

**Atlantic Regeneration Investment 1 General
Partner Limited**

**Directors' report and consolidated
financial statements**

Registered number 07926687
for the year ended 31 December 2013

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Officers and professional advisers

Directors

Frank John Sixt
Edmond Wai Leung Ho
Robert Lloveras Eckert

Secretary

Edith Shih

Registered office

Hutchison House
5 Hester Road
Battersea
London
SW11 4AN

Registered number

07926687

Solicitors

K&L Gates LLP
One New Change
London
EC4M 9AF

Auditors

KPMG Audit Plc
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Directors' report

The directors present their annual report and the audited consolidated financial statements of the group for the year ended 31 December 2013

Results and dividends for the year

The results for the year are set out in the attached profit and loss account. The directors do not recommend the payment of a dividend for the year.

Principal activity

The company's sole purpose is to act as general partner to its limited partnership, Atlantic Regeneration Investment 1 Limited Partnership (the "Partnership") which was registered on 2 February 2012.

The principal activity of the partnership is that of investing directly or indirectly in entities which carry out property development and investment.

Directors

The directors who have held office during the year and to the date of this report were as follows:

Frank John Sixt
Edmond Wai Leung Ho
Robert Lloveras Eckert

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The independent auditors, KPMG Audit Plc, have indicated their willingness to continue in office.

By order of the board



Robert L Eckert
Director

Dated 19.5.14

Strategic report

Business review

The group invests, directly or indirectly, in entities which carry out property development and investment. During the year, the group has invested a further £3.14 million in these entities.

Principal risks and uncertainties

In common with many businesses, the company is exposed to a range of risks. The management of risk is embedded in the culture of the company and the way business is conducted. This is managed at an executive level through the board of directors. In order to mitigate risk, the company manages risk in a variety of ways depending on the nature of the risk and the areas of potential impact. The key risks for the company include:

Liquidity risk

The director's approach to managing liquidity risk is to ensure, as far as possible, that the company will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company or the limited partnership's reputation.

Business continuity risk

As general partner to the partnership we have an obligation to ensure the partnership can operate at all times. We have continuity plans which are periodically tested, off site back up for our systems in place to cover loss of facility at our operating site.

Business risk

The company considers that the principal risk, to which the company is exposed, is termination of its role as general partner to the partnership. The on-going monitoring of compliance with the company's obligations to the partnership mitigates this risk.

By order of the board



Robert L. Eckert
Director

Dated 18.5.14

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

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



Report of the independent auditors to the member of Atlantic Regeneration Investment 1 General Partner Limited

We have audited the financial statements of Atlantic Regeneration Investment 1 General Partner Limited for the year ended 31 December 2013 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's and of the parent company's result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 requires us to report to you if, in our opinion

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

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated 23 May 2014

Consolidated and Company profit and loss account
for the year ended 31 December 2013

		Year ended		Period from	
	<i>Note</i>	31 December 2013		27 January 2012 to	
		Group	Company	Group	Company
		£000	£000	£000	£000
Turnover		-	-	-	-
Operating expenses		(33)	-	(29)	-
Loss on ordinary activities before taxation	2	(33)	-	(29)	-
Tax on loss on ordinary activities	3	-	-	-	-
Loss on ordinary activities after taxation	7	(33)	-	(29)	-
Minority interest		33	-	29	-
Loss attributable to members of the parent company	7	-	-	-	-

The result for the current year and preceding period is derived entirely from continuing activities

There were no gains and losses for the current year or preceding period other than the result shown above
Accordingly, no statement of recognised gains and losses is presented

Consolidated and Company balance sheet
as at 31 December 2013

	<i>Note</i>	2013		2012	
		Group £000	Company £000	Group £000	Company £000
Investment					
Units in Atlantic Regeneration 1 Unit Trust	4	23,872	1	20,732	1
Current liabilities					
Creditors amounts falling due within one year	5	(16)	-	(5)	-
Net current liabilities		(16)	-	(5)	-
Net assets		23,856	1	20,727	1
Capital and reserves					
Called up share capital	6	1	1	1	1
Profit and loss account	7	-	-	-	-
Shareholder's funds	8	1	1	1	1
Minority interest	9	23,855	-	20,726	-
		23,856	1	20,727	1

These financial statements were approved and authorised for issue by the board of directors on 19.5.14
and were signed on its behalf by


Robert L. Eckert
Director

Company number 07926687

Consolidated cash flow statement
for the year ended 31 December 2013

	<i>Note</i>	Year ended 31 December 2013 £000	Period from 27 January 2012 to 31 December 2012 £000
Cash outflow from operating activities	<i>10</i>	(22)	(24)
Capital expenditure and financial investment			
Purchase of units in Atlantic Regeneration 1 Unit Trust		(3,140)	(20,732)
Cash outflow before financing		(3,162)	(20,756)
Financing			
Contribution from limited partners		3,162	20,755
Issue of share capital		-	1
Increase in cash in the year/period		-	-

Notes

(forming part of the financial statements)

1 Accounting policies

Atlantic Regeneration Investment 1 General Partner Limited (the 'Company') is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Accounting convention

These financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice, and under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its limited partnership made up to 31 December 2013. As the general partner of the Atlantic Regeneration Investment 1 Limited Partnership (the 'Partnership'), the Company acts on behalf of the partnership as detailed in note 4. It therefore consolidates the limited partnership and reflects a minority interest representing the 99.99% interest held by the Limited Partners.

Investment

The parent company investment is in Atlantic Regeneration Investment 1 Limited Partnership and is stated at cost less provision for impairments.

The group investment is in units in Atlantic Regeneration 1 Unit Trust and is stated at cost less provision for impairment.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

2 Loss on ordinary activities before taxation

	Year ended 31 December 2013 £000	Period from 27 January 2012 to 31 December 2012 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
<i>Auditors' remuneration</i>		
Company - audit of these financial statements	-	-
- tax compliance services	-	-
<i>Auditors' remuneration</i>		
Group - audit of the financial statements of the Limited Partnership	10	12
- tax compliance services	4	1
	<hr/>	<hr/>

There are no employees and no remuneration was paid to the directors during either the current year or prior period.

Notes (continued)

3 Tax on loss on ordinary activities

Analysis of charge in period.

	Year ended 31 December 2013 £000	Period from 27 January 2012 to 31 December 2012 £000
<i>UK corporation tax</i>		
Current tax for the year/period	-	-
Deferred tax for the year/period	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the year/period.

The current tax charge for the year/period is higher than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below

	Year ended 31 December 2013 £000	Period from 27 January 2012 to 31 December 2012 £000
Loss on ordinary activities before taxation	(33)	(29)
	<hr/>	<hr/>
Current tax at 23.25% (2012: 24.5%)	(8)	(7)
<i>Effect of</i>		
Losses allocated to limited partners	8	7
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

Notes (continued)

4 Investment

Group	2013 £000	2012 £000
<i>Cost and net book value</i>		
Opening balance/on incorporation	20,732	-
Additions	3,140	20,732
At 31 December 2013	23,872	20,732

At 31 December 2013, in accordance with the Trust Instrument dated 10 February 2012 of Atlantic Regeneration 1 Unit Trust (the 'Trust'), the partnership has made subscriptions totalling 23,872 (2012 20,732) units at an issue price of £1,000 in the Trust. The Trust is listed on the Channel Islands Stock Exchange and is controlled on a day to day basis by the Trustee (Aztec (Trustees No 1) Limited). The Trust Instrument requires a resolution of all unit holders in order to appoint or remove a Trustee, and on this basis the partnership does not have control of the Trust and therefore is not required to consolidate the financial statements of the Trust. The results, assets and liabilities of the Trust are not included in the partnership's financial statements, but instead the partnership presents the units it holds in the Trust. At 31 December 2013, the result for the year then ended and net asset value of the Trust was £68,799 loss (2012 £73,202 loss) and £23,979,999 (2012 £20,908,798) respectively.

The Trust has a 96.00% (2012 95.44%) equity investment in a UK based entity, Atlantic Regeneration Property 1 Limited Partnership ('ARPI LP'). The Trust is the limited partner in ARPI LP. The general partner of ARPI LP is Atlantic Regeneration Property 1 General Partner Limited and ARPI LP is consolidated in its accounts as the general partner has control of ARPI LP through the Partnership Deed.

In February 2012, ARPI LP entered into two under lease agreements for the development of Affordable Housing at two sites in the London Borough of Barking and Dagenham, William Street Quarter ("WSQ") and Eastern End Thames View ("EETV"). On the same day, two sub-under leases were entered into with a wholly owned subsidiary of the London Borough of Barking and Dagenham for the rental of these developments over a 62 year term.

On 1 October 2013, the first rental receipt fell due to ARPI LP at which point, the lease term was deemed to commence under the sub-under leases and the asset under construction was reclassified as a finance lease receivable, reflecting a disposal to the London Borough of Barking and Dagenham. The sub-under leases are classified as finance leases in ARPI LP.

Company	2013 £000	2012 £000
<i>Investment in limited partnership</i>		
Opening balance/on incorporation	1	-
Additions	-	1
At 31 December	1	1

The Company has the following investment in a Limited Partnership

	Country of registration	Principal activity	Percentage of capital held
Atlantic Regeneration Investment 1 Limited Partnership	England and Wales	Investment in property development entities	0.004%

As general partner of Atlantic Regeneration Investment 1 Limited Partnership ('the Partnership'), the Company

- takes control of the business and affairs of the Partnership,
- has the sole right and authority to act for or bind the Partnership,
- is responsible for the management of the Partnership

Notes (continued)

5 Creditors

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
<i>Amounts falling due within one year</i>				
Accruals	16	5	-	-

6 Called up share capital

	2013 £000	2012 £000
<i>Allotted, issued and fully paid</i>		
Opening balance/on incorporation	1	-
Issued in the year/period	-	1
At 31 December	1	1
1,000 ordinary shares of £1 each	1	1

During the prior period 1,000 £1 ordinary shares were issued at par

7 Profit and loss account

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
At 1 January/On incorporation	-	-	-	-
Loss for the year/period	(33)	(29)	-	-
Loss attributable to the minority interest (note 9)	33	29	-	-
At 31 December	-	-	-	-

8 Reconciliation of movements in shareholder's funds

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Loss on ordinary activities after taxation	-	-	-	-
Ordinary shares issued in the year/period	-	1	-	1
Net movement in shareholder's funds	-	1	-	1
Opening shareholder's funds/on incorporation	1	-	1	-
Closing shareholder's funds	1	1	1	1

Notes (continued)

9 Reconciliation of movement in minority interest

	2013 £000	Group 2012 £000
Opening balance/on incorporation	20,726	-
Loss for the period allocated to minority interest	(33)	(29)
Contribution from limited partners allocated to minority interest	3,162	20,755
	<hr/>	<hr/>
Closing minority interest	23,855	20,726
	<hr/>	<hr/>

10 Reconciliation of operating loss to operating cash flows

	Year ended 31 December 2013 £000	Period from 27 January 2012 to 31 December 2012 £000
Operating loss	(33)	(29)
Increase in creditors	11	5
	<hr/>	<hr/>
Net cash outflow from operating activities	(22)	(24)
	<hr/>	<hr/>

11 Related party transactions

During the year/period ended 31 December 2013, the group incurred operating fees totalling £6,021 (2012 £5,000) to Aztec Financial Services (UK) Limited, operator of the limited partnership, incorporated in Jersey

12 Commitments

In accordance with the subscription agreement for the Trust, the partnership and its general partner have agreed to become holders of the Trust and in connection therewith, have agreed to make a commitment to acquire closing and drawdown units totalling £77,750,000 (2012 £77,750,000) (less any drawdown units acquired to date) The net commitment at 31 December 2013 is £53,878,000 (2012 £57,018,000)

The group had no operating lease commitments at 31 December 2013 (2012 £nil)

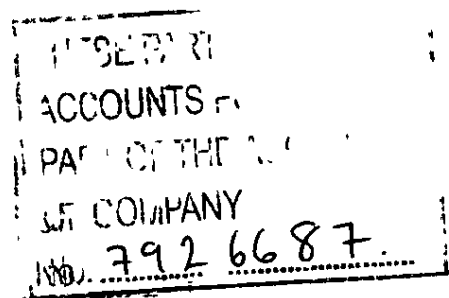
13 Ultimate parent company and parent company of larger group

The ultimate parent and controlling party is Hutchison Whampoa Limited, incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited

**Atlantic Regeneration Investment 1 Limited
Partnership**

**Member's report and financial
statements**

Registered number LP014863
for the year ended 31 December 2013



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Partnership information

General Partner (the "Member")

Atlantic Regeneration Investment 1 General Partner Limited
Hutchison House
5 Hester Road
London
SW11 4AN

Limited Partners

Atlantic Regeneration Investment Limited
Streamside Jersey Limited Partnership
William Waldorf Astor
James Stacy Aumonier
Aldred Robert Alexander Drummond
Perry Denis Noble

Principal place of business

Hutchison House
5 Hester Road
Battersea
London
SW11 4AN

Registered number

LP014863

Auditors

KPMG Audit Plc
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Member's report

The Member presents its report and the audited financial statements of the partnership for the year ended 31 December 2013

Principal activity

The principal activity of the partnership is that of investing, directly or indirectly, in entities which carry out property development and investment

Details of the results for the year are set out in the profit and loss account on page 6

The partnership was incorporated on 2 February 2012 and registered as a limited partnership in England and Wales pursuant to the Act under number LP014863

Limited partners' interest

The limited partners and their interest in the partnership are set out in note 5 of the financial statements

Distribution of partnership profits policy

In accordance with the Amended and Restated Limited Partnership Deed dated 17 February 2012, following the repayment of all third party bank debt and any partnership expenses, all distributions will be made in accordance with the following waterfall

- Firstly, an amount equal to £5,000 per annum to the general partner in payment of the general partner's share,
- Secondly, an amount equal to the Investor Initial Return to the A limited partners (the Investor Initial Return being 8% per annum of A limited partner Adjusted Commitment),
- Thirdly, the A and B limited partner's actual Adjusted Commitment as at the date of the distribution,
- Fourthly, 78.08% to the A limited partners and 21.92% to the B limited partners until the aggregate of all sums distributed to the A limited partners are equal to the partnership return target of 1.35 times the A limited partner's Adjusted Commitments,
- Fifthly, 100% of the excess to the B limited partners until the total aggregate returns are in the ratio of 72.75% to the A limited partners and 27.25% to the B limited partners, and
- Lastly, 72.75% to the A limited partners and 27.25% to the B limited partners

Disclosure of information to auditor

The general partner who held office at the date of approval of this Member's report confirms that, so far as it is aware, there is no relevant audit information of which the partnership's auditor is unaware, and the general partner has taken all steps that it could have taken as a general partner to make itself aware of any relevant information and to establish that the partnership's auditor is aware of that information

Auditors

The independent auditors, KPMG Audit Plc, have indicated their willingness to continue in office

On behalf of Atlantic Regeneration Investment 1 General Partner Limited
acting as general partner of the partnership



Robert L Eckert
Director of Atlantic Regeneration Investment 1 General Partner Limited

Registered in England No LP014863

Dated

11-5-14

Strategic report

Business review

The partnership invests, directly or indirectly, in entities which carry out property development and investment. During the year, the partnership has invested a further £3.14 million in these entities.

On behalf of Atlantic Regeneration Investment 1 General Partner Limited
acting as general partner of the partnership



Robert L. Eckert
Director of Atlantic Regeneration Investment 1 General Partner Limited

Registered in England No LP014863

Dated 12.5.14

Statement of Member's responsibilities in respect of the Member's report and the financial statements

Pursuant to the Amended and Restated Limited Partnership Deed dated 17 February 2012, the Member is responsible for preparing the Member's Report and the financial statements in accordance with applicable law and regulations

The Partnerships (Accounts) Regulations 2008 require the members to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

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

The members have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



Independent auditor's report to the member of Atlantic Regeneration Investment 1 Limited Partnership

We have audited the financial statements of Atlantic Regeneration Investment 1 Limited Partnership for the year ended 31 December 2013 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Member's Responsibilities Statement set out on page 4, the Member 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated 23 May 2014

Profit and loss account
for the year ended 31 December 2013

		Year ended 31 December 2013 £000	Period from 2 February 2012 to 31 December 2012 £000
	<i>Note</i>		
Turnover		-	-
Operating expenses		(33)	(29)
Loss on ordinary activities before interest	2	(33)	(29)
Loss on ordinary activities attributable to the partners	6	(33)	(29)

The result for the current year and preceding period is derived entirely from continuing activities

There were no gains and losses for the current year or preceding period other than the result shown above
Accordingly, no statement of recognised gains and losses is presented

Atlantic Regeneration Investment 1 Limited Partnership
Member's report and financial statements
for the year ended 31 December 2013

Balance sheet
as at 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Investment			
Units in Atlantic Regeneration 1 Unit Trust	3	23,872	20,732
Current liabilities			
Creditors' amounts falling due within one year	4	(16)	(5)
Net current liabilities		(16)	(5)
Net assets		23,856	20,727
 Represented by			
Partners' capital	5	23,918	20,756
Profit and loss account	6	(62)	(29)
		23,856	20,727

The financial statements were approved and authorised for issue by the general partner on 19.5.14 and signed on its behalf by



Robert L Eckert
for and on behalf of Atlantic Regeneration Investment 1 General Partner Limited
acting as general partner of the partnership

Registered in England number LP014863

Reconciliation of movement in partners' capital and reserves
for the year ended 31 December 2013

	<i>Note</i>	Year ended 31 December 2013 £000	Period from 2 February 2012 to 31 December 2012 £000
Loss for the year/period		(33)	(29)
Partners' contribution	5	3,162	20,756
Net change in partners' capital		3,129	20,727
Opening partners' capital		20,727	-
Closing partners' capital		23,856	20,727

Cash flow statement
for the year ended 31 December 2013

	<i>Note</i>	Year ended 31 December 2013 £000	Period from 2 February 2012 to 31 December 2012 £000
Cash outflow from operating activities	7	(22)	(24)
Capital expenditure and financial investment			
Purchase of units in Atlantic Regeneration 1 Unit Trust		(3,140)	(20,732)
Cash outflow before financing		<u>(3,162)</u>	<u>(20,756)</u>
Financing			
Partners' capital contribution		3,162	20,756
Increase in cash in the year/period		<u><u>-</u></u>	<u><u>-</u></u>

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and under the historical cost convention

Investment

Investment relates to units in the Trust stated at cost less provision for impairment

Taxation

Taxation on all partnership profits is solely the personal liability of the individual partner. Consequently, neither taxation nor related deferred taxation arising in respect of Atlantic Regeneration Investment 1 Limited Partnership are accounted for in the financial statements

Classification of partner's advances received by the partnership

Under FRS 25, partner's advances received by the partnership are treated as capital (i.e. forming part of partners' capital) only to the extent that they include no contractual obligations upon the partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the partnership

To the extent that this definition is not met, the partners' advances are classified as a financial liability

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' capital, are dealt with as appropriations in the reconciliation of movements in partners' capital

2 Loss on ordinary activities before interest

	Year ended 31 December 2013	Period from 2 February 2012 to 31 December 2012
	£000	£000
<i>Loss on ordinary activities is stated after charging the following</i>		
<i>Auditors remuneration</i>		
- audit of these financial statements	10	12
- tax compliance services	4	1
	<hr/>	<hr/>

There are no employees and no remuneration was paid to the partners by the partnership during the year (2012 £nil). The average number of partners during the year was 7 (including the general partner) (2012 7)

Notes (continued)

3 Investment

	2013 £000	2012 £000
<i>Cost and net book value</i>		
At 1 January 2013/On incorporation	20,732	-
Additions	3,140	20,732
	<hr/>	<hr/>
At 31 December 2013	23,872	20,732
	<hr/>	<hr/>

At 31 December 2013, in accordance with the Trust Instrument dated 10 February 2012 of Atlantic Regeneration 1 Unit Trust (the 'Trust'), the partnership has made subscriptions totalling 23,872 (2012 20,732) units at an issue price of £1,000 in the Trust. The Trust is listed on the Channel Islands Stock Exchange and is controlled on a day to day basis by the Trustee (Aztec (Trustees No 1) Limited). The Trust Instrument requires a resolution of all unit holders in order to appoint or remove a Trustee, and on this basis the partnership does not have control of the Trust and therefore is not required to consolidate the financial statements of the Trust. The results, assets and liabilities of the Trust are not included in the partnership's financial statements, but instead the partnership presents the units it holds in the Trust. At 31 December 2013, the result for the year then ended and net asset value of the Trust was £68,799 loss (2012 £73,202 loss) and £23,979,999 (2012 £20,908,798) respectively.

The Trust has a 96.00% (2012 95.44%) equity investment in a UK based entity, Atlantic Regeneration Property 1 Limited Partnership ('ARPI LP'). The Trust is the limited partner in ARPI LP. The general partner of ARPI LP is Atlantic Regeneration Property 1 General Partner Limited and ARPI LP is consolidated in its accounts as the general partner has control of ARPI LP through the Partnership Deed.

In February 2012, ARPI LP entered into two under lease agreements for the development of Affordable Housing at two sites in the London Borough of Barking and Dagenham, William Street Quarter ("WSQ") and Eastern End Thames View ("EETV"). On the same day, two sub-under leases were entered into with a wholly owned subsidiary of the London Borough of Barking and Dagenham for the rental of these developments over a 62 year term.

On 1 October 2013, the first rental receipt fell due to ARPI LP at which point, the lease term was deemed to commence under the sub-under leases and the asset under construction was reclassified as a finance lease receivable, reflecting a disposal to the London Borough of Barking and Dagenham. The sub-under leases are classified as finance leases in ARPI LP.

4 Creditors

	2013 £000	2012 £000
<i>Amounts falling due within one year</i>		
Accruals	16	5
	<hr/>	<hr/>

Notes (continued)

5 Partners' capital

	2013 £000	2012 £000
Capital contributions		
General partner	1	1
Limited partners	23,917	20,755
	<u>23,918</u>	<u>20,756</u>

Capital contributions include £1,000 from the general partner, Atlantic Regeneration Investment 1 General Partner Limited. Capital contributions of £23,917,000 from the limited partners are set out as follows

	Incorporation	A Limited Partner £000	B Limited Partner £000	Total £000
Atlantic Regeneration Investment Limited	British Virgin Islands	18,800	-	18,800
Streamside Jersey Limited Partnership	Jersey	5,092	7	5,099
W W Astor	UK resident	-	7	7
J S Aumonier	UK resident	-	7	7
A R A Drummond	UK resident	-	1	1
P D Noble	UK resident	-	3	3
		<u>23,892</u>	<u>25</u>	<u>23,917</u>

In accordance with the Amended and Restated Limited Partnership Deed dated 17 February 2012, following the repayment of all third party bank debt and any partnership expenses, all distributions will be made in accordance with the following waterfall

- Firstly, an amount equal to £5,000 per annum to the general partner in payment of the general partner's share,
- Secondly, an amount equal to the Investor Initial Return to the A limited partners (the Investor Initial Return being 8% per annum of A limited partner's Adjusted Commitment),
- Thirdly, the A and B limited partner's actual Adjusted Commitment as at the date of the distribution,
- Fourthly, 78.08% to the A limited partners and 21.92% to the B limited partners until the aggregate of all sums distributed to the A limited partners are equal to the Partnership Return Target of 1.35 times the A limited partner's Adjusted Commitments,
- Fifthly, 100% of the excess to the B limited partners until the total aggregate returns are in the ratio of 72.75% to the A limited partners and 27.25% to the B limited partners, and
- Lastly, 72.75% to the A limited partners and 27.25% to the B limited partners

Notes (continued)

6 Profit and loss account

	2013 £000	2012 £000
At 1 January/On incorporation	(29)	-
Loss for the year/period	(33)	(29)
	<hr/>	<hr/>
At 31 December	(62)	(29)
	<hr/>	<hr/>

7 Reconciliation of operating loss to operating cash flows

	Year ended 31 December 2013 £000	Period from 2 February 2012 to 31 December 2012 £000
Operating loss	(33)	(29)
Increase in creditors	11	5
	<hr/>	<hr/>
Net cash outflow from operating activities	(22)	(24)
	<hr/>	<hr/>

8 Related party transactions

During the year ended 31 December 2013, the partnership incurred operating fees totalling £6,021 (2012 £5,000) to Aztec Financial Services (UK) Limited, operator of the limited partnership, incorporated in Jersey

9 Commitments

In accordance with the subscription agreement for the Trust, the partnership and its general partner have agreed to become holders of the Trust and in connection therewith, have agreed to make a commitment to acquire closing and drawdown units totalling £77,750,000 (less any drawdown units acquired to date) (2012 £77,750,000)

The partnership had no operating lease commitments at 31 December 2013 (2012 £nil)

10 Controlling party

Atlantic Regeneration Investment 1 General Partner Limited, as general partner of the limited partnership, is the controlling party