 2, 2011, the Partnership was established as an English Limited Partnership under the Limited Partnerships Act 1907 to invest in investment property and related investments for the purpose of rental revenue and capital appreciation

**RESULTS**

Results for the year are presented in page 5 of the financial statements

The result for the year ended December 31, 2014 is nil (2013 nil)

Signed on behalf of

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

Date May 7, 2015

Director's name Mr Colin Whittington

## 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Signed on behalf of

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**
Date May 7, 2015
Director's name Mr Colin Whittington

WELLESBOURNE DISTRIBUTION PARK GP LIMITED

**PROFIT AND LOSS ACCOUNT**
For the year ended December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| Other operating income | | - | - |
| Administrative expenses | 4 | - | - |
| **Profit/(Loss) on ordinary activities before taxation** | | - | - |
| Tax on profit on ordinary activities | | - | - |
| **Profit/(Loss) for the year/period** | | - | - |

**Continuing operations**

All items dealt with in arriving at the net profit/(loss) for the current year relate to continuing operations

**Total recognised gains and losses**

There are no recognised gains and losses other than those passing through the profit and loss account Therefore no separate statement of total recognised gains and losses has been presented

The notes on page 9 are an integral part of these financial statements

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

**BALANCE SHEET**
As at December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 2 | 1 | 1 |
| **Current assets** | | | |
| Cash and cash equivalents | | - | 1 |
| **Total current assets** | | - | 1 |
| **Current liabilities** | | | |
| Creditors amounts falling due within one year | 3 | - | (1) |
| **Total current liabilities** | | - | (1) |
| **Net current assets/(liabilities)** | | - | - |
| **Total assets less current liabilities** | | 1 | 1 |
| **Capital and reserves** | | | |
| Partner's capital | | 1 | 1 |
| Profit and loss account | | - | - |
| **Shareholder's funds** | | 1 | 1 |

The company is entitled to exemption from audit under Section 480 of the Companies Act 2006 for the year ended December 31, 2014

The members have not required the Company to obtain an audit of its financial statements for the year ended December 31, 2014 in accordance with Section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for

(a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company

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

The financial statements were approved by the Board of Directors on May 7, 2015 and were signed on its behalf by

**Director's name Mr Colin Whittington**
Company number 07717091

The notes on page 9 are an integral part of these financial statements

**WELLESBOURNE DISTRIBUTION PARK GP LIMITED**

**STATEMENT OF CHANGES IN PARTNER'S CAPITAL**
For the year ended December 31, 2014

| | Capital Contribution GBP | Result for the period GBP | **Total GBP** |
|---|---|---|---|
| **Balance as at December 31, 2012** | 1 | - | 1 |
| Change for the year | - | - | - |
| **Balance as at December 31, 2013** | 1 | - | 1 |
| Change for the year | - | - | - |
| **Balance as at December 31, 2014** | 1 | - | 1 |

The paid share capital of the Company is composed of 1 ordinary share of GBP 1

The notes on page 9 are an integral part of these financial statements

WELLESBOURNE DISTRIBUTION PARK GP LIMITED

**CASH FLOW STATEMENT**
For the year ended December 31, 2014

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Operating loss | - | - |
| Decrease / (Increase) in debtors | - | - |
| Increase / (Decrease) in creditors | (1) | 1 |
| **Net cash inflow from operating activities** | (1) | 1 |
| Financial investment | | |
| Investments made during the year/period | - | (1) |
| **Net cash inflow/(outflow) before financing** | (1) | (0) |
| Financing | | |
| New shares issued | - | 1 |
| **Net cash generated from financing activities** | - | 1 |
| **Net (decrease) / increase in cash and cash equivalents** | (1) | 1 |

The notes on page 9 are an integral part of these financial statements

WELLESBOURNE DISTRIBUTION PARK GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2014

## 1 ACCOUNTING POLICIES

**Basis of Accounting**
The financial statements have been prepared under the historical cost convention

The directors have made an assessment of the Company's ability to continue as a going concern and have identified no material uncertainties that may cast a significant doubt on the ability of the Company to continue as a going concern for the foreseeable future

**Investments**
Fixed asset investments are stated at cost less provision for diminution in value

**Taxation**
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

## 2 FIXED ASSET INVESTMENTS

| | 2014<br>GBP | 2013<br>GBP |
|---|---|---|
| **Underlying investments** | | |
| Cumulative cost balance at start of year | 1 | 1 |
| New investments made during the year | - | - |
| Cumulative costs as at the end of the year | 1 | 1 |
| **Net book value at the end of the year** | 1 | 1 |

The Company has made a capital contribution of GBP 1 to the Partnership

## 3 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014<br>GBP | 2013<br>GBP |
|---|---|---|
| Amount due to JPMorgan GEOPF Luxembourg Holding S à r l | - | 1 |

## 4 ADMINISTRATION EXPENSES

| | 2014<br>GBP | 2013<br>GBP |
|---|---|---|
| Administration costs | - | - |

The average number of employees during the year excluding Directors, was nil (2013 nil)

The Directors did not receive any remuneration for services to the Company in the current year

## 5 RELATED PARTY DISCLOSURE

There were no material related party transactions during the year

## 6 CONTROLLING PARTIES

At December 31, 2014 and 2013, 100% of the share capital of the Company was owned by JPMorgan GEOPF Luxembourg Holding S a r l registered in Luxembourg The ultimate controlling party is JPMorgan Greater Europe Opportunistic Property Fund (B) L P , registered in Scotland which prepares group financial statements available at 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland

## 7 ADVANCES, CREDIT AND GUARANTEES

The General Partner has granted no credits, advances or guarantees to the Directors of any kind throughout the year

# WELLESBOURNE DISTRIBUTION PARK LP

Consolidated Financial Statements
For the year from January 1, 2014 to December 31, 2014

**WELLESBOURNE DISTRIBUTION PARK LP**

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**WELLESBOURNE DISTRIBUTION PARK LP**

**GENERAL INFORMATION**

The entity is a UK Limited Partnership, incorporated and domiciled in the United Kingdom The address of its registered office is 60 Victoria Embankment, London EC4Y 0JP, UK The parent of the group is Flairzone S à r l

| | |
|---|---|
| **General Partner** | Wellesbourne Distribution Park GP Limited |
| **Directors of the General Partner** | Karl W McCathern<br>Colin Whittington<br>Shaun S Burch |
| **Operator** | JPMorgan Asset Management (UK) Limited<br>25 Bank Street<br>Canary Wharf<br>London E14 5JP<br>United Kingdom |
| **Investment Adviser** | JPMorgan Asset Management (UK) Limited |
| **Accountants** | Deloitte Tax & Consulting S a r l<br>560, rue de Neudorf<br>L-2220 Luxembourg<br>Grand Duchy of Luxembourg |
| **Independent Auditor** | PricewaterhouseCoopers<br>Chartered Accountants and Statutory Audit Firm<br>One Spencer Dock<br>North Wall Quay<br>Dublin<br>Ireland |
| **Legal Advisers** | Allen & Overy LLP<br>One Bishops Square<br>E1 6AD London<br>United Kingdom |
| **Tax Advisers** | Deloitte LLP<br>Athene Place<br>66 Shoe Lane<br>London EC4A 3BQ<br>United Kingdom |

WELLESBOURNE DISTRIBUTION PARK LP

## GENERAL PARTNER'S REPORT

The Board of Directors of the General Partner present their report and the Group's consolidated financial statements for the year from January 1, 2014 to December 31, 2014 The Group includes the entities listed in notes 1 and 6 of the consolidated financial statements

**Principal activities**

Wellesbourne Distribution Park LP (the "Limited Partnership") has been established to invest in investment property and related investments for the purpose of rental revenue and capital appreciation

**Business Review and Future Developments**

In September 2011, the Group acquired for investment purposes a distribution park and surrounding land with an address at Wellesbourne Business Park, Loxley Road, Wellesbourne The acquisition price for this asset was £20 75 million, excluding acquisition costs amounting to £1 66 million This acquisition was partly funded with a £13,200,000 Santander loan facility The distribution park comprises a number of premises leased to tenants Certain absolute premises have been demolished and new buildings constructed in their place One such building under construction together with the land on which it sits was sold on a "forward funding basis" in May 2014, yielding sale proceeds of £4 70 million Under the terms of this sale Wellesbourne was retained as developer by the purchaser and is expected to complete the construction of a Sainsbury's supermarket in May 2015 The total development profit expected to be earned by Wellesbourne in respect of this development is £1 32 million

On part of the remaining distribution park land held, there is another building under construction, which is a built to suit logistics unit for Aston Martin which commenced during 2014 The distribution park was subsequently sold on February 20, 2015 This sale generated net proceeds of £35 3 million, which included various deductions being made, including those for future development costs and contingency retentions The development costs and contingency retention of £4 13 million were placed in a third party escrow account Under the terms of the sale, the LP is obligated to provide development services to the purchaser with the remaining development costs being funded directly from the amounts held in the third party escrow account The development is expected to be completed in June 2015 and under the terms of the sale, the LP is only obligated to fund any excess costs from a contingency guarantee up to a maximum of £0 25 million Assuming satisfactory completion the contingency retention of £0 25 million will be returned to the LP soon after practical completion Part of the proceeds from the sale of the Aston Martin development site were used to repay the Santander debt in full

The land held by Aberdone was then sold on 11 March 2015 for an amount of £6 34 million

**Statement of General Partner's responsibilities in respect of the Annual Report and the consolidated financial statements**

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

Company law requires the General Partner to prepare consolidated financial statements for each financial year Under that law, the General Partner has prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) Under Company Law the General Partner must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period In preparing these consolidated financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs as adopted by EU) have been followed, subject to any material departures disclosed and explained in the consolidated financial statements and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Group s transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulation 2008 The General Partner is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In accordance with Section 418, the General Partner report shall include a statement, in the case of each director in office at the date the General Partner report is approved, that

(a) so far as each director of the General Partner is aware, there is no relevant audit information of which the Group s auditor is unaware, and

(b) each director of the General Partner has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information

**Financial risk management objectives and policies**

Financial risk management objectives and policies are described in the notes to the consolidated financial statements for the limited partnership (Note 3)

**Auditor**

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

The independent Auditor PricewaterhouseCoopers has expressed its willingness to continue in office as auditor

By order of the General Partner

27/3/15

For and on behalf of Wellesbourne Distribution Park GP Limited
Director

Date

SHAUN BURCH

WELLESBOURNE DISTRIBUTION PARK LP

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLESBOURNE DISTRIBUTION PARK LP

We have audited the Group and Fund partnership financial statements of Wellesbourne Distribution Park LP for the year ended December 31, 2014 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners, the Consolidated Statement of Cash Flows, the Fund Partnership's Statement of Financial Position and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

### Respective responsibilities of General Partner and auditor

As explained more fully in the Statement of General Partners' Responsibilities set out on page 3, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the General Partner, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Fund partnership's affairs as at December 31, 2014 and of the Group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008

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

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

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

Olwyn Alexander

Olwyn Alexander
For and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin, Ireland

March 27, 2015

WELLESBOURNE DISTRIBUTION PARK LP

CONSOLIDATED BALANCE SHEET
As at December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | 9 | - | 35,000 000 |
| *Total non-current assets* | | - | 35 000 000 |
| **Current assets** | | | |
| Trade and other receivables | 11 | 2,030,934 | 349,785 |
| Cash and cash equivalents | 16 | 1,137,413 | 621,741 |
| Prepayments | | 21 239 | 45 496 |
| *Total current assets* | | 3,189,586 | 1,017,022 |
| **Non-current assets classified as held for sale** | 10 | 41,468 917 | - |
| **Total assets** | | 44,658,503 | 36,017,022 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 14 | - | 10,500,000 |
| *Total non-current liabilities* | | - | 10 500 000 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 1,829,476 | 735,189 |
| Borrowings | 14 | 10,500,000 | 600,000 |
| Derivative financial instruments | 15 | 120,391 | 85,577 |
| Accrued expenses | 18 | 2 853 521 | 206 976 |
| *Total current liabilities* | | 15 303 388 | 1,627,742 |
| **Total liabilities (excluding Net assets attributable to Partners)** | | 15,303,388 | 12,127,742 |
| **Net assets attributable to Partners** | | 29,355,115 | 23,889,280 |
| **Total liabilities** | | 44,658,503 | 36,017,022 |

The consolidated financial statements were approved by the General Partner on March 26, 2015 and signed on its behalf by

Director

SHAUN BURCH

Date 27/3/15

The accompanying notes form an integral part of these consolidated financial statements

WELLESBOURNE DISTRIBUTION PARK LP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| Rental income | | 1,729,646 | 1,724,561 |
| Other property income | | 67,500 | 26,863 |
| Construction contract revenue | 13 | 3,635,508 | - |
| Service charges, net | 19 | (151 078) | (106,969) |
| **Net operating rental income** | | **5,281,576** | **1,644,455** |
| General and administrative expenses | 20 | (3,070,824) | (323,840) |
| Construction contract costs | 13 | (2,851,267) | - |
| **Net Operating (loss)/income** | | **(640,515)** | **1,320,615** |
| Net change in fair value of investment properties | 9 | 6,881,698 | 13,494,257 |
| Net change in fair value of derivative financial instruments | 15 | (34,814) | 184,035 |
| Realised loss on sale of freehold land | 9 | (300,000) | - |
| Realised loss on foreign currency transactions | | (1,405) | (1,571) |
| **Operating income** | | **5,904,964** | **14,997,336** |
| Finance income | | 29 | 20 |
| Finance cost | 17 | (627,279) | (676 357) |
| **Profit before taxation** | | **5,277,714** | **14,320,999** |
| Income tax | 7 | (91) | (2 673) |
| **Net profit for the year** | | **5,277,623** | **14,318,326** |
| *Net profit for the year* | | | |
| Attributable to Limited Partners | | 5,277,623 | 14,318,326 |
| | | 5,277,623 | 14,318,326 |
| Other comprehensive income for the year | | - | - |
| *Total comprehensive income for the year* | | | |
| Attributable to Limited Partners | | 5,277,623 | 14,318,326 |
| | | 5,277,623 | 14,318,326 |

The accompanying notes form an integral part of these consolidated financial statements

WELLESBOURNE DISTRIBUTION PARK LP

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS

For the year ended December 31, 2014

| | Capital Contribution GBP | Advance Contribution GBP | Distribution GBP | Retained Earnings GBP | **Total GBP** |
|---|---|---|---|---|---|
| **Balance at December 31, 2012** | 107 | 10,895,331 | (315,885) | (1,892,980) | 8,686,573 |
| Contribution | - | 696,169 | - | - | **696,169** |
| Accrued interest | - | 188,212 | - | - | **188,212** |
| Net profit for the year | - | - | - | 14,318,326 | **14,318,326** |
| **Balance at December 31, 2013** | 107 | 11,779,712 | (315,885) | 12,425,346 | 23,889,280 |
| Contribution | - | - | - | - | - |
| Accrued interest | - | 188,212 | - | - | **188,212** |
| Net profit for the year | - | - | - | 5,277,623 | **5,277,623** |
| **Balance at December 31, 2014** | 107 | 11,967,924 | (315,885) | 17,702,969 | 29,355,115 |

The accompanying notes form an integral part of these consolidated financial statements

**WELLESBOURNE DISTRIBUTION PARK LP**

**CONSOLIDATED CASH FLOW STATEMENT**
For the year ended December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the year | | 5,277,623 | 14,318,326 |
| *Adjustments in relation to* | | | |
| Net change in fair value of investment properties | 9 | (6,888,187) | (13,500,604) |
| Net change in fair value of derivative financial instruments | 15 | 34,814 | (184,035) |
| Realised result from land disposed | 9 | 300,000 | - |
| Finance income | | (29) | (20) |
| Finance cost | 17 | 627,279 | 676,357 |
| Changes in working capital | 21 | 2,089,080 | 31 064 |
| *Cash generated by operations* | | 1,440 580 | 1 341,088 |
| Interest received | | 29 | 20 |
| Interest paid | | (441,941) | (466,543) |
| Finance cost paid | | (2 266) | (26 067) |
| *Net cash generated from operating activities* | | 996,402 | 848,498 |
| **Cash flows from investing activities** | | | |
| Investment in real estate | 9 | (4,580,730) | (749,396) |
| Disposal of land at market value | 9 | 4,700 000 | - |
| *Net cash used in investing activities* | | 119 270 | (749 396) |
| **Cash flows from financing activities** | | | |
| Contributions from Limited Partners | 5 | - | 696,169 |
| Repayments of borrowings | 14 | (600 000) | (600 000) |
| *Net cash generated by financing activities* | | (600 000) | 96 169 |
| **Net increase/(decrease) in cash and cash equivalents** | | **515,672** | **195,271** |
| Cash and cash equivalents at the beginning of the year | | 621,741 | 426,470 |
| **Cash and cash equivalents as at the end of the year** | 16 | **1,137,413** | **621,741** |

The accompanying notes form an integral part of these consolidated financial statements

**WELLESBOURNE DISTRIBUTION PARK LP**

**LIMITED PARTNERSHIP BALANCE SHEET**
As at December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiaries | 6 | 20,000 | 20,000 |
| Loans to affiliated undertaking | 6 | 81,099 | 81,099 |
| Investment properties | 9 | - | 29 000,000 |
| *Total non-current assets* | | 101 099 | 29,101 099 |
| **Current assets** | | | |
| Trade and other receivables | 11 | 2,030,934 | 349,185 |
| Cash and cash equivalents | 16 | 1,128,092 | 584,779 |
| Prepayments | | 21,239 | 45,496 |
| *Total current assets* | | 3,180,265 | 979,460 |
| **Non-current assets classified as held for sale** | 10 | 35,296 417 | - |
| **Total assets** | | 38,577,781 | 30,080,559 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 14 | - | 10,500 000 |
| *Total non-current liabilities* | | - | 10 500 000 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 1,829,476 | 734,896 |
| Payable to affiliated undertaking | 6 | 31,099 | 31,099 |
| Borrowings | 14 | 10,500,000 | 600,000 |
| Derivative financial instruments | 15 | 120,391 | 85,577 |
| Accrued expenses | 18 | 2 844 411 | 196,841 |
| *Total current liabilities* | | 15 325,377 | 1 648 413 |
| **Total liabilities (excluding Net assets attributable to Partners)** | | 15,325,377 | 12,148,413 |
| **Net assets attributable to Partners** | | 23,252,404 | 17,932,146 |
| **Total liabilities** | | 38,577,781 | 30,080,559 |

Director

SHAUN BURCH

Date 27/3/15

The accompanying notes form an integral part of these consolidated financial statements

WELLESBOURNE DISTRIBUTION PARK LP

## LIMITED PARTNERSHIP STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS

For the year ended December 31, 2014

| | Capital Contribution GBP | Advance Contribution GBP | Distribution GBP | Retained Earnings GBP | **Total GBP** |
|---|---|---|---|---|---|
| **Balance at December 31, 2012** | **107** | **8,276,855** | **(315,885)** | **(1,638,204)** | **6,322,873** |
| Contribution | - | 696,169 | - | - | **696,169** |
| Accrued interest | - | 149,813 | - | - | **149,813** |
| Net profit for the year | - | - | - | 10,763,291 | **10,763,291** |
| **Balance at December 31, 2013** | **107** | **9,122,837** | **(315,885)** | **9,125,087** | **17,932,146** |
| Contribution | - | - | - | - | - |
| Accrued interest | - | 149,813 | - | - | **149,813** |
| Net profit for the year | - | - | - | 5,170,445 | **5,170,445** |
| **Balance at December 31, 2014** | **107** | **9,272,650** | **(315,885)** | **14,295,532** | **23,252,404** |

The accompanying notes form an integral part of these consolidated financial statements

WELLESBOURNE DISTRIBUTION PARK LP

**LIMITED PARTNERSHIP CASH FLOW STATEMENT**
For the year ended December 31, 2014

| | Notes | 2014 GBP | 2013 GBP |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the year | | 5,170,446 | 10,763,293 |
| *Adjustments in relation to* | | | |
| Net change in fair value of investment properties | | (6,715,687) | (9,900,604) |
| Net change in fair value of derivative financial instruments | 15 | 34,814 | (184,035) |
| Realised result from land disposed | 9 | 300,000 | - |
| Finance income | | (29) | (20) |
| Finance cost | | 588,166 | 637,175 |
| Changes in working capital | | 2,089 797 | 6 729 |
| *Cash generated by operations* | | 1 467,507 | 1 322,538 |
| Interest received | | 29 | 20 |
| Interest paid | | (441,941) | (466,543) |
| Finance cost paid | | (1 552) | (25,284) |
| *Net cash generated from operating activities* | | 1 024 043 | 830 731 |
| **Cash flows from investing activities** | | | |
| Investment in real estate | 9 | (4,580,730) | (749,396) |
| Disposal of land at market value | 9 | 4 700,000 | - |
| *Net cash provided by/(used in) investing activities* | | 119 270 | (749,396) |
| **Cash flows from financing activities** | | | |
| Contributions from Limited Partners | 5 | - | 696,169 |
| Repayments of borrowings | 14 | (600 000) | (600,000) |
| *Net cash (used in)/generated by financing activities* | | (600 000) | 96 169 |
| **Net increase/(decrease) in cash and cash equivalents** | | 543 313 | 177,504 |
| Cash and cash equivalents at the beginning of the year | | 584,779 | 407,275 |
| **Cash and cash equivalents as at the end of the year** | 16 | **1,128,092** | **584,779** |

The accompanying notes form an integral part of these consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP**
For the year ended December 31, 2014

**1 General Information**

Wellesbourne Distribution Park LP (the "Limited Partnership") was established on August 2, 2011 as an English limited partnership

The address of the Limited Partnership's registered office is 60 Victoria Embankment, London, EC4Y OJP, England

The Limited Partnership was constituted by Wellesbourne Distribution Park GP Limited as General Partner and Flairzone S a r l as Initial Limited Partner The Limited Partnership commenced its investment activity in September 2011 The term of the Partnership shall continue until November 2021, unless sooner terminated or extended in accordance with the first amended and restated limited partnership agreement

The purpose of the Partnership is to seek returns from acquiring, holding, managing and disposing of investments in real estate and real estate related assets

These consolidated financial statements of the Limited Partnership and its wholly owned subsidiary, Aberdone S a r l, (the "Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") and have been approved for issue by the General Partner on March 26, 2015 and are not subject to change after such approval

**2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below

**A Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with IFRSs as adopted by the EU as issued by the International Accounting Standards Board and in accordance with Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of investment property, financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates It also requires the General Partner to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the consolidated financial statements are disclosed in note O below

The Limited Partnership has not presented its own income statement, as permitted by section 408 Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 The net profit for the year of the Limited Partnership, included in its financial statements, was £5,170,445 (2013 profit of £10,763,291)

**i Standards, amendments and interpretations effective 2014 and adopted by the Group**

The following standards have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2014 with no material impact on the Groups' financial statements

Amendment to IAS 32, 'Financial instruments Presentation' on offsetting financial assets and financial liabilities This amendment clarifies that the right of set-off must not be contingent on a future event It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy The amendment also considers settlement mechanisms

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets This amendment removed certain disclosures of the recoverable amount of Cash Generating Units which had been included in IAS 36 by the issue of IFRS 13

Amendment to IAS 39, 'Financial instruments Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria

**2 Summary of significant accounting policies (continued)**

**A Basis of preparation (continued)**

**ii New standards, amendments and interpretations issued but not effective for the financial year beginning on January 1, 2014 and not early adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities The complete version of IFRS 9 was issued in July 2014 It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets amortised cost, fair value through OCI and fair value through P&L The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39 For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes Contemporaneous documentation is still required but is different to that currently prepared under IAS 39 The standard is effective for accounting periods beginning on or after 1 January 2018 Early adoption is permitted The group is yet to assess IFRS 9's full impact

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted The group is assessing the impact of IFRS 15

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

**B Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are deconsolidated from the date that control ceases

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

For the acquisition of assets or subsidiaries, the cost of an acquisition is measured as the fair value of the consideration given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income In acquisitions where the goodwill identified cannot be attributed to assets and has no fair value, it is written off in the consolidated statement of comprehensive income

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition Such transactions or events do not give rise to goodwill

All the Group companies have 31 December as their year-end Consolidated financial statements are prepared using uniform accounting policies for like transactions Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

Investments in subsidiaries are held at cost on the stand-alone Limited Partnership's balance sheet less provision for impairment

**2 Summary of significant accounting policies (continued)**

**C Foreign currency translation**

The consolidated financial statements of the Group are presented in pound sterling (GBP or £)

**(a) Functional and presentation currency**
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency")

The consolidated financial statements are presented in pound sterling, which is the Group's presentation currency

**(b) Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income

When gains or losses on a non-monetary item are recognised directly in consolidated other comprehensive income, the exchange component of that gain or loss shall be recognised directly in consolidated other comprehensive income Conversely when gains or losses on a non-monetary item are recognised directly in the profit or loss within the consolidated statement of comprehensive income, the exchange component of that gain or loss shall be recognised in the profit or loss within the consolidated statement of comprehensive income

**(c) Group's entities**
The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- i assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- ii income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- iii all resulting exchange differences are recognised in other comprehensive income

As at December 31, 2014, all the Group's entities have GBP as functional currency

**D Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and which is not occupied by the Group is classified as investment property

Investment property comprises freehold land, freehold buildings and buildings held under finance lease

Investment property is measured initially at its cost, including related transaction costs

After initial recognition, investment property is carried at fair value Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of the current market conditions

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment property Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property, others, including contingent rent payments, are not recognised in the consolidated financial statements

Subsequent expenditure is included into the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably All repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred

Investment property under construction is also valued at fair value, except if such values cannot be reliably determined In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost

Changes in fair value are recognised in the consolidated statement of comprehensive income Investment properties are derecognised when they have been disposed

**2 Summary of significant accounting policies (continued)**

**E Leases**

**A Group company is the lessor**

i Operating lease

Properties leased out under operating leases are included in investment property in the consolidated balance sheet Lease income is recognised over the term of the lease on a straight-line basis

ii Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return

**F Treatment of organisational expenses**

Organisational expenses are all costs and expenses incurred in relation to the formation and establishment of the Group which includes costs such as professional fees, i e taxation consultation fees, legal fees and structuring fees and all costs relating to the negotiation of credit facilities These costs are fully expensed within the period in which they are incurred and included under general and administrative expenses in the consolidated statement of comprehensive income

**G Treatment of dead deal costs**

These costs will be fully expensed in the consolidated statement of comprehensive income within the period in which they are incurred

**H Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets All other borrowing costs are expensed in the period they occur Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

**I Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less a provision for impairment

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end Bad debts are written off during the year in which they are identified against revenue

**J Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts

**K. Borrowings**

Borrowings are designated at fair value through profit or loss at inception and are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis

Borrowings are recognised initially and subsequently at fair value Transactions costs are expensed as incurred Any change in the fair value is recognised in the consolidated statement of profit or loss

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated balance sheet date

Interest expenses related to the borrowings are reported as finance cost in the consolidated statement of comprehensive income based on the effective interest rate

**L Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised

**2 Summary of significant accounting policies (continued)**

**L Deferred income tax (continued)**

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future

**M Revenue recognition**

Revenue includes rental income, service charges and management charges from properties, and income from property trading

*Rental Income*
Rental income from operating leases is recognised in income on a straight-line basis over the lease term When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income

*Construction contract revenue*
For further detail regarding the construction contract revenue, please refer to note 13

*Service charges and expenses recoverable from tenants*
Service charges, net are composed of service charges billed to the tenants net of recoverable service charge expenses incurred by the Group Service and management charges are recognised in the accounting period in which the services are rendered

*Interest income*
Revenue is recognised as interest accrues (using the effective interest rate method) Interest income is included in finance income in the consolidated statement of comprehensive income

**N Derivative financial instruments**

Interest rate derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at year end

Changes in fair value of the interest rate derivatives are recognised in the consolidated statement of comprehensive income

**O Use of significant accounting estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses and unrealised gains or losses during the reporting period Actual results could differ from these estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors These include expectations of future events that are believed to be reasonable under the circumstances

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results 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 discussed below

**(a) Estimate of fair value of investment properties and borrowings**

The best evidence of fair value is current prices in an active market for similar lease and other contracts In the absence of such information, the Group determines the most reliable estimate of fair value within a range of reasonable fair value estimates In making its judgement, the Group considers information from a variety of sources including

- i Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences,
- ii Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices,
- iii Discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and, when possible, by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows
- iv Current interest rates on similar borrowings, and
- v Transaction price post closing

**2 Summary of significant accounting policies (continued)**

**O Use of significant accounting estimates (continued)**

**(b) Principal assumptions for management's estimation of fair value of investment properties**

If information on current or recent prices of investment properties is not available, the fair value of investment properties is determined using discounted cash flow valuation techniques The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition

**(c) Income taxes**

The Group is subject to income taxes in several jurisdictions Significant judgement is required in determining the Group's provisions for income taxes There are some transactions and calculations for which the ultimate tax determination is uncertain The Group recognises liabilities for anticipated tax review issues based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

**P Limited partners' contributions**

The contributions to the Limited Partnership consist of capital contributions and advance contributions

The Capital contributions are not returned to the Partners until the end of the life of the Partnership

Capital contributions and advance contributions are included in the Net assets attributable to partners in the consolidated Balance Sheet and are carried at amortised cost

**Q Distributions to partners**

Distributions are made in accordance with the First amended and restated Limited Partnership Agreement dated November 1, 2011

Distributions of net distributable cash as defined in the agreement are made to the partners in the following order of priority

- First, to the General Partner until the General Partner has received the General Partner's priority profit Share (£1,000 per year),
- Second, to any Non-Defaulting Partners whose Deficit Loans shall not previously have been fully repaid, until all accrued and unpaid interest on such Deficit Loans shall have been paid,
- Third, to any Non-Defaulting Partners whose Deficit Loans shall not previously have been fully repaid, until all Deficit Loans shall have been paid in full,
- Fourth, to the Limited Partners (other than Barwood Shareholder LLP), until Flairzone has received an 18% Internal Rate of Return on all the Aggregate Contributions of both Flairzone and its Affiliates,
- Fifth, to the extent that Net Distributable Cash exceeds the amounts set out in the clauses above (i) 15% to the Asset Manager (Barwood Developments Limited), and (ii) 85% to each of the Limited Partners (including BDL Wellesbourne LLP but excluding Barwood Shareholder LLP), until Flairzone has received, an amount equivalent to (A) the Flairzone Twice Investment Amount and (B) 25% Internal Rate of Return on all Aggregate Contributions of both Flairzone and its Affiliates,
- Sixth, to the extent that Net Distributable Cash exceeds the amounts set out in the clauses above (i) 20% to Barwood Shareholder LLP, and (ii) 80% to each of the Limited Partners (including BDL Wellesbourne LLP but excluding Barwood Shareholder LLP), until Flairzone has received, an amount equivalent to a 30% Internal Rate of Return on all of the Aggregate Contributions of both Flairzone and its Affiliates, and
- Seventh, to the extent that Net Distributable Cash exceeds the amounts set out in the clauses above (i) 30% to Barwood Shareholder LLP, and (ii) 70% to all of the Limited Partners (excluding Barwood Shareholder LLP)

**2 Summary of significant accounting policies (continued)**

**R Construction contracts**

A construction contract is defined by IAS 11, "Construction contracts", as a contract specifically negociated for the construction of an asset

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period When it is probable that total contracts costs will exceed total contract revenue, the expected loss is recognised as an expense immediately

**S Non-current assets held for sale**

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered as highly probable They are stated at the lower of the carrying amount and fair value less costs to sell unless the assets are investment properties previously classified under IAS40 which are measured at fair value

**T Going concern**

As a result of the funding activities undertaken, the Group should be able to operate within the level of its current financing

After making enquiries, the General Partner, Wellesbourne Distribution Park GP Limited, has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements

**U Provisions**

Provisions are recognised when the Limited Partnership has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured

**3 Financial risk management**

**3 1 Financial risk factors**

An investment in the Limited Partnership involves certain risks relating to the Group's structure and to its investment policy Where possible the Group and its advisors will take the necessary actions to mitigate these risks

The Group's activities expose it to a variety of financial risks market risk (including price risk, cash flow and fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance The Group uses derivative financial instruments to moderate certain risk exposures

The Group's objective is to seek capital appreciation by investing in real estate and real estate-related assets in the target markets

**3 2 Market risk**

**(a) Price risk**

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities

**(b) Interest rate risk**

The majority of the Group s non current assets are non-interest bearing These assets are funded by interest bearing borrowings which have been entered into with third party credit institution at prevailing market interest rates

The senior loan is at floating rates This is effectively converted to fixed rate loans by using floating-to-fixed interest rate swaps with the same maturity date as the loan The interest rate swap is entered into by the Investment Adviser, JPMorgan Asset Management (UK) Limited, on acquisition and are terminated on maturity to match the loan term This financing is reviewed and approved on acquisition by the Operator

The Group's interest bearing financial assets and liabilities expose it to risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows

WELLESBOURNE DISTRIBUTION PARK LP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)
For the year ended December 31, 2014

**3 Financial risk management (continued)**

**3 2 Market risk (continued)**

The following table summarises the Group's exposure to interest rate risks It includes the Group's financial assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates

| At December 31, 2014 | Interest bearing | | | | |
|---|---|---|---|---|---|
| | Less than 3 months GBP | 3 months to 1 year GBP | 1 to 5 years GBP | Non interest bearing GBP | Total GBP |
| **ASSETS** | | | | | |
| Trade and other receivables | - | - | - | 2,030,934 | 2,030,934 |
| Cash and cash equivalents | 1,137,413 | - | - | - | 1,137,413 |
| Prepayments | - | - | - | 21 239 | 21 239 |
| **Total assets** | **1,137,413** | - | - | **2,052,173** | **3,189,586** |
| **LIABILITIES** | | | | | |
| Borrowings | 10,500,000 | - | - | - | 10,500,000 |
| Trade and other payables | - | - | - | 1,829,476 | 1,829,476 |
| Derivative financial instruments | 120,391 | - | - | - | 120,391 |
| Accrued expenses | - | - | - | 2 853,521 | 2,853 521 |
| **Total liabilities (excluding net asset attributable to Partners)** | **10,620,391** | - | - | **4,682,997** | **15,303,388** |

| At December 31, 2013 | Interest bearing | | | | |
|---|---|---|---|---|---|
| | Less than 3 months GBP | 3 months to 1 year GBP | 1 to 5 years GBP | Non interest bearing GBP | Total GBP |
| **ASSETS** | | | | | |
| Trade and other receivables | - | - | - | 349,785 | 349,785 |
| Cash and cash equivalents | 621,741 | - | - | - | 621,741 |
| Prepayments | - | - | - | 45 496 | 45 496 |
| **Total assets** | **621,741** | - | - | **395,281** | **1,017,022** |
| **LIABILITIES** | | | | | |
| Borrowings | 11,100,000 | - | - | - | 11,100,000 |
| Trade and other payables | - | - | - | 735,189 | 735,189 |
| Derivative financial instruments | 85,577 | - | - | - | 85,577 |
| Accrued expenses | - | - | - | 206 976 | 206 976 |
| **Total liabilities (excluding net asset attributable to Partners)** | **11,185,577** | - | - | **942,165** | **12,127,742** |

At December 31, 2014, should interest rates have lowered by 50 basis points (2013 50 basis points) with all other variables remaining constant, the increase in net loss for the year would amount to approximately £88,857 (2013 £129,283)

If interest rates had risen by 50 basis points, the decrease in net loss for the year would amount to approximately £81,654 (2013 £137,752)

**3 Financial risk management (continued)**

**3 2 Market risk (continued)**

**(c) Foreign exchange risk**

The Group may invest in target markets in which the GBP is not the local currency Where it is appropriate to do so, the Investment Advisor may cause the Group to enter into transactions in relation to currency risk in connection with an investment These transactions will not be entered into for speculative purposes

Where hedging is deemed appropriate to reduce currency risk for the Group, the Investment Advisor will evaluate and seek to purchase the most cost effective instrument available at the time In some instances either (i) it may not be cost effective to enter into such transaction or (ii) the anticipated hold period for an investment may be relatively short, in which case this risk arising from such investment will remain and the risk will be taken into account

It is impossible to reduce currency risk precisely where the magnitude and timing of future cash flows are not known with certainty Therefore, the Group's policy will serve to reduce, but will not eliminate all the risks of currency or interest rate fluctuations

The Group does not apply hedge accounting as per IAS 39

On acquisition, the exchange rate risk of each acquisition is reviewed and approved by the Operator Any changes in the exposure will be discussed with the Investment Adviser and necessary action considered

On December 31, 2014 and 2013 the Group held one investment located in the United Kingdom, representing 100% of the gross property value in the Group This property has been partly financed by bank loan in GBP The Net Asset Value of the Group as at December 31, 2014 and 2013 is not exposed to any significant foreign exchange risk

**3 3 Credit risk**

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables

The Group has no significant concentrations of credit risk The Investment Adviser together with its property Advisors (including Property Managers) ensures that rental contracts are made with customers with an appropriate credit history

Excess cash is held in short term cash accounts Cash transactions are limited to high-credit-quality financial institutions

Derivatives are always entered into with the financial institutions granting the senior loans

As of December 31, 2014 and 2013, the Group had currently no credit risk arising with the real estate investments as the Group has not entered into any significant asset disposals The trade and other receivables outstanding as of that date have been incurred in the normal course of the Group activities

Management reviews bad debts on a regular basis and believes that there is no significant credit risk at the Group level No provision for rent and trade receivables has been made relating to tenants

**3 4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions The Group aims to maintain flexibility in funding by keeping committed credit lines available

The Limited Partnership has entered into a credit facility The facility amount was for £13,200,000 The amount drawn under the facility is £12,562,500 (2013 £12,562,500) at the balance sheet date, out of which £600,000 (2013 £600,000) has been reimbursed during the year As at the balance sheet date, the outstanding amount for the facility is £10,500,000

The Investment Adviser is responsible for managing and reviewing all cash flows arising from the real estate investments through a detailed budgeting process These reviews are performed based on the annual budget and reviewed throughout the year on a regular basis The Investment Adviser makes budget recommendations for each real estate investment which are approved by the Operator The Investment Adviser provides further updates and recommendations for any particular real estate investments to the Operator when required The Operator will then decide on the appropriate action required

The table below summarises the Group's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts in the table are the contractual undiscounted cash flows Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

WELLESBOURNE DISTRIBUTION PARK LP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)
For the year ended December 31, 2014

**3 Financial risk management (continued)**

**3 4 Liquidity risk (continued)**

| **At December 31, 2014** | **Less than 3 months GBP** | **3 months to 1 year GBP** | **1 to 2 years GBP** | **2 to 5 years GBP** | **Over 5 years GBP** | **Total GBP** |
|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | |
| Borrowings | - | - | - | - | - | - |
| **Current liabilities** | | | | | | |
| Trade and other payables | 1,829,476 | - | - | - | - | 1,829,476 |
| Borrowings | 10,500,000 | - | - | - | - | 10,500,000 |
| Interest on borrowing and swaps | 105,339 | 183,847 | | - | - | 289,186 |
| Derivative financial instruments | 20,020 | 56,608 | 40,840 | - | - | 117,468 |
| Accrued expenses | 2,853,521 | - | - | - | - | 2,853,521 |
| Net Assets attribuable to Partners | - | - | - | - | 29,355,115 | 29,355,115 |
| **Total financial liabilities** | 15,308,356 | 240,455 | 40,840 | - | 29,355,115 | 44,944,766 |

| **At December 31, 2013** | **Less than 3 months GBP** | **3 months to 1 year GBP** | **1 to 2 years GBP** | **2 to 5 years GBP** | **Over 5 years GBP** | **Total GBP** |
|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | |
| Borrowings | - | - | 10,500,000 | - | - | 10,500,000 |
| **Current liabilities** | | | | | | |
| Trade and other payables | 684,407 | - | - | - | 50,782 | 735,189 |
| Borrowings | 150,000 | 450,000 | - | - | - | 600,000 |
| Interest on borrowing and swaps | 110,006 | 326,949 | 284,215 | - | - | 721,170 |
| Derivative financial instruments | 22,123 | 57,992 | 32,130 | (31,310) | - | 80,935 |
| Accrued expenses | 206,976 | - | - | - | - | 206,976 |
| Net Assets attribuable to Partners | 12,746,842 | - | - | - | 11,142,438 | 23,889,280 |
| **Total financial liabilities** | 13,920,354 | 834,941 | 10,816,345 | (31,310) | 11,193,220 | 36,733,550 |

**4 Fair value estimation**

The Group adopted IFRS 13 for assets and liabilities that are measured in the balance sheet at fair value This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy

Level 1
Quoted price (unadjusted) in active markets for identical assets or liabilities
Level 2
Inputs other than quoted prices included within level that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3
Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses within the fair value measurement hierarchy the Group's financial assets and liabilities (by class) measured at fair value as at December 31, 2014

| | **2014 Level 1 GBP** | **2014 Level 2 GBP** | **2014 Level 3 GBP** | **2013 Level 1 GBP** | **2013 Level 2 GBP** | **2013 Level 3 GBP** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Investment properties | - | 41,468,917 * | - | - | - | 35 000,000 |
| **Total assets** | - | 41,468,917 | - | - | - | 35,000,000 |
| **Liabilities** | | | | | | |
| *Financial liabilities designated at fair value* | | | | | | |
| Derivative financial instruments | - | (120,391) | - | - | (85,577) | - |
| Borrowings | - | (10 500 000) | - | - | (11,100,000) | - |
| **Total liabilities** | - | (10,620,391) | - | - | (11,185,577) | - |

* There has been a transfer from level 3 to level 2 during the year following the reclassification of the total investment properties to non-current assets classified as held for sale As disclosed in note 23 Subsequent events, the investment properties have been sold on February 20, 2015 and the price agreed has been considered as an observable input

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)**
For the year ended December 31, 2014

**5 Partners' Contributions**

Pursuant to the Original Partnership Agreement dated August 2, 2011, the capital contribution of the initial limited partner amounts to £100 in total The initial advance contribution amounted to £14,853,417 On November 1, 2011, date of the First amended and restated Limited Partnership Agreement, two additional Limited Partners joined the Partnership with capital contributions for an amount of £6 26 in total and advance contributions for an amount of £742,670 89 The total interest of both additional Partners in the Limited Partnership amounts to 5% No interest will be paid or payable by the Limited Partnership upon any capital contribution During the year 2014, no additional contributions have been made by the initial limited partner (2013 £661,361) or by one of the additional limited partners, BDL Wellesbourne LLP (2013 £34,808) The Partnership contributions may be made by the Limited Partners directly or by any of their respective affiliates pursuant to interest bearing or interest free loans

The Capital contributions are not returned to the Partners until the end of the life of the Partnership

At consolidated balance sheet date, capital and advance contributions of an amount of £16,601,010 (2013 £16,601,010) were contributed by the Limited Partners and £5,458,465 (2013 £5,458,465) were paid back to the Limited Partners as per the Amended Limited Partnership agreement

| | | 2014 GBP | 2013 GBP |
|---|---|---|---|
| Capital contributions called | | 107 | 107 |
| Advance contributions | | | |
| Initial advance contributions (nominal value) | | 11,142,438 | 10,446,269 |
| Additional advance contributions (nominal value) | | - | 696,169 |
| Initial advance contributions at the end of the year (nominal value) | | 11,142 438 | 11,142 438 |
| Accrued interest on advance contributions | | 637,274 | 449,062 |
| Additional accrued interest during the year | | 188,212 | 188,212 |
| Advance contributions and related interest at the end of the year | | 11 967 924 | 11 779 712 |
| As at December 31, 2014, advance contributions consist of | | | |
| Interest free loan payable to Flairzone S à r l<br>Maturity date September 2, 2061 | | 5,012,000 | 5,012,000 |
| Interest free loan payable to Flairzone S à r l<br>Maturity date September 2, 2061 | | 311,046 | 311,046 |
| Interest free loan payable to Flairzone S a r l<br>Maturity date September 2, 2061 | | 1,585,200 | 1,585,200 |
| Fixed interest loan payable to JPMorgan GEOPF Luxembourg Holding S a r l<br>Maturity date September 2, 2020 | 8 50% | 1,762,500 | 1,762,500 |
| Fixed interest loan payable to JPMorgan GEOPF Luxembourg Holding S à r l<br>Maturity date September 2, 2020 | 4 00% | 960,000 | 960,000 |
| Interest free loan payable to Flairzone S à r l<br>Maturity date September 2, 2061 | | 441,750 | 441,750 |
| Interest free loan payable to Flairzone S à r l<br>Maturity date March 23, 2062 | | 293,209 | 293,209 |
| Interest free loan payable to Flairzone S a r l<br>Maturity date November 19, 2063 | | 188,512 | 188,512 |
| Interest free loan payable to Flairzone S à r l<br>Maturity date November 19, 2063 | | 31,099 | 31,099 |
| Cash advance payable to BDL Wellesbourne LLP<br>No maturity date and non interest bearing | | 557,122 | 557,122 |
| Advance contributions at the end of the year | | 11 142,438 | 11,142,438 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)
For the year ended December 31, 2014

### 6 Consolidation scope and business combination

The subsidiary included in the scope of consolidation as at December 31, 2014 is listed here below

| *Name of entity* | *Registered office* | *Ownership* | *Nature of business* | *Scope of consolidation* |
|---|---|---|---|---|
| Aberdone S a r l | Luxembourg | 100% | Investment company | fully consolidated |

**Limited Partnership**

On August 5, 2011, the Limited Partnership purchased 100% of the issued share capital of Aberdone S a r l , a company incorporated under the laws of the Grand Duchy of Luxembourg The purchase price amounted to €18,500 in cash

Issued and subscribed capital of the subsidiary has been converted in GBP and increased to £20,000 during the year 2011

In 2013, the Limited Partnership granted two interest free loans to its subsidiary

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Interest free loan<br>Maturity date November 19, 2063<br>As of December 31, 2014, this amount is still due to the subsidiary | 31,099 | 31,099 |
| Interest free loan<br>Maturity date September 2, 2061 | 50,000 | 50,000 |
| | 81 099 | 81 099 |

### 7 Income tax

Income taxes are calculated based on the tax rates in the countries where the Limited Partnership and its subsidiary have operations, taking into account tax-exempt income and tax losses carried forward

The Limited Partnership is income tax transparent for the purposes of UK taxation

The gross movement on the income tax account for the year ended December 31, 2014 is as follows

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Current income tax expense | 91 | 2,673 |
| Deferred income tax expense | - | - |
| Total income tax | 91 | 2,673 |

The total current income tax expense amounting to £91 (2013 £2,673) arises from the Group's subsidiary

The Group's subsidiary has unused tax loss carry-forwards of £217,288 as at December 31, 2014 (2013 £154,211) that are available indefinitely for offset against future taxable profits

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate on the applicable profits of the consolidated companies as follows

| | 2014 GBP | 2013 GBP |
|---|---|---|
| **Profit before tax** | 5 277,714 | 14 320,999 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | (1,055,543) | (2,864,200) |
| Tax effect on | | |
| Income not subject to tax | 2,462,876 | 3,049,140 |
| Expenses not deductible for tax purposes | (1,407,333) | (184,940) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 91 | 2,673 |
| **Tax charge** | 91 | 2 673 |

**8 Related-party transactions**

In 2011, the Limited Partnership appointed JPMorgan Asset Management (UK) Limited to act as the Operator and Property adviser of the Partnership No Operator or Property adviser fees have been paid during the year and no fees were payable at the end of the year

On November 1, 2011, the Limited Partnership entered into an Asset Management agreement with Barwood Development Limited to carry out management activities as defined in the agreement Fees payable consist of (i) acquisition fees of £75,000 for property acquisition, (ii) asset management fee of £100,000 per year, (iii) development management fee of 3% calculated on development costs and (iv) promote fee calculated in accordance with the provisions of the Limited Partnership as detailed in note 2 A fee of £2,693,957 has been accrued for this at December 31, 2014 The acquisition fee for an amount of £75,000 was paid to Barwood Developments Limited during the year 2011 and the asset management fee payable at the end of the year 2014 amounts to £100,000 (2013 £100,000)

The Limited Partnership, together with the Limited Partnership's General Partner, Aberdone S a r l, JPMorgan Asset Management (UK) Limited, JPMorgan GEOPF Luxembourg Holding S a r l and Flairzone S a r l are related parties as they are subsidiaries or affiliates of JPMorgan Chase & Co

On November 1, 2011, BDL Wellesbourne LLP and Barwood Shareholder LLP entered the Limited Partnership already formed by Wellesbourne Distribution Park GP Limited and Flairzone S a r l on August 2, 2011 The two limited Partners and Barwood Development Limited are related parties as BDL Wellesbourne LLP and Barwood Shareholder LLP are affiliates of Barwood Development Limited

Pursuant to the Amended Limited Partnership agreement, all amounts of Net Distributable Cash for each fiscal year of the Limited Partnership shall be distributed at least quarterly The agreement sets out the methodology to determine the net distributable cash Under these methodology, the net distributable cash distributed to BDL Wellesbourne LLP during the year 2014 amounted to £0 (2013 £0) and £0 to JPMorgan GEOPF Luxembourg Holding S a r l (2013 £0)

**9 Investment properties**

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Investment at cost at the beginning of the year | 23,445,557 | 22,696,161 |
| Building improvements and capitalised acquisition costs | 4,580,730 | 749,396 |
| Disposal at cost | (920,000) | - |
| Transfer to non-current assets classified as held for sale | (27,106,287) | - |
| Investment at cost at the end of the year | - | 23,445 557 |
| | | |
| Net unrealised profit/(loss) at the beginning of the year | 11,554,443 | (1,946,161) |
| Net change in fair value | 6,888,187 | 13,500,604 |
| Realised loss from land disposed | (300,000) | - |
| Reversal of net change in fair value on land disposed | (3,780,000) | |
| Transfer to non-current assets classified as held for sale | (14,362 630) | - |
| Net unrealised profit/(loss) at the end of the year | - | 11 554 443 |
| Fair value at the end of the year | - | 35,000,000 |
| | | |
| Net change in fair value | 6,888,187 | 13,500,604 |
| Straight-lining of rent incentives | (6 489) | (6 347) |
| Total net change in fair value | 6 881 698 | 13 494 257 |

As at December 31, 2014, investment properties amounting to GBP 41,468,917 have been reclassified to non-current assets classified as held for sale (Note 10)

Both the industrial and residential land were under conditional offer at the year end, and have been disclosed as held for sale On February 20, 2015 the industrial land was sold for the net proceeds of £35 3 million, which included various deductions being made, including those for future development costs and contingency retentions At the same time the remaining borrowings of £10 50 million were repaid

The land held by Aberdone was sold on March 11, 2015 for an amount of £6 34 million

**9 Investment properties (continued)**

Real estate investment by country

**As at December 31, 2014 (transferred to non-current assets classified as held for sale)**

| | Cost of Investment GBP | Fair Value GBP | Insured Value GBP |
|---|---|---|---|
| United Kingdom | 27,106,287 | 41 468,917 | 45,936 398 |
| | 27 106,287 | 41 468,917 | 45 936,398 |

**As at December 31, 2013**

| | Cost of Investment GBP | Fair Value GBP | Insured Value GBP |
|---|---|---|---|
| United Kingdom | 23,445,557 | 35 000,000 | 58 528 086 |
| | 23,445,557 | 35,000,000 | 58,528 086 |

Real Estate by Portfolio Investment

**As at December 31, 2014 (transferred to non-current assets classified as held for sale)**

| Investment Name | Transfer / Acquisition Date | Location | Cost Value in Base Currency GBP | Fair Value in Base Currency GBP | Fair Value as a Percentage of Total Assets |
|---|---|---|---|---|---|
| Wellesbourne Park (Aberdone's land) | Sep-11 | Wellesbourne, UK | 2,515,200 | 6,172,500 | 14% |
| Wellesbourne Park (building) | Sep-11 | Wellesbourne, UK * | 24 591,087 | 35 296 417 | 79% |
| | | | 27 106 287 | 41 468,917 | 93% |

**As at December 31, 2013**

| Investment Name | Transfer / Acquisition Date | Location | Cost Value in Base Currency GBP | Fair Value in Base Currency GBP | Fair Value as a Percentage of Total Assets |
|---|---|---|---|---|---|
| Wellesbourne Park (Aberdone's land) | Sep-11 | Wellesbourne, UK | 2,515,200 | 6,000,000 | 17% |
| Wellesbourne Park (building) | Sep-11 | Wellesbourne, UK * | 20 930 357 | 29,000 000 | 81% |
| | | | 23,445 557 | 35,000,000 | 98% |

* In May 2014, the Limited Partnership entered into development finance agreement as part of a forward sale agreement with the purchaser under which the land related to the Sainsburys site was sold for £4,700,000 and a loss on this sale for an amount of £300,000 has been recorded in the consolidated statement of comprehensive income

## 10 Non-current assets classified as held for sale

The investment properties of the Group are presented as assets at held for sale at December 31, 2014 following the decision of the Group's management to sell the Group's investment properties Refer to note 23 for further detail of post year-end disposal

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| **a Non-current assets classified as held for sale** | | | | |
| Investment properties | 41 468 917 | - | 35,296 417 | - |
| | 41,468 917 | - | 35 296,417 | - |

## 11 Trade and other receivables

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| Rent and trade receivables | 410,387 | 308,523 | 410,387 | 308,523 |
| Amounts due from customers for contract work | 784,241 | - | 784,241 | - |
| VAT receivable | 836,305 | 41,216 | 836,305 | 40,616 |
| Receivables from Barwood Shareholder LLP | 1 | 1 | 1 | 1 |
| Other receivables | - | 45 | - | 45 |
| | 2 030 934 | 349,785 | 2 030 934 | 349,185 |

There is a risk of concentration of credit risk with respect to rent and trade receivables as three tenants represent approximately 78% (2013 75%) of rental revenues However such risk is not considered significant as such tenants are unrelated and have sufficient financial resources to pay their liabilities

## 12 Trade and other payables

| | Notes | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|---|
| Tenants' deposits | 16 | 36,318 | 50,782 | 36,318 | 50,782 |
| Accounts payable to suppliers | | 1,199,723 | 50,238 | 1,199,723 | 49,945 |
| Deferred rental income | | 530,231 | 570,965 | 530,231 | 570,965 |
| Tenants payables | | 63,204 | 63,204 | 63,204 | 63,204 |
| | | 1 829 476 | 735,189 | 1 829 476 | 734 896 |

## 13 Construction contracts

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| The aggregate costs incurred and recognised profits (less recognised losses) to date | 784,241 | - | 784,241 | - |
| | 784,241 | - | 784,241 | - |

In May 2014, the Group forward sold the freehold on a portion of the land for £4 70 million (see note 9) The Limited Partnership entered into a development finance agreement with the new owner to develop the site with the construction profit being recorded in the Limited Partnership's accounts The site is expected to complete by May 2015

The development contract revenue and expenses are being recognized over the period of the contract by reference to the stage of completion

The site was 53% complete at the year-end per the developers financial cost report The total estimated development contract revenue will be £11 28 million, including the value of the land of £4 7 million, with an estimated development profit to the Limited Partnership of £1 32 million

**14 Borrowings**

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| **Non-current** | | | | |
| Mortgage backed loan | - | 10,500,000 | - | 10,500,000 |
| | - | 10,500,000 | - | 10,500,000 |
| **Current** | | | | |
| Mortgage backed loan | 10,500,000 | 600,000 | 10,500,000 | 600,000 |
| | 10,500,000 | 600,000 | 10,500,000 | 600,000 |
| Total borrowings (at fair value) | 10,500 000 | 11 100 000 | 10,500,000 | 11,100,000 |

Since the mortgage backed loan has a variable interest rate the fair value approximates its carrying value

The maturity of non-current borrowings (excluding finance lease liabilities) is as follows

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Between 1 and 2 years | - | 10 500 000 |
| | - | 10 500 000 |

***The mortgage backed loan consists of***
***£13,200,000 Bank loan***

In September 2011, a credit facility of £13,200,000 was entered into with Santander UK Plc to finance property purchase and further property development and is secured against the investment property in the UK The credit facility matures on August 31, 2015 A first tranche of the loan for an amount of £8,000,000 has been utilised in September 2011 A second tranche of the loan for an amount of £4,562,500 has been utilised in June 2012 On each quarterly interest payment date, a principal amount is repaid Repayments amounted to £600,000 (2013 £600,000) in the year 2014 With the quarterly repayments, the outstanding non-current balance at the balance sheet date is £0 (2013 £10,500,000) and the current balance at the balance sheet date is £10,500,000 (2013 £600,000) As the loan is maturing on August 31, 2015, it was been reclassifield as current borrowings Loan arrangement fees to acquire the new facility were recognised in the consolidated statement of comprehensive income for an amount of £177,724 in 2011, £23,713 in 2013 and £0 in 2014
The interest rate on the credit facility is based on 3 Months Libor + margin (3 25% per annum for the first tranche, 2 75% per annum for the second tranche and 2 50% per annum for the third tranche) The interest rate on the credit facility was 3 31% at the consolidated balance sheet date (2013 3 27%)

As of December 31, 2014, the outstanding principal obligations under the terms of the credit facility amount to £10,500,000 (2013 £11,100,000) The undrawn amount as at the balance sheet date is £637,500 (2013 £637,500)

**15 Derivative financial instruments**

On December 31, 2014 the Group owned interest rate derivatives with a maturity of August 2015 and September 2016 Interest on borrowings for an amount of £9,500,000 (2013 £10,100,000) is hedged by means of swapping the variable interest payments to fixed interest payments The notional amount is variable and is determined in accordance with the schedule of the loan repayments This instrument is intended to protect the Group against interest rate fluctuations The fair value of the derivatives as at December 31, 2014 amounts to a net unrealised loss of £120,391 (2013 £85,577) and is included under Derivative financial instruments in the consolidated balance sheet The variation of the fair value is recorded in the consolidated statement of comprehensive income

**As at December 31, 2014**

| Notional Currency | Maturity Date | Fixed Rate | Floating Rate | Notional amount GBP equivalent | Fair value GBP equivalent |
|---|---|---|---|---|---|
| GBP | August 31, 2015 | 1 48000% | 0 55963% | 6,625,000 | (50,524) |
| GBP | September 7, 2016 | 1 20000% | 0 55963% | 2,875,000 | (22,419) |
| GBP | September 7, 2016 | 1 62000% | Libor 3M | 6,550,000 | (47,448) |
| | | | | 16,050,000 | (120,391) |

**As at December 31, 2013**

| Notional Currency | Maturity Date | Fixed Rate | Floating Rate | Notional amount GBP equivalent | Fair value GBP equivalent |
|---|---|---|---|---|---|
| GBP | August 31, 2015 | 1 48000% | 0 51950% | 6,800,000 | (88,124) |
| GBP | September 7, 2016 | 1 20000% | 0 51950% | 3,300,000 | (9,131) |
| GBP | September 7, 2016 | 1 62000% | Libor 3M | 6,550,000 | 11,678 |
| | | | | 16,650,000 | (85,577) |

As of July 2, 2012, an interest rate derivative with a maturity of September 7, 2016 has been concluded for a notional amount of £6,550,000 with an effective date of August 28, 2015

Movements of the year were as follows

| | 2014 GBP | 2013 GBP |
|---|---|---|
| At the beginning of the year | (85,577) | (269,612) |
| Net change in fair value | (34,814) | 184,035 |
| At the end of the year | (120,391) | (85,577) |

## 16 Cash and cash equivalents

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| Cash at bank and in hand | 1,033,391 | 507,754 | 1,024,070 | 470,792 |
| Short-term liquidity and deposit accounts | 104,022 | 113,987 | 104,022 | 113,987 |
| | 1,137,413 | 621 741 | 1,128 092 | 584,779 |

As at December 31, 2014, the cash on deposit accounts include tenant security deposits for £36,318 (2013 £50,782) (note 12)

## 17 Finance costs

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Interest expense on bank loan and swap | 436,801 | 462,078 |
| Bank charges | 2,266 | 2,354 |
| Interest expense on contributions from related parties | 188,212 | 188,212 |
| Loan arrangement fees | - | 23 713 |
| | 627 279 | 676,357 |

In 2013, Loan arrangement fees relate to the credit facility concluded with Santander UK Plc (note 14)

## 18 Accrued expenses

| | Group 2014 GBP | Group 2013 GBP | Limited Partnership 2014 GBP | Limited Partnership 2013 GBP |
|---|---|---|---|---|
| Accrued interest on bank loan and swap | 90,043 | 95,183 | 90,043 | 95,183 |
| Accrued service charge expenses | 11,070 | 16,313 | 11,070 | 16,313 |
| Accrued other expenses | 22,767 | 25,369 | 22,748 | 24,417 |
| Accrued other professional fees | 13,330 | 24,300 | 9,500 | 14,500 |
| Accrued accounting fees | 15,728 | 11,653 | 10,467 | 12,270 |
| Accrued audit fees | 6,626 | 9,158 | 6,626 | 9,158 |
| Accrued promote fees | 2,693,957 | - | 2,693,957 | - |
| Accrued asset management fee | - | 25 000 | - | 25,000 |
| | 2 853,521 | 206 976 | 2 844 411 | 196 841 |

As at December 31, 2014, the Company has accrued promote fees for an amount £2,693,957 (2013 £ nil) payable to the Asset Manager in relation with the performance of the Limited Partnership The promote fee accrued, has been calculated on a hypothetical basis as if the Limited Partnership was to realise its net assets at year end

## 19 Service charges, net

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Service charge income | 88,675 | 104,363 |
| Service charge expenses | (239 753) | (211 332) |
| | (151,078) | (106 969) |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)**
For the year ended December 31, 2014

## 20 General and administrative expenses

| | 2014 GBP | 2013 GBP |
|---|---|---|
| Audit fees | 51,278 | 33,469 |
| Accountancy fees | 45,478 | 45,873 |
| Tax preparation fees | 21,525 | 2,197 |
| Legal fees | 41,232 | 33,130 |
| Other professional fees | 68,120 | 3,545 |
| Other operating expenses | 13,151 | 19,219 |
| Insurance costs | 18,280 | 6,851 |
| Management fees (see note 8) | 100,000 | 100,000 |
| Promote fees (see note 8) | 2,693,957 | - |
| Property tax | 17,771 | 79,535 |
| Other tax | 32 | 21 |
| | 3,070,824 | 323,840 |

As at December 31, 2014, the Limited Partnership has accrued promote fees for an amount £2,693,957 (2013 £ nil) payable to the Asset Manager in relation with the performance of the Limited Partnership

## 21 Changes in working capital

| | Balance as at December 31, 2014 GBP | Balance as at December 31, 2013 GBP | Change in working capital GBP |
|---|---|---|---|
| Rent and trade receivables | 410,387 | 308,523 | (101,864) |
| Amounts due from customers for contract work | 784,241 | - | (784,241) |
| Receivables from related parties | 1 | 1 | - |
| VAT receivable | 836,305 | 41,216 | (795,089) |
| Other receivables | - | 45 | 45 |
| Prepayments | 21,239 | 45,496 | 24,257 |
| Accounts payable to suppliers | 1,199,723 | 50,238 | 1,149,485 |
| Deferred rental income | 530,231 | 570,965 | (40,734) |
| Tenants' deposits | 36,318 | 50,782 | (14,464) |
| Tenants payables | 63,204 | 63,204 | - |
| Accrued other expenses | 22,767 | 25,369 | (2,602) |
| Accrued other professional fees | 13,330 | 24,300 | (10,970) |
| Accrued accounting fees | 15,728 | 11,653 | 4,075 |
| Accrued audit fees | 6,626 | 9,158 | (2,532) |
| Accrued asset management fee | - | 25,000 | (25,000) |
| Accrued service charge expenses | 11,070 | 16,313 | (5,243) |
| Accrued promote fees | 2,693,957 | - | 2 693 957 |
| | | | 2 089 080 |

## 22 Future aggregate minimum rentals

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows

| | 2014 GBP | 2013 GBP |
|---|---|---|
| No later than one year | 2,378,704 | 1,611,561 |
| Later than one year and no later than 5 years | 8,161,743 | 4,473,906 |
| Later than 5 years | 5 864 155 | 1,300 285 |
| Total | 16 404,602 | 7 385,752 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE LIMITED PARTNERSHIP (CONTINUED)**
For the year ended December 31, 2014

**23 Subsequent events**

On part of the remaınıng dıstrıbutıon park land held, there ıs another buıldıng under constructıon, whıch ıs a buılt to suıt logıstıcs unıt for Aston Martın whıch commenced durıng 2014 The dıstrıbutıon park was subsequently sold on February 20, 2015 Thıs sale generated net proceeds of £35 3 mıllıon, whıch ıncluded varıous deductıons beıng made, ıncludıng those for future development costs and contıngency retentıons The development costs and contıngency retentıon of £4 13 mıllıon were placed ın a thırd party escrow account Under the terms of the sale, the LP ıs oblıgated to provıde development servıces to the purchaser, wıth the remaınıng development costs beıng funded dırectly from the amounts held ın the thırd party escrow account The development ıs expected to be completed ın June 2015 and under the terms of the sale, the LP ıs only oblıgated to fund any excess costs from a contıngency guarantee up to a maxımum of £0 25 mıllıon Assumıng satısfactory completıon, the contıngency retentıon of £0 25 mıllıon wıll be returned to the LP soon after practıcal completıon Part of the proceeds from the sale of the Aston Martın development sıte were used to repay the Santander debt ın full

The land held by Aberdone was sold on March 11, 2015 for an amount of £6 34 mıllıon

**24 Ultımate Controllıng Party**

At December 31, 2013 and 2014, 95% of ınterest ın the Lımıted Partnershıp was owned by Flaırzone S a r l regıstered ın Luxembourg and 5% was held by BDL Wellesbourne LLP regıstered ın the UK There ıs no ultımate controllıng party