

# NBIM Edward GP Limited

## Annual Report and Financial Statements

For the year ended 31 December 2018

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Company Registration No. 09194776 (England and Wales)

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# NBIM Edward GP Limited

## Company Information

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**Directors**

E Stryse  
J Patel  
R Peel

**Company number**

09194776

**Registered office**

Queensberry House  
3 Old Burlington Street  
London  
W1S 3AE

**Independent Auditor**

Deloitte LLP  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**Bankers**

Citi Bank  
33 Canada Square  
London  
E14 5LB

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# NBIM Edward GP Limited

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# NBIM Edward GP Limited

## Directors' Report

For the year ended 31 December 2018

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The Directors present their report and the audited financial statements of NBIM Edward GP Limited (the "Company") for the year ended 31 December 2018.

### **Incorporation**

The Company was incorporated in England and Wales on 29 August 2014 with registered No. 09194776 and is limited by shares.

### **Principal activities**

The principal activity of the Company is to act as General Partner to NBIM Edward Partners LP (the "Partnership"), whose main activity consists of investing directly in property, and also to act as holding company and immediate parent to NBIM Edward 1 Nominee Limited (formerly known as NBIM Edward 1 BT Limited) and NBIM Edward 2 Nominee Limited (formerly known as NBIM Edward 2 BT Limited) (the "Subsidiaries").

The Subsidiaries act as Trustees and hold an investment property on trust solely for the Partnership.

### **Results and dividends**

The profit for the year ended 31 December 2018 amounted to £180,259 (31 December 2017: £667,048).

The Company's expenses and costs are borne by the Partnership under an administrative costs deed signed by all parties in 2018, and as such, no expenses have been reported in the statement of comprehensive income of these financial statements.

The Directors do not recommend a dividend for the year ended 31 December 2018 (31 December 2017: £nil).

### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

### **Directors**

The Directors who held office during the year and up to the date of approval of this report were:

E Stryse

J Patel

R Peel

### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

### **Financial risk management**

The Directors carry out the risk management function in respect of financial risks within the Company. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting year. Financial risk comprises market risk (including currency rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

# NBIM Edward GP Limited

## Directors' Report (Continued)

For the year ended 31 December 2018

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The Company's financial instruments consist of the investment in the Partnership, the investments in the Subsidiaries, trade and other receivables, cash and cash equivalents and trade and other payables.

The main risks arising from the Company's financial instruments are liquidity risk and market risk. The Directors review and agree policies for managing the Company's risk exposure. These policies are described below.

The Company has minimal credit risk as its receivables consist only of an intercompany receivable outstanding as at the statement of financial position date.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from its investment in the Partnership and investments in the Subsidiaries. The Company holds an investment in the Partnership which directly holds an investment property. The property is exposed to general and specific market movements. The Directors review these risks on a quarterly basis.

### **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through intercompany and banking arrangements.

Further details on liquidity risk are shown in Note 3 of the financial statements.

### **Capital management**

The capital of the Company consists of equity (comprising issued share capital and retained earnings). The Company's objective when managing capital is to maintain an appropriate capital structure for the Company to discharge its responsibilities as General Partner in the group structure. The Company is not subject to externally imposed capital requirements.

### **Future developments**

The Company will continue to act as General Partner to the Partnership and also to act as holding company and immediate parent to the Subsidiaries.

### **Auditor**

Deloitte LLP has expressed its willingness to continue in office.

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Where the Company will hold an Annual General Meeting, a resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

# NBIM Edward GP Limited

## Directors' Report (Continued)

For the year ended 31 December 2018

### Statement of directors' responsibilities

The Directors are responsible for preparing 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). 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 for that year.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable IFRS 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.

In preparing the Directors' report, the Directors have taken advantage of the exemptions available for small companies in accordance with Section 415(A) of the Companies Act 2006. They have also taken the exemption to not prepare a strategic report.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and he/she has taken all the steps he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that they have complied with the above requirements throughout the year and subsequently.

On behalf of the board

J Patel

Director

Date: 15/07/19

R Peel

Director

Date: 15/07/19

## **Independent auditor's report to the members of NBIM Edward GP Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of NBIM Edward GP Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 directors' 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.

We have nothing to report in respect of these matters.



**Use of our report**

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

Philip Doherty

Philip Doherty FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 15 July 2019

## NBIM Edward GP Limited

### Statement of Comprehensive Income

For the year ended 31 December 2018

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	31 Dec 18 £	31 Dec 17 £
<b>INCOME</b>		
Investment income	188,608	37,774
Finance income	749	44
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	189,357	37,818
Fair value (loss)/gain in the year	(9,098)	629,230
	<hr/>	<hr/>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	180,259	667,048
	<hr/>	<hr/>

#### Continuing operations

All items dealt with in arriving at the results for the years ended 31 December 2018 and 31 December 2017 relate to continuing operations.

#### Other comprehensive income

No other comprehensive income was derived during the years ended 31 December 2018 and 31 December 2017.

# NBIM Edward GP Limited


## Statement of Financial Position

As at 31 December 2018

	Notes	31 Dec 18 £	31 Dec 17 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in Partnership	5	3,202,459	3,211,557
Investments in Subsidiaries	6	2	2
		<u>3,202,461</u>	<u>3,211,559</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	500	500
Cash and cash equivalents		264,691	71,590
		<u>265,191</u>	<u>72,090</u>
<b>TOTAL ASSETS</b>		<u><u>3,467,652</u></u>	<u><u>3,283,649</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	37,523	33,779
<b>NON-CURRENT LIABILITIES</b>			
Loan advances	9	2,582,322	2,582,322
<b>TOTAL LIABILITIES</b>		<u><u>2,619,845</u></u>	<u><u>2,616,101</u></u>
<b>EQUITY</b>			
Called up share capital	11	500	500
Retained earnings		847,307	667,048
<b>TOTAL EQUITY</b>		<u><u>847,807</u></u>	<u><u>667,548</u></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>3,467,652</u></u>	<u><u>3,283,649</u></u>

The audited financial statements were approved by the board of directors and authorised for issue on 15/1/19 and are signed on its behalf by

  
 .....  
 J Patel  
 Director

  
 .....  
 R Peel  
 Director

Company Registration No. 09194776

## NBIM Edward GP Limited

### Statement of Changes in Equity

For the year ended 31 December 2018

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	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2017</b>	500	-	500
	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the year	-	667,048	667,048
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	500	667,048	667,548
	<hr/>	<hr/>	<hr/>
Profit and total comprehensive income for the year	-	180,259	180,259
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	500	847,307	847,807
	<hr/>	<hr/>	<hr/>

# NBIM Edward GP Limited

## Statement of Cash Flows

For the year ended 31 December 2018

	31 Dec 18 £	31 Dec 17 £
<b>Cash flows from operating activities</b>		
Profit for the year	180,259	667,048
Adjustments for:		
Investing activities	(189,357)	(37,818)
Fair value loss/(gain) in the year	9,098	(629,230)
Increase in trade and other payables	3,744	33,777
<b>Net cash inflow from operating activities</b>	<b>3,744</b>	<b>33,777</b>
<b>Investing activities</b>		
Acquisition of investment in Partnership	-	(2,582,327)
Interest received	749	44
Dividends received	188,608	37,774
<b>Net cash generated from/(used in) investing activities</b>	<b>189,357</b>	<b>(2,544,509)</b>
<b>Financing activities</b>		
Loan advances	-	2,582,322
<b>Net cash (used in)/generated from financing activities</b>	<b>-</b>	<b>2,582,322</b>
<b>Net increase in cash and cash equivalents</b>	<b>193,101</b>	<b>71,590</b>
Cash and cash equivalents at beginning of year	71,590	-
Cash and cash equivalents at end of year	<u>264,691</u>	<u>71,590</u>

# NBIM Edward GP Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

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### 1 Accounting policies

The Company was incorporated in England and Wales on 29 August 2014 with registered No. 09194776 and is limited by shares.

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the revaluation of the investment in the Partnership and the investments in the Subsidiaries.

The financial statements are presented in Pounds Sterling which is the Company's functional and presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed.

#### **Consolidation**

The Company is considered to meet the definition of an investment entity. As a result, the Company applies the mandatory exception for consolidation and instead measures its Subsidiaries in accordance with IAS 39 'Financial Instruments: recognition and measurement'.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Going concern**

The Company has a net asset position of £847,807 as at 31 December 2018 (31 December 2017: £667,548) and all expenses and costs are borne by the Partnership under an administrative costs deed. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

#### **Financial assets**

Financial assets are classified as financial assets measured at amortised cost, fair value through profit and loss, or fair value through OCI, as appropriate. The Directors determine the classification of the Company's financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Company's financial assets consist of the investment in the Partnership, the investments in the Subsidiaries, trade and other receivables and cash and cash equivalents.

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### **Investment in Partnership**

The investment in the Partnership is accounted for at fair value through profit or loss. Gains or losses arising from the fair value are recognised in the statement of comprehensive income.

#### **Investments in Subsidiaries**

The investments in the Subsidiaries are accounted for at fair value through profit or loss. There have been no gains or losses arising from the fair value.

#### **Fair value measurement**

The investments in the Partnership and the Subsidiaries are classified as financial assets at fair value through profit or loss in accordance with the provisions set out in IFRS 9. This classification more fully explains the nature of the investments. The Directors designate the classification of the investments at the time of purchase.

IFRS 9 requires financial assets to be held at fair value, except only in rare circumstances where the fair value cannot be reliably measured in which case it allows the financial asset to be carried at cost less provision for impairment. IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The fair valuation of the unquoted investments is the key source of estimation uncertainty at the date of the statement of financial position that has a significant risk of causing a material adjustment in the financial statements.

The fair value hierarchy has been disclosed in Note 3.

The fair value of the investments as at 31 December 2018 amounted to £3,202,461 (31 December 2017: £3,211,559).

#### **Financial liabilities**

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

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

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. If the due date of the liability is less than one year, discounting is omitted.

#### **Trade and other receivables**

Trade and other receivables are composed of trade receivables with due dates of less than one year.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks. Due to the short-term nature of these instruments, the carrying value equals fair value.

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### **Loan advances**

Loan advances are composed of non-interest bearing borrowings from Norges Bank.

Loan advances are recognised initially at fair value, net of transaction costs incurred. Loan advances are subsequently stated at amortised cost.

#### **Trade and other payables**

Current liabilities are composed of trade payables with due dates of less than one year.

#### **Revenue recognition**

Investment income represents income from the Company's investment in Partnership. The investment income is recognised in the statement of comprehensive income on receipt of the distributions from the Partnership.

#### **Other income**

Other income is made up of bank interest earned and is recognised on a receipts basis.

#### **Expenses**

The company's expenses and costs are borne by the Partnership under an amended and restated administrative costs deed signed by all parties in 2018.

#### **New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018**

- IFRS 9 Financial Instruments took effect from 1 January 2018 and has been adopted for the year ended 31 December 2018 using the full retrospective method. The company has reassessed the classification and measurement of financial instruments and this has not given rise to any changes.
- IFRS 15 Revenue from Contracts with Customers also took effect from 1 January 2018 and has been adopted for the year ended 31 December 2018 using the full retrospective method. The revenue recognition accounting policy applied prior to adoption of IFRS 15 by the company is consistent with the requirements of IFRS 15, and therefore adoption of the standard has not affected amounts recognised in the current or comparative periods.

#### **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted by the Company**

- IFRS 16 'Leases' was issued in January 2016 and will become effective for periods beginning on or after 1 January 2019.

These new standards are not expected to have a material effect on the Company's future financial statements.



# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

#### Statement of comprehensive income and statement of cash flows

The Company presents its statement of comprehensive income by function of expense. The Company reports cash flows using the indirect method.

The acquisition of investments is classified as cash flows from investing activities as the Directors consider that this most appropriately reflects the Company's business activities.

### 2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The Directors believe that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

#### Valuation of investment

The Company's investment in the Partnership is equal to its capital contributed and 0.5% of the retained earnings of the Partnership, which is considered by the Directors to be the best reflection of the fair value available to the Company.

#### Segmental information

In accordance with IFRS 8, the Company is organised into one main operating segment, being investment in investment property, in the UK. The Company considers investment in investment property represents the only reportable operating segment.

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors believe that critical accounting judgement has been applied in the preparation of these financial statements in respect of the valuation of the investment in the Partnership and the investments in the Subsidiaries, see Notes 5 and 6 for further details.

### 3 Financial risk management

The Directors carry out the risk management function in respect of financial risks within the Company. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting year. Financial risk comprises market risk (including currency rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

The Company's financial instruments consist of the investment in the Partnership, the investments in the Subsidiaries, trade and other receivables, cash and cash equivalents, loan advances and trade and other payables.

The Company's financial instruments and how they are measured in the statement of financial position are summarised as follows:

#### As at 31 December 2018

	Assets at fair value through profit or loss	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	£	£	£	£
<b>Financial assets</b>				
Investment in Partnership	3,202,459	-	-	3,202,459
Investments in Subsidiaries	2	-	-	2
Trade and other receivables	-	500	-	500
Cash and cash equivalents	-	264,691	-	264,691
<b>Financial liabilities</b>				
Loan advances	-	-	(2,582,322)	(2,582,322)
Trade and other payables	-	-	(37,523)	(37,523)
	<u>3,202,461</u>	<u>265,191</u>	<u>(2,619,845)</u>	<u>847,807</u>

#### As at 31 December 2017

	Assets at fair value through profit or loss	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	£	£	£	£
<b>Financial assets</b>				
Investment in Partnership	3,211,557	-	-	3,211,557
Investments in Subsidiaries	2	-	-	2
Trade and other receivables	-	500	-	500
Cash and cash equivalents	-	71,590	-	71,590
<b>Financial liabilities</b>				
Loan advances	-	-	(2,582,322)	(2,582,322)
Trade and other payables	-	-	(33,779)	(33,779)
	<u>3,211,559</u>	<u>72,090</u>	<u>(2,616,101)</u>	<u>667,548</u>

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

The main risks arising from the Company's financial instruments are liquidity risk and market risk. The Directors review and agree policies for managing the Company's risk exposure. These policies are described below.

The Company has minimal credit risk as its receivables consist only of an intercompany receivable outstanding as at the statement of financial position date.

#### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The primary source of credit risk to which the Partnership is exposed is through its financial asset - real estate. Defaults by the tenants who occupy the properties within the RSE portfolio may result in a loss occurring in respect of the Partnership's investment. The General Partner monitors the performance of the RSE portfolio on a regular basis through review of the quarterly property and financial reports. Credit risk also arises from cash and cash equivalents, both within the Partnership and the RSE portfolio. Cash balances are deposited with approved financial institutions of a rating deemed appropriate by the General Partner.

#### b) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through intercompany and banking arrangements.

The table below summarises the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments:

	On demand £	More than 3 Months £	Total £
<b>31 December 2018</b>			
Trade and other receivables	500	-	500
Cash and cash equivalents	264,691	-	264,691
	<u>265,191</u>	<u>-</u>	<u>265,191</u>
Loan advances	-	2,582,322	2,582,322
Trade and other payables	37,523	-	37,523
	<u>37,523</u>	<u>2,582,322</u>	<u>2,619,845</u>

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

#### 31 December 2017

Trade and other receivables	500	-	500
Cash and cash equivalents	71,590	-	71,590
	<u>72,090</u>	<u>-</u>	<u>72,090</u>
Loan advances	-	2,582,322	2,582,322
Trade and other payables	33,779	-	33,779
	<u>33,779</u>	<u>2,582,322</u>	<u>2,616,101</u>

#### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from its investment in the Partnership and investments in the Subsidiaries. The Company holds an investment in the Partnership which directly holds an investment property. The property is exposed to general and specific market movements. The Directors review these risks on a quarterly basis.

#### i) Foreign exchange risk

The Company has no exposure to foreign exchange risk as its operational activities and investments are conducted in its functional currency.

#### ii) Price risk

The Company is not exposed to the market risk with respect to its financial instruments as it does not hold any marketable equity securities.

#### iii) Cash flow risk and interest rate risk

The Company is not exposed to cash flow risk or interest rate risk as its receivables and payables consist only of an intercompany receivable and intercompany payables as at the statement of financial position date.

#### iv) Fair value

The cost and the corresponding fair value of the Company's financial instruments are as follows:

	31 Dec 18		31 Dec 17	
	Cost £	Fair Value £	Cost £	Fair Value £
Investment in Partnership	2,582,327	3,202,459	2,582,327	3,211,557
Investments in Subsidiaries	2	2	2	2
Trade and other receivables	500	500	500	500
Cash and cash equivalents	264,691	264,691	71,590	71,590
Loan advances	(2,582,322)	(2,582,322)	(2,582,322)	(2,582,322)
Trade and other payables	(37,523)	(37,523)	(33,779)	(33,779)

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

Sensitivity in the fair value of the investment in the Partnership is derived directly and proportionally from the fair value of the investment property held directly by the Partnership.

#### Fair value hierarchy

The Company has adopted the amendment to International Financial Reporting Standard No. 13 'Fair Value Measurement' ("IFRS 13") for financial instruments that are measured at fair value. IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The table below analyses the financial instruments measured at fair values as at the statement of financial position date by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2018	Level 1	Level 2	Level 3
	£	£	£
Investment in Partnership	-	-	3,202,459
Investments in Subsidiaries	-	-	2
Trade and other receivables	-	500	-
Cash and cash equivalents	264,691	-	-
Loan advances	-	(2,582,322)	-
Trade and other payables	-	(37,523)	-
31 December 2017	Level 1	Level 2	Level 3
	£	£	£
Investment in Partnership	-	-	3,211,557
Investments in Subsidiaries	-	-	2
Trade and other receivables	-	500	-
Cash and cash equivalents	71,590	-	-
Loan advances	-	(2,582,322)	-
Trade and other payables	-	(33,779)	-

In the opinion of the Directors there are no observable inputs relating to the valuation of the Partnership and the Subsidiaries hence level 3 is the appropriate classification of the investments.

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

For further information on the fair value technique of the investment in the Partnership and the investments in the Subsidiaries please refer to Notes 5 and 6 respectively.

#### d) Capital management

The capital of the Company consists of equity (comprising issued share capital and retained earnings). The Company's objective when managing capital is to maintain an appropriate capital structure for the Company to discharge its responsibilities as General Partner in the group structure. The Company is not subject to externally imposed capital requirements.

### 4 Key management personnel

The Company has no employees. The key management personnel have been identified as the Directors of the Company. During the year, the Directors received no remuneration (31 December 2017: £nil).

### 5 Investment in Partnership

	31 Dec 18 £	31 Dec 17 £
Cost at the start of the year	2,582,327	-
Capital contributed during the year	-	2,582,327
Cost at the end of the year	2,582,327	2,582,327
Fair value gain at the start of the year	629,230	-
Fair value (loss)/gain for the year	(9,098)	629,230
Fair value gain at the end of the year	620,132	629,230
Fair value	3,202,459	3,211,557

The investment is accounted for at fair value through profit or loss. Changes in the fair value gains in the table above are recognised in the statement of comprehensive income

On 26 May 2017, the Company made an initial capital contribution to the Partnership of £5, followed by a subsequent contribution of £2,582,322 on 30 May 2017. The Company's investment represents 0.5% of the total capital of the Partnership. As at 31 December 2018, the Partnership has a net asset value of £640,527,425 (31 December 2017: £642,311,318).

The Company acts as the General Partner of the Partnership whose registered address is Queensberry House, 3 Old Burlington Street, London, W1S 3AE. The Partnership qualifies as a qualifying partnership under the Partnership (Accounts) Regulation 2008 and accordingly, the Partnership's financial statements are appended to the Company's financial statements.

The fair value of the financial instrument, which comprises the Company's investment in the Partnership, is estimated to be equal to its capital contributed and 0.50% of the retained earnings of the Partnership as determined by the Directors as at the statement of financial position date.

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 6 Investments in Subsidiaries

	31 Dec 18 £	31 Dec 17 £
Cost at the start of the year	2	2
Cost at the end of the year	2	2
Fair value	2	2

The Company has investments in ordinary shares of £1 in each of Subsidiaries' share capital which represent 100% interest in these Subsidiaries. The Subsidiaries are NBIM Edward 1 Nominee Limited and NBIM Edward 2 Nominee Limited whose registered office addresses are Queensberry House, 3 Old Burlington Street, London, W1S 3AE. These Subsidiaries have remained dormant during the year.

### 7 Trade and other receivables

	31 Dec 18 £	31 Dec 17 £
Amounts due from related parties	500	500

Trade and other receivables are neither past due nor impaired.

### 8 Trade and other payables

	31 Dec 18 £	31 Dec 17 £
Amounts due to related parties	37,523	33,779
	37,523	33,779

Trade and other payables are interest free and have settlement dates within one year.

There are no non-cash movements in the year relating to financing activities.

### 9 Loan advances

	31 Dec 18 £	31 Dec 17 £
Balance brought forward	2,582,322	-
Drawdowns during the year	-	2,582,322
	2,582,322	2,582,322

# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 9 Loan advances

(Continued)

On 30 May 2017, the Company entered into a loan agreement with Norges Bank (the "Lender") with a maximum facility of £4,000,000.

The loan advances are non-interesting bearing and shall be repayable to the Lender after a twelve month written notice period given by the Lender. No such demand was received by the Company to the date of signing the financial statements.

### 10 Taxation

The Company did not generate any taxable income during the year. Its expenses and costs are borne by the Partnership under an amended and restated administrative costs deed. Accordingly, no taxation has been recognised in the financial statements during the year ended 31 December 2018 (31 December 2017: £nil).

### 11 Share capital

31 Dec 18      31 Dec 17  
£                      £

#### Ordinary share capital

##### *Authorised*

500 ordinary shares of £1 each

500

500

##### *Issued and fully paid*

500 ordinary shares of £1 each

500

500



# NBIM Edward GP Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 12 Related party transactions

The Company's immediate parent is NBIM Burlington Holdings Limited (the "Parent Company"). The Company acts as General Partner to the Partnership.

At 31 December 2018, a total amount of £500 (31 December 2017: £500) was receivable from Norges Bank at £1 each for 500 ordinary shares issued it subscribed for during 2014.

At 31 December 2018, a total amount of £2 (31 December 2017: £2) was payable by the Company to the Subsidiaries at £1 each.

At 31 December 2018, a total amount of £5 (31 December 2017: £5) was payable by the Company to the Partnership, for the initial capital contribution.

At 31 December 2018, a total amount of £37,516 (31 December 2017: £33,772) was payable by the Company to the Partnership, following receipt of an advance payment, which comprised of cash in excess of operational requirements.

During the year, expenses of £66,359 (31 December 2017: £23,315) were borne by the Partnership on behalf of the Company under an administrative costs deed signed in 2018. This amount included £29,619 (31 December 2017: £23,313), which represented the company's tax charge for the year.

During the year, distribution income of £188,608 (31 December 2017: £37,774) was received from the Partnership.

At 31 December 2018, a total amount of £2,582,322 (31 December 2017: £2,582,322) was payable by the Company to Norges Bank under the non-interest bearing loan, dated 30 May 2017.

### 13 Controlling party

The immediate controlling party and sole shareholder is NBIM Burlington Holdings Limited, a subsidiary of Norges Bank.

Norges Bank, as the sole shareholder of the Parent Company, is considered the ultimate controlling party and is the smallest and largest entity which consolidates these financial statements. Norges Bank was established in Norway and its financial statements are available from Bankplassen 2, 0151 Oslo, Norway.

### 14 Auditor's remuneration

Audit fees of £3,341 (31 December 2017: £3,000) were borne by another group company in the accounting year.

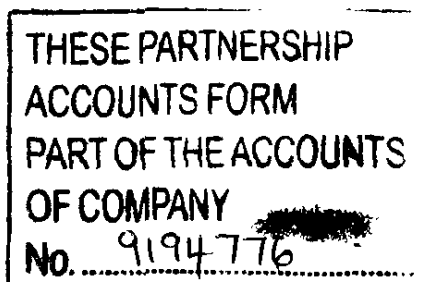
### 15 Events after the reporting date

There were no material events after the date of the statement of financial position that have a bearing on the understanding of these financial statements.

# NBIM Edward Partners LP

Annual Report and Financial Statements

For the year ended 31 December 2018



Registration No. LP018061 (England and Wales)

# NBIM Edward Partners LP

## Partners, Advisors and Other Information

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<b>General Partner</b>	NBIM Edward GP Limited
<b>Limited Partner</b>	NBIM BTLP Limited

<b>Directors of the General Partner</b>	E Stryse J Patel R Peel
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<b>Registration number</b>	LP018061
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<b>Registered office</b>	Queensberry House 3 Old Burlington Street London W1S 3AE
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<b>Independent Auditor</b>	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
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<b>Bankers</b>	Citi Bank 33 Canada Square London E14 5LB
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# NBIM Edward Partners LP

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Statement of financial position	9
Statement of changes in Partners' interests	10
Statement of cash flows	11
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# NBIM Edward Partners LP

## Strategic Report

For the year ended 31 December 2018

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NBIM Edward GP Limited (the "General Partner") presents its strategic report of NBIM Edward Partners LP (the "Partnership") for the year ended 31 December 2018.

### Principal activities

The principal activity of the Partnership is to invest directly in property on 2 King Edward Street, London, EC1A 1HQ (the "Investment Property").

### Review of the business

The Partnership's profit for the year amounted to £35,902,055 (26 May 2017 - 31 December 2017: £133,400,745).

The business review is required to contain financial and where applicable, non-financial key performance indicators ("KPIs"). The General Partner considers that, in line with the activities and objectives of the business, the financial KPIs set out below are those which communicate the performance of the Partnership as a whole. These KPIs comprise of:

	2018	2017
	£	£
Net asset value (NAV)	640,527,425	642,311,318
Market value of financial asset - real estate	640,000,000	635,000,000

### Financial Risk Management

The General Partner carries out the risk management function in respect of financial risks within the Partnership. Financial risks are risks arising from financial instruments to which the Partnership is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Partnership's financial instruments consist of the Investment Property, trade and other receivables, cash and cash equivalents and trade and other payables.

The main risks arising from the Partnership's financial instruments are credit risk, liquidity risk and market risk. The General Partner reviews and agrees policies for managing the Partnership's risk exposure. These policies are described below and have remained unchanged for the year under review.

#### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The primary source of credit risk to which the Partnership is exposed is through its Investment Property. Defaults by the tenants who occupy the property may result in a loss occurring in respect of the Partnership's investment. The General Partner monitors the performance on a regular basis through review of the quarterly property and financial reports. Credit risk also arises from cash and cash equivalents, both within the Partnership and the Investment Property. Cash balances are deposited with approved financial institutions of a rating deemed appropriate by the General Partner.

#### b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Partnership's liquidity position is monitored regularly by the General Partner.

Further details on liquidity risk are shown in Note 3 of the financial statements.

# NBIM Edward Partners LP

## Strategic Report (Continued)

For the year ended 31 December 2018

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### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Partnership's market risks arise from its investment in the Investment Property, to the extent that this is exposed to general and specific market movements due to the volatility of the property market. The General Partner reviews these risks on a quarterly basis.

Further details on market risk are shown in Note 3 of the financial statements.

### d) Capital management



The Partnership's objectives when managing capital are to safeguard the Partnership's ability to continue as a going concern. Furthermore, the Partnership manages its capital in order to provide the Partners with above average returns over the medium to long term through income and capital appreciation. The Partnership aims to deliver this objective through the purchase of investments that will provide the Partnership with the right to receive cash flows from the Investment Property. The Partnership is not subject to externally imposed capital requirements.

### Employees

The Partnership has no employees (31 December 2017: nil).

### Future developments

The Partnership will continue to hold the Investment Property to earn property income and for capital appreciation.

*Robert Peel*    
.....  
For and on behalf of  
**NBIM Edward GP Limited**  
as General Partner of  
**NBIM Edward Partners LP** *15 July 2019* *Samuel Patel*

# NBIM Edward Partners LP

## Report of the General Partner

For the year ended 31 December 2018

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The General Partner presents its report and the audited financial statements of the Partnership for the year ended 31 December 2018.

### Partnership Establishment

The Partnership was established in England and Wales on 26 May 2017 with registered No. LP018061.

### Partners and Partners' Interest

The Partnership's profit for the year amounted to £35,902,055 (26 May 2017 – 31 December 2017: £133,400,745) with a net asset value of £640,527,425 (31 December 2017: £642,311,318). The General Partner proposed and paid a distribution of £37,685,948 (31 December 2017: £7,554,755) in respect of the year ended 31 December 2018.

The Partners as at 31 December 2018 and their interests in the capital and current accounts were as follows:

	Capital account	Current account
	£	£
NBIM Edward GP Limited	2,582,327	620,132
NBIM BTLP Limited	513,883,001	123,441,965
	<u>516,465,328</u>	<u>124,062,097</u>

### Financial Risk Management

The main risks arising from the Partnership's financial instruments are credit risk, liquidity risk and market risk. Please see further details of the financial risk management in the Strategic Report.

### Going concern

The General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

### Subsequent events

Subsequent events have been evaluated up to the date the audited financial statements were approved and authorised for issue by the General Partner and there are no material events to be disclosed or adjusted for in these audited financial statements.

### Auditor

Deloitte LLP has expressed its willingness to continue in office.

Each of the persons who is a Director of the General Partner at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

# NBIM Edward Partners LP

## Report of the General Partner (Continued)

For the year ended 31 December 2018

### Statement of General Partner's responsibilities

Company law as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008 (the "Regulations") and the terms of the Limited Partnership Agreement (the "LPA") require the General Partner to prepare financial statements which shall be in accordance with generally accepted accounting principles. In accordance with the LPA the General Partner has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and part VII of the Companies Act 2006, as required by the Regulations. Under company law as applied to qualifying partnerships the General Partner must not approve the financial statements unless it is 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 year.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Partnership's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable IFRS 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 General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The General Partner confirms that it has complied with the above requirements throughout the year and subsequently.

*Robert Peel*

*[Signature]*

*[Signature]*

Signed for and on behalf of  
**NBIM Edward GP Limited**  
as General Partner of  
**NBIM Edward Partners LP**

*SARISHA PATEL*

*15 JULY 2019*



## **Independent auditor's report to the members of NBIM Edward Partners LP**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of NBIM Edward Partners LP (the 'qualifying partnership'):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in partners' interests;
- the statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **Other information**

The general partner is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of the General Partner**

As explained more fully in the general partner's responsibilities statement, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the general partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Report on other legal and regulatory requirements****Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the general partner and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the general partner have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the report of the general partner.

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

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report in respect of the following matters 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

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

*Philip Doherty*

Philip Doherty FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: *15 July 2019*

# NBIM Edward Partners LP

## Statement of Comprehensive Income

For the year ended 31 December 2018

		Year ended 31 December 2018 £	Period ended 31 December 2017 £
<b>INCOME</b>	<b>Notes</b>		
Property income	12	31,176,496	18,312,426
<b>TOTAL INCOME</b>		31,176,496	18,312,426
<b>EXPENSES</b>			
Property expenses	13	(164,394)	(120,150)
Administrative expenses	8	(129,160)	(73,358)
<b>OPERATING PROFIT</b>	4	30,882,942	18,118,918
Finance income	6	19,113	834
Gain on revaluation of Investment Property	7	5,000,000	115,280,993
<b>PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME</b>		35,902,055	133,400,745

### Continuing Operations

All items dealt with in arriving at the results for the year ended 31 December 2018 and period ended 31 December 2017 relate to continuing operations.

### Other comprehensive income

No other comprehensive income was derived during the year ended 31 December 2018 or the period ended 31 December 2017.


# NBIM Edward Partners LP

## Statement of Financial Position


As at 31 December 2018

	Notes	2018 £	£	2017 £	£
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment Property	7	640,000,000		635,000,000	
<b>CURRENT ASSETS</b>					
Trade and other receivables	9	7,505,096		6,756,065	
Cash and cash equivalents		288,351		7,853,467	
		<u>7,793,447</u>		<u>14,609,532</u>	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	(7,266,022)		(7,298,214)	
<b>NET CURRENT ASSETS</b>			527,425		7,311,318
<b>NET ASSETS</b>			<u>640,527,425</u>		<u>642,311,318</u>
<b>Represented by:</b>					
<b>AMOUNTS ATTRIBUTABLE TO THE PARTNERS</b>					
Partners' capital	17	516,465,328		516,465,328	
Partners' current account	17	124,062,097		125,845,990	
		<u>640,527,425</u>		<u>642,311,318</u>	

The audited financial statements were approved by the Board of Directors of the General Partner and authorised for issue on 15/7/19 and are signed on their behalf by:

SAYESU PATEL   
 Signed for and on behalf of  
 NBIM Edward GP Limited  
 as General Partner of  
 NBIM Edward Partners LP

Registration No. LP018061

  
 ROBERT PEEL

# NBIM Edward Partners LP

## Statement of Changes in Partners' Interest

For the year ended 31 December 2018

	General Partner £	Limited Partner £	Total £
<b>Balance at 26 May 2017</b>	-	-	-
Capital contributions	2,582,327	513,883,001	516,465,328
Profit and total comprehensive income for the period	667,004	132,733,741	133,400,745
Distributions	(37,774)	(7,516,981)	(7,554,755)
<b>Balance at 31 December 2017</b>	<b>3,211,557</b>	<b>639,099,761</b>	<b>642,311,318</b>
Profit and total comprehensive income for the year	179,510	35,722,545	35,902,055
Distributions	(188,608)	(37,497,340)	(37,685,948)
<b>Balance at 31 December 2018</b>	<b>3,202,459</b>	<b>637,324,966</b>	<b>640,527,425</b>

# NBIM Edward Partners LP

## Statement of Cash Flows

For the year ended 31 December 2018

	2018		2017	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Profit for the year		35,902,055		133,400,745
Adjustments for:				
Finance income		(19,113)		(834)
Gain on revaluation of Investment Property		(5,000,000)		(115,280,993)
(Increase) in trade and other receivables		(749,031)		(6,756,065)
(Decrease)/increase in trade and other payables		(32,192)		7,298,214
<b>Net cash used in operating activities</b>		30,101,719		18,661,067
<b>Cash flows from investing activities</b>				
Capitalised lease renewal fees	-	(1,099,882)		
Acquisition of Investment Property	-	(518,500,000)		
Transaction costs	-	(119,125)		
Finance income received	19,113	834		
<b>Net cash generated from/(used in) investing activities</b>		19,113		(519,718,173)
<b>Cash flows from financing activities</b>				
Capital contributions received from Partners	-	516,465,328		
Distributions paid to Partners	(37,685,948)	(7,554,755)		
<b>Net cash (used in)/generated from financing activities</b>		(37,685,948)		508,910,573
<b>Net (decrease)/increase in cash and cash equivalents</b>		(7,565,116)		7,853,467
Cash and cash equivalents at beginning of year		7,853,467		-
<b>Cash and cash equivalents at end of year</b>		288,351		7,853,467

# NBIM Edward Partners LP

## Notes to the Financial Statements

For the year ended 31 December 2018

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### 1 Accounting policies

#### **Nature of the Partnership**

The Partnership is a limited partnership registered in England and Wales which prepares its financial statements under the Company law as applied to qualifying partnerships by the Partnership (Accounts) Regulations 2008 (the "Regulations"). The nature of the Partnership's operations and its principal activities are disclosed in the Strategic Report. The General Partner is NBIM Edward GP Limited which has ultimate responsibility for the management and control of the Partnership in accordance with, and subject to, the Limited Partnership Agreement (the "LPA") and applicable law and regulation.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Basis of preparation**

The financial statements of the Partnership have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and part VII of the Companies Act 2006, as required by the Regulations. The financial statements have been prepared on a going concern basis, applying the historical cost convention as modified by the revaluation of the Investment Property.

The financial statements are presented in Pounds Sterling which is the Partnership's functional and presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the Partnership's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The General Partner believes that the underlying assumptions are appropriate and that the Partnership's financial statements therefore fairly present the financial position and results.

Certain comparative amounts have been re presented to conform with the current period's presentation to better reflect the nature of the financial position and performance. This is in respect to current liabilities.

#### **Going concern**

The Partnership has a net asset position of £640,527,425 as at 31 December 2018 (31 December 2017: £642,311,318). Accordingly, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis in preparing the financial statements.

#### **Revenue recognition**

Revenue comprises rental income. Rental income represents income from the Partnership's Investment Property leased out under operating lease agreements. Rental income from operating leases is recognised in the statement of comprehensive income on a straight-line basis over the lease term. When the Partnership provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as reduction in rental income.

#### **Finance income**

Finance income comprises deposit interest income and interest income. Finance income is recognised in the statement of comprehensive income on an accruals basis.



# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### Financial assets

Financial assets are classified as financial assets measured at amortised cost, fair value through profit and loss, or fair value through OCI, as appropriate. The General Partner determines the classification of the Partnership's financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Partnership's financial assets consist of the Investment Property, loan receivable, trade and other receivables and cash and cash equivalents.

#### Investment Property

Investment Property is property which is held to either earn rental income or for capital appreciation or for both.

Investment Property is initially recognised on acquisition at cost and is revalued annually to reflect fair value. Fair value is determined by external professional independent valuation specialist.

Gains or losses arising on the revaluation of the Investment Property are included in the statement of comprehensive income in the accounting period in which they arise. Depreciation is not provided in respect of the Investment Property.

The Investment Property will be derecognised either when it has been disposed of or when the Investment Property is permanently withdrawn from use and no future benefit is expected.

#### Fair value measurement

The Investment Property is measured at fair value at the statement of financial position date in accordance with the provisions set out in IAS 40.

IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Fair valuation of the Investment Property is the key source of estimation uncertainty at the date of the statement of financial position that has a significant risk of causing a material adjustment in the financial statements. For further information on the valuation technique and estimation uncertainty, please refer to Note 2.

The fair value hierarchy has been disclosed in Note 3.

The fair value of the Investment Property as at 31 December 2018 amounted to £640,000,000 (31 December 2017: £635,000,000).

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 1 Accounting policies

(Continued)

#### **Trade and other receivables**

Trade and other receivables are composed of trade receivables with due dates of less than one year.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is recognised in the statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and amounts held by property managers on behalf of the Partnership which are available on demand. Due to the short-term nature of these instruments, the carrying value equals fair value.

#### **Financial liabilities**

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate.

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

All borrowings are classified as other financial liabilities. Initial recognition is at fair value less directly attributable transaction costs incurred. After initial recognition, the borrowings are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. If the due date of the liability is less than one year, discounting is omitted.

#### **Trade and other payables**

Trade and other payables are composed of trade payables with due dates of less than one year.

#### **Transaction costs**

Transaction costs are defined as all costs directly attributable to corporate real estate transactions and will typically include fees to advisors, lawyers and valuation experts, and stamp duty. Transaction costs are capitalised when incurred.

#### **Lease renewal fees**

Lease renewal fees are capitalised upon payment and the cost is amortised in the statement of comprehensive income over the term of the lease.

#### **Expenses**

All expenses are recognised on an accruals basis in the statement of comprehensive income in the period in which they arise.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

---

### 1 Accounting policies

(Continued)

#### **Taxation**

Each Partner is exclusively liable for any tax liabilities arising out of its interest in the Partnership. Under the amended and restated administrative costs deed, the Partnership has undertaken to pay the tax due on behalf of each Partner and, accordingly, this cost is recorded in these financial statements.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the statement of financial position date. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

#### **New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018**

- IFRS 9 Financial Instruments took effect from 1 January 2018 and has been adopted for the year ended 31 December 2018 using the full retrospective method. The partnership has reassessed the classification and measurement of financial instruments and this has not given rise to any changes.
- IFRS 15 Revenue from Contracts with Customers also took effect from 1 January 2018 and has been adopted for the year ended 31 December 2018 using the full retrospective method. The revenue recognition accounting policy applied prior to adoption of IFRS 15 by the partnership is consistent with the requirements of IFRS 15, and therefore adoption of the standard has not affected amounts recognised in the current or comparative periods.

#### **New standards, amendments and interpretations issued for the financial year beginning 1 January 2019 and not early adopted by the Partnership**

- IFRS 16 'Leases' was issued in January 2016 and will become effective for periods beginning on or after 1 January 2019.

These new standards are not expected to have a material effect on the Company's future financial statements.

#### **Functional and presentational currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Partnership's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

#### **Statement of comprehensive income and statement of cash flows**

The Partnership presents its statement of comprehensive income by function of expense. The Partnership reports cash flows using the indirect method.

The acquisition of investments is classified as cash flows from investing activities as the General Partner considers that this most appropriately reflects the Partnership's business activities.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the Partnership's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The General Partner believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are summarised as below:

#### **Investment Property valuation**

In relation to the valuation of the Investment Property, an external professional independent valuation specialist in the United Kingdom was appointed to provide independent comprehensive annual and quarterly valuation services.

The valuation was prepared in accordance with the IFRS together with the RICS Valuation — Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book"). The valuation was prepared in accordance with IFRS, whereby the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At each reporting date the Investment Property's carrying amount is adjusted to reflect its fair value as estimated by an external independent valuation specialist by reference to market evidence of transactions for similar properties.

The fair value of investment properties is principally determined using the income capitalisation approach. Under this approach, forecast net cash flows, based upon current market derived estimated rental values (market rents) together with estimated costs, are discounted at market derived capitalisation rates to produce the independent valuation specialist's opinion of fair value. The average discount rate, which, if applied to all cash flows would produce the fair value, is described as the equivalent yield.

Where applicable, development properties, are valued using a residual valuation method. Under this methodology, the independent valuation specialist assesses the completed development value using income and yield assumptions. Deductions are then made for estimated costs to complete, including finance and developer's profit, to arrive at the valuation. As the development approaches completion, the independent valuation specialist may consider the income capitalisation approach to be more appropriate.

The key assumptions which have been used in determining the fair value of the Investment Property are as follows:

- a) assessment of current and future income, and liabilities deriving from the ownership of the Investment Property;
- b) an equivalent yield of 4.12% (31 December 2017 4.14%); and
- c) in addition, various assumptions have been made in consideration of non-recoverable running costs and likely future capital expenditure.

The General Partner has approved the valuation report prepared by the external professional independent valuation specialist following a review of the assumptions used, as well as the resulting valuations.

#### **Segmental information**

In accordance with IFRS 8, the Partnership is organised into one main operating segment, being investment in investment property, in the UK.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

The General Partner carries out the risk management function in respect of financial risks within the Partnership. Financial risks are risks arising from financial instruments to which the Partnership is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Partnership's financial instruments consist of the Investment Property, loans receivable, trade and other receivables, cash and cash equivalents and trade and other payables.

The Partnership's financial instruments and how they are measured in the statement of financial position are summarised as follows:

#### As at 31 December 2018

	Assets at fair value through profit or loss	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	£	£	£	£
<b>Financial assets</b>				
Investment Property	640,000,000	-	-	640,000,000
Trade and other receivables	-	7,505,096	-	7,505,096
Cash and cash equivalents	-	288,351	-	288,351
<b>Financial liabilities</b>				
Trade and other payables	-	-	(7,266,022)	(7,266,022)
	<u>640,000,000</u>	<u>7,793,447</u>	<u>(7,266,022)</u>	<u>640,527,425</u>

#### As at 31 December 2017

	Assets at fair value through profit or loss	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total
	£	£	£	£
<b>Financial assets</b>				
Investment Property	635,000,000	-	-	635,000,000
Trade and other receivables	-	6,756,065	-	6,756,065
Cash and cash equivalents	-	7,853,467	-	7,853,467
<b>Financial liabilities</b>				
Trade and other payables	-	-	(7,298,214)	(7,298,214)
	<u>635,000,000</u>	<u>14,609,532</u>	<u>(7,298,214)</u>	<u>642,311,318</u>

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

The main risks arising from the Partnership's financial instruments are credit risk, liquidity risk and market risk. The General Partner reviews and agrees policies for managing the Partnership's risk exposure. These policies are described below and have remained unchanged for the period under review.

#### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The primary source of credit risk to which the Partnership is exposed is through its Investment Property. Defaults by the tenants who occupy the property may result in a loss occurring in respect of the Partnership's investment. The General Partner monitors the performance on a regular basis through review of the quarterly property and financial reports. Credit risk also arises from cash and cash equivalents, both within the Partnership and the Investment Property. Cash balances are deposited with approved financial institutions of a rating deemed appropriate by the General Partner.

#### b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Partnership's liquidity position is monitored regularly by the General Partner.

The table below summarises the maturity profile of the Partnership's financial assets and financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	More than 5 years	Total
As at 31 December 2018	£	£	£	£
Trade and other receivables	7,505,096	-	-	7,505,096
Cash and cash equivalents	288,351	-	-	288,351
<b>Total financial assets</b>	<b>7,793,447</b>	<b>-</b>	<b>-</b>	<b>7,793,447</b>
Trade and other payables	(7,266,022)	-	-	(7,266,022)

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

	Less than 1 year £	1 to 5 years £	More than 5 years £	Total £
<b>As at 31 December 2017</b>				
Trade and other receivables	6,756,065	-	-	6,756,065
Cash and cash equivalents	7,853,467	-	-	7,853,467
<b>Total financial assets</b>	<b>14,609,532</b>	<b>-</b>	<b>-</b>	<b>14,609,532</b>
Trade and other payables	(7,298,214)	-	-	(7,298,214)

#### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Partnership's market risks arise from its investment in the Investment Property, to the extent that this is exposed to general and specific market movements due to the volatility of the property market. The General Partner reviews these risks on a quarterly basis.

##### i) Foreign exchange risk

The Partnership has no exposure to foreign exchange risk as its operational activities and investments are conducted in its functional currency.

##### ii) Price risk

The Partnership is exposed to property price risk including property rentals risk. The Partnership is not exposed to the market risk with respect to financial instruments as it does not hold any marketable equity securities.

Political and economic uncertainties continue to exist following the UK's referendum decision to leave the EU. Until the UK's future exit arrangements have been negotiated, it is not possible to quantify the potential impact that the referendum will have on the Investment Property value going forward. The General Partner continues to closely monitor this emerging issue.

Further details regarding the uncertainty involved in valuing the Investment Property are provided in Notes 2 and 7.

##### iii) Cash flow and interest rate risk

Interest rate risk is the risk that future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Partnership has no significant exposure to interest rate risk.

Trade and other receivables and trade and other payables are interest-free and have settlement dates within one year.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

#### iv) Fair value

The cost and the corresponding fair value of the Partnership's Investment Property and financial instruments are as follows:

	2018		2017	
	Cost £	Fair Value £	Cost £	Fair Value £
Investment Property	519,719,007	640,000,000	519,719,007	635,000,000
Trade and other receivables	7,505,096	7,505,096	6,756,065	6,756,065
Cash and cash equivalents	288,351	288,351	7,853,467	7,853,467
Trade and other payables	(7,266,022)	(7,266,022)	(7,298,214)	(7,298,214)

The Partnership's Investment Property has been valued by a professionally qualified independent valuation specialist. The valuation is based on an analysis of recent market transactions, market knowledge from the independent valuation specialist's agency experience and the use of a discounted cash flow technique. The fair value of all other financial assets and financial liabilities approximates their carrying value.

#### Fair value hierarchy

The Partnership has adopted the amendment to International Financial Reporting Standard No. 13 'Fair Value Measurement' ("IFRS 13") for financial instruments that are measured at fair value. IFRS 13 requires the Partnership to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.



# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 3 Financial risk management

(Continued)

The table below analyses the financial instruments measured at fair values as at the statement of financial position date by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2018	Level 1	Level 2	Level 3
	£	£	£
Investment Property	-	-	640,000,000
Trade and other receivables	-	7,505,096	-
Cash and cash equivalents	288,351	-	-
Trade and other payables	-	(7,266,022)	-
31 December 2017	Level 1	Level 2	Level 3
	£	£	£
Investment Property	-	-	635,000,000
Trade and other receivables	-	6,756,065	-
Cash and cash equivalents	7,853,467	-	-
Trade and other payables	-	(7,298,214)	-

For further information on the fair value technique of the Investment Property, please refer to Note 7.

### d) Capital management

The Partnership's objectives when managing capital are to safeguard the Partnership's ability to continue as a going concern. Furthermore, the Partnership manages its capital in order to provide the Partners with above average returns over the medium to long term through income and capital appreciation. The Partnership aims to deliver this objective through the purchase of investments that will provide the Partnership with the right to receive cash flows from the Investment Property. The Partnership is not subject to externally imposed capital requirements.

### 4 Operating profit

	2018	2017
	£	£
Operating profit for the period is stated after charging:		
Fees payable to the Partnership's auditor for the audit of the financial statements	10,428	21,000
Tax fees	29,619	17,245

### 5 Auditor's remuneration

	2018	2017
	£	£
The analysis of the auditor's remuneration is as follows:		
Audit of the financial statements of the Partnership	7,087	12,000
Audit of the financial statements of related parties	3,341	9,000
	10,428	21,000

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 6 Finance income

	2018 £	2017 £
Other interest income	19,113	834

### 7 Investment Property

	2018 £	2017 £
<b>Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ</b>		
Fair value at the beginning of the year	635,000,000	-
Acquisition cost	-	518,500,000
Capitalised lease renewal fees	-	1,099,882
Transaction costs - capitalised	-	119,125
Gain on revaluation	5,000,000	115,280,993
Fair value at the end of the year	640,000,000	635,000,000

On 30 May 2017, NBIM Edward GP Limited, together with Norges Bank, transferred their beneficial interests in the Investment Property, at fair value, by way of a capital contribution into the Partnership.

The Partnership's Investment Property was valued at £640,000,000 (31 December 2017: £635,000,000) by a professional qualified independent valuation specialist. The valuation of the Investment Property was prepared using the Royal Institution of Chartered Surveyors' ("RICS") valuation standards in the United Kingdom.

The external professional independent valuation specialist used an analysis of recent market transactions on arm's length terms and market knowledge from the independent valuation specialist's agency experience. By necessity a valuation requires the independent valuation specialist to make subjective judgements that, even if logical and appropriate may differ from those made by a purchaser, or another independent valuation specialist. Property values can change substantially over short periods of time.

#### *Sensitivity analysis*

The sensitivity analysis for the investment was prepared in consideration of expected market return and level of income and is based on historical experience of management. Considering the +/- movement in the yield of up to 20 basis points and a +/- movement in income/ERV of up to 10%, the maximum change in value of the investment is approximately +12.8%/-11.3% or a range in value of investment of £567.55 million to £722.1 million.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 8 Administrative expenses

The administrative expenses include tax fees, the details of which are as follows:

	2018 £	2017 £
Partnership profit for the year	35,902,055	133,400,745
Add tax fees for the year	29,619	17,245
Partnership profit for the year before taxation	35,931,674	133,417,990
Add/(deduct) adjusting items:		
Gain on revaluation of Investment Property	(5,000,000)	(115,280,993)
Non-deductible expenses	7,721	16,085
<b>Taxable income for the year</b>	<b>30,939,395</b>	<b>18,153,082</b>
Share of General Partner in %	0.50%	0.50%
	154,697	90,765
Corporation tax	19.00%	19.00%
Tax fees	29,392	17,245
Prior period adjustment	227	-
<b>Tax fees for the year</b>	<b>29,619</b>	<b>17,245</b>

The tax fees during the year represent the General Partner's share of the tax due calculated on the taxable income of the Partnership which the Partnership pays on behalf of the General Partner in accordance with the administrative costs deed.

The standard rate of Corporation tax in the UK was reduced to 19% with effect from 1 April 2017. Accordingly, the effective rate of tax for the period is 19% (31 December 2017: 19%). In the 2015 Budget presentation, it was announced that the standard rate of Corporation tax is to be reduced to 18% from 1 April 2020.

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 9 Trade and other receivables

	2018 £	2017 £
Amounts due from related parties	7,504,203	6,755,394
Prepayments	893	671
	<u>7,505,096</u>	<u>6,756,065</u>

Trade and other receivables are neither past due nor impaired.

### 10 Current liabilities

	2018 £	2017 £
Trade payables	54,369	43,834
Other taxation and social security	23,238	25,915
Deferred income	7,187,915	7,187,915
Amounts due to related parties	500	40,550
	<u>7,266,022</u>	<u>7,298,214</u>

Trade payables are interest free and have settlement dates within one year.

There are no non-cash movements in the year relating to financing activities.

2017 balances were represented, deferred tax liability and corporation tax payable have been presented within other taxation and social security.

### 11 Operating leases with tenants

The Partnership leases out its Investment Property under operating leases with average lease terms of 4 years to expiry. The future aggregate minimum rental income, excluding contingent rents receivable, under the non-cancellable leases is as follows:

	2018 £	2017 £
Less than one year	31,176,496	31,176,496
Between two and five years	75,933,985	107,110,481
	<u>107,110,481</u>	<u>138,286,977</u>

## NBIM Edward Partners LP

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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#### 12 Property income

	2018 £	2017 £
Rental income	31,176,496	18,312,426

#### 13 Property expenses

	2018 £	2017 £
Asset management fees	150,000	120,150
Other property expenses	14,394	-
	164,394	120,150

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 14 Related party transactions

The General Partner controls the day-to-day operations of the Partnership in accordance with the LPA.

The Limited Partner acts as Bare Trustee on behalf of its parent Norges Bank. Transactions entered into by the Limited Partner in its capacity as Bare Trustee have been excluded from the financial statements of the Limited Partner on the basis that they are included within the financial statements of Norges Bank which owns any beneficial interest or obligation arising from these transactions.

The Partnership bears expenses and costs on behalf of other related parties under an administrative costs deed signed by all parties in 2018. Under this deed the following costs have been included in the Partnership's expenses for the year:

- Burlington Four Limited £nil (2017: £6,073)
- NBIM Edward BTLP Limited £nil (2017: £13,730)
- NBIM Edward GP Limited £66,359 (2017: £23,313)
- NBIM Edward 1 Nominee Limited £3,387 (2017: £3,441)
- NBIM Edward 2 Nominee Limited £3,387 (2017: £3,441)
- NBIM Burlington Holdings Limited £1,731 (2017: £nil)
- NBIM BTLP Limited £6,306 (2017: £nil)

Included in the amount above for NBIM Edward GP Limited is an amount of £29,619 (31 December 2017: £17,245), which represented the company's tax charge for the year.

On 21 September 2017, the General Partner made a Directors' resolution whereby a policy for managing cash and net income of the Partnership was implemented. Under the resolution, any excess cash held by the Partnership is paid pro rata to the Partners and will be offset against future distributions declared. As at 31 December 2018, a total amount of £37,516 (31 December 2017: £33,772) was receivable from NBIM Edward GP Limited and a total amount of £7,465,687 (31 December 2017: £6,720,622) was receivable from NBIM BTLP Limited in its capacity as nominee of Norges Bank.

At 31 December 2018, a total amount of £5 (31 December 2017: £5) was receivable from the General Partner for an initial capital contribution and £995 (31 December 2017: £995) from NBIM BTLP Limited in its capacity as nominee of Norges Bank.

At 31 December 2018, a total amount of £500 (31 December 2017: £500) was payable to Norges Bank.

During the period, NBRE Management Europe Limited, a subsidiary of Norges Bank, provided Asset Management services to the Partnership, on an arms length basis. The expense excluding VAT for this was £125,000 (31 December 2017: £120,150), of which a total amount of £nil (31 December 2017: £40,050) was payable at the statement of financial position date.

The Partnership has borne the cost of directors' emoluments on behalf of other group companies during the year as follows:

- NBIM Edward BTLP Limited £nil (2017: £5,850)
- NBIM BTLP Limited £4,575 (2017: £nil)

# NBIM Edward Partners LP

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### **15 Controlling party**

NBIM Edward GP Limited as General Partner of the Partnership is the immediate controlling party.

Norges Bank is considered to be the ultimate controlling party and is the smallest and largest entity which consolidates these financial statements. Norges Bank was established in Norway and its financial statements are available from Bankplassen 2, 0151 Oslo, Norway.

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

There were no material events after the date of the statement of financial position that have a bearing on the understanding of these financial statements.

# NBIM Edward Partners LP

Notes to the Financial Statements (Continued)  
For the year ended 31 December 2018

## 17 Amounts attributable to the Partners

### a) Movements in Partners' Accounts

#### 31 December 2018

General Partner  
Limited Partner

Balance brought forward	Distributions	Profit for the year	Balance carried forward
£	£	£	£
3,211,557	(188,608)	179,510	3,202,459
639,099,761	(37,497,340)	35,722,545	637,324,966
642,311,318	(37,685,948)	35,902,055	640,527,425

#### 31 December 2017

General Partner  
Limited Partner

Capital contributions	Distributions	Profit for the year	Balance carried forward
£	£	£	£
2,582,327	(37,774)	667,004	3,211,557
513,883,001	(7,516,981)	132,733,741	639,099,761
516,465,328	(7,554,755)	133,400,745	642,311,318



# NBIM Edward' Partners LP

Notes to the Financial Statements (Continued)  
For the year ended 31 December 2018

## 17 Amounts attributable to the Partners (Continued)

### b) Cumulative Partners' Accounts

#### 31 December 2018

General Partner  
Limited Partner

Capital account £	Current account £	Total £
2,582,327	620,132	3,202,459
513,883,001	123,441,965	637,324,966
<u>516,465,328</u>	<u>124,062,097</u>	<u>640,527,425</u>

#### 31 December 2017

General Partner  
Limited Partner

Capital account £	Current account £	Total £
2,582,327	629,230	3,211,557
513,883,001	125,216,760	639,099,761
<u>516,465,328</u>	<u>125,845,990</u>	<u>642,311,318</u>