

**AG 42 Southwark GP Limited**  
Directors' report and financial statement  
For the year ended 31 December 2017



Company registration number: 09787227

**AG 42 Southwark GP Limited**

Balance sheet at 31 December 2017

|   | 2017     | 2016     |
|---|----------|----------|
|   | £        | £        |
| <b>Fixed assets</b>                                   |          |          |
| Investments   | 10       | 10       |
| <b>Current assets</b>                                 | 1        | 1        |
| <b>Creditors: amounts falling due within one year</b> | (10)     | (10)     |
| <b>Total assets less current liabilities</b>          | <u>1</u> | <u>1</u> |
| <b>Represented by:</b>                                |          |          |
| Called up share capital                               | 1        | 1        |
| <b>Shareholder's funds</b>                            | <u>1</u> | <u>1</u> |

**Statements**

For the year ending 31 December 2017, the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

**Directors' statements**

- The member has not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006, and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

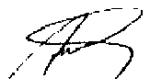
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Anuj Mittal, Daniel Pound and Frank Stadelmaier were directors of the company throughout the year.

The directors' interests in the ultimate parent company, AG Europe Realty Fund LP, are shown in the report and accounts of that entity.

Signed on behalf of the board of directors by:

Anuj Mittal



Approved by the board: 5 March 2018

Company registration number: 09787227

**AG 42 Southwark GP Limited**  
Notes to the financial statement  
For the year ended 31 December 2017

**1. Accounting convention**

The financial statement has been prepared under the historical cost convention.

**2. Profit and loss account**

The company received no income and incurred no expenditure and therefore made neither a profit nor loss.

**3. Directors' fees and emoluments**

None of the directors received any emoluments from the company during the period.

**4. Ultimate parent company**

The immediate controlling party is AGR 42 Southwark Funds Member, L.L.C., an entity incorporated in the US. The ultimate controlling party is AG Europe Realty Fund, L.P., an entity incorporated in the US.

**5. Share capital**

|                                    | <b>2017</b> | <b>2016</b> |
|------------------------------------|-------------|-------------|
|                                    | £           | £           |
| Allotted, called up and fully paid |             |             |
| 1 ordinary share of £1             | <u>1</u>    | <u>1</u>    |

Company registration number: 09787227

Limited Partnership Registration No. LP016866 (England and Wales)

AG Beltane 42 Southwark Venture LP

Members' Report and Financial Statements  
For the year ended 31 December 2017

THESE PARTNERSHIP  
ACCOUNTS FORM  
PART OF THE ACCOUNTS  
OF COMPANY [REDACTED]  
No. 09787221



COMPANIES HOUSE

**AG Beltane 42 Southwark Venture LP**

**Members' Report and Financial Statements  
For the year ended 31 December 2017**

**Limited Partnership Information**

**Members**

AGR 42 Southwark Funds Member LLC  
Beltane 42 SBR Investment Limited  
Beltane SBR Investment LLP  
AG 42 Southwark GP Limited (General Partner)

**Registration Number**

LP016866

**Registered Office**

23 Savile Row  
London  
W1S 2ET

**Bankers**

The Royal Bank of Scotland  
8th Floor  
280 Bishopsgate  
London  
EC2M 4RB

**Auditors**

BDO LLP  
Chartered Accountants and Statutory Auditors  
55 Baker Street  
London  
W1U 7EU

**AG Beltane 42 Southwark Venture LP**

**Members' Report and Financial Statements  
For the year ended 31 December 2017**

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## **AG Beltane 42 Southwark Venture LP**

### **Members' report**

**For the year ended 31 December 2017**

The General Partner on behalf of the Members presents its report with the audited consolidated financial statements for the year ended 31 December 2017 for AG Beltane 42 Southwark Venture LP (the "LP" or "Partnership") and its subsidiary undertakings (the "Group").

### **Principal activities and business review**

The Partnership is a limited partnership, established in England and Wales by the Limited Partnership Agreement ('LPA') dated 23 September 2015 through its General Partner, AG 42 Southwark GP Limited. The LPA was amended and restated on 5 October 2015.

During the year ended 31 December 2017, the principal activity of the Group was the acquisition, development for investment purposes and long-term active management of a property in the United Kingdom. The Group sold its investment in AG Beltane 42 Southwark BV on 21 December 2017. The Group made a profit of £6,250,740 (2016: profit £4,733,850) for the year.

### **Directors of the General Partner (AG 42 Southwark GP Limited)**

The following directors held office during the period and up to the date of signing the financial statements:

A Mittal  
D Pound  
F Stadelmaier

### **Policy on Partner's drawings**

Total net profits and losses of the Partnership are allocated amongst Partners in accordance with the LPA, and only drawn subject to the cash requirements of the business and in accordance with the distribution provisions of the LPA. Any drawings in excess of allocated amounts are included within "Amounts due from members" in debtors. Initial capital contributions of each of the members is as set out in the LPA. Any further funding requirements are determined by the General Partner and contributed by way of interest free advances and classified as equity. There is no repayment obligation by the Partnership in respect of such amounts.

### **Statement of Members' responsibilities in respect of the financial statements**

The Members are responsible for preparing the Member's Report and the financial statements in accordance with applicable law and regulations.

**AG Beltane 42 Southwark Venture LP**

**Members' report (continued)  
For the year ended 31 December 2017**

The Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Members to prepare financial statements for each financial year. Under that law the Members have prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under these regulations, the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the Members are required to:

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Partnership (Accounts) Regulations 2008. The Members are 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.

**Statement of disclosure to auditor**

In so far as the Members are aware:

- (a) there is no relevant audit information of which the Partnership's auditor is unaware, and
- (b) they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

BDO LLP has expressed their willingness to continue in office.

**Small partnership provisions**

This report has been prepared in accordance with the special provisions under Part 15 of the Companies Act 2006 as applied to Limited Partnerships by Regulation 3 of the Limited Partnership Regulations 2008.

Signed for and on behalf of AG Beltane 42 Southwark Venture LP acting by its general partner AG 42 Southwark GP Limited



Director of AG 42 Southwark GP Limited (General Partner)

Approved by the General Partner on 05 MAR 2018



## **AG Beltane 42 Southwark Venture LP**

### **Independent auditor's report to the Members of AG Beltane 42 Southwark Venture LP**

#### **Opinion**

We have audited the financial statements of AG Beltane 42 Southwark Venture LP ("the Partnership") for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and Limited Partnership ("LP" or "Partnership") statement of financial position, the consolidated and LP statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and LP's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to partnerships by the Partnerships (Accounts) Regulations 2008.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 related to going concern**

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

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

## **AG Beltane 42 Southwark Venture LP**

### **Independent auditor's report to the Members of AG Beltane 42 Southwark Venture LP (continued)**

#### **Other information**

The Members are responsible for the other information. The other information comprises the information included in the Members' 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 this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships**

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

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

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

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 material misstatements in the Members' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Members' report and from the requirement to prepare a Strategic report.

**AG Beltane 42 Southwark Venture LP**

**Independent auditor's report to the Members of AG Beltane 42 Southwark Venture LP (continued)**

***Responsibilities of Members***

As explained more fully in the statement of Members' responsibilities in respect of the financial statements, the Members 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 Members 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 Members are 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 Members either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

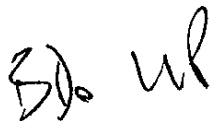
***Auditor's responsibilities for the audit of the financial statements***

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

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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Richard Levy (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
Date

05 MAR 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**AG Beltane 42 Southwark Venture LP**

**Consolidated statement of comprehensive income  
For the year ended 31 December 2017**

|  | Notes | Group<br>2017<br>£ | Group<br>2016<br>£ |
|--|-------|--------------------|--------------------|
| <b>Rental income</b>                                       |       | 2,587,714          | 2,658,542          |
| Property expenses  |       | (502,486)          | (269,166)          |
| <b>Net rental income</b>                                   |       | <u>2,085,228</u>   | <u>2,389,376</u>   |
| Administrative expenses                                    |       | (118,256)          | (191,773)          |
| Gain from changes in fair value of investment property     | 9.    | -                  | 4,177,243          |
| Profit on disposal of operations                           | 5.    | 5,780,640          | -                  |
| <b>Operating profit</b>                                    | 4.    | <u>7,747,612</u>   | <u>6,374,846</u>   |
| Interest receivable and similar income                     | 6.    | -                  | 13                 |
| Interest payable and similar charges                       | 7.    | (1,496,465)        | (1,583,110)        |
| Movement in fair value of derivative financial instruments | 14.   | (407)              | (57,899)           |
| <b>Profit on ordinary activities before taxation</b>       |       | <u>6,250,740</u>   | <u>4,733,850</u>   |
| Taxation on profit on ordinary activities                  | 8.    | -                  | -                  |
| <b>Profit for the year</b>                                 |       | <u>6,250,740</u>   | <u>4,733,850</u>   |
| Other comprehensive income for the year                    |       | -                  | -                  |
| <b>Total comprehensive income for the year</b>             |       | <u>6,250,740</u>   | <u>4,733,850</u>   |

The income statement for the year ended 31 December 2017 has been prepared on the basis that all operations are discontinued operations.

The Notes on pages 14 to 24 form part of these financial statements.

**AG Beltane 42 Southwark Venture LP**

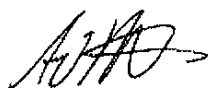
**Consolidated statement of financial position  
As at 31 December 2017**

|   | Notes | 2017             | 2016                |
|---|-------|------------------|---------------------|
|   |       | £                | £                   |
| <b>Fixed assets</b>                                   |       |                  |                     |
| Investment property                                   | 9.    | -                | 61,333,054          |
| <b>Current assets</b>                                 |       |                  |                     |
| Debtors   | 11.   | 1,594            | 65,895              |
| Cash at bank and in hand                              |       | 1,455,883        | 682,744             |
|   |       | <u>1,457,477</u> | <u>748,639</u>      |
| <b>Creditors: amounts falling due within one year</b> | 12.   | (1,084,039)      | (2,101,486)         |
| <b>Net current assets/(liabilities)</b>               |       | <u>373,438</u>   | <u>(1,352,847)</u>  |
| <b>Total assets less current liabilities</b>          |       | <u>373,438</u>   | <u>59,980,207</u>   |
| <b>Creditors: amounts falling due after one year</b>  |       |                  |                     |
| Bank loans  | 13.   | -                | (28,525,314)        |
|   |       | <u>-</u>         | <u>(28,525,314)</u> |
| <b>Net assets attributable to partners</b>            |       | <u>373,438</u>   | <u>31,454,893</u>   |
| <b>Represented by:</b>                                |       |                  |                     |
| <b>Loans from partners due after one year</b>         |       |                  |                     |
| Partners' loan capital classified as equity           | 15.   | -                | 24,384,018          |
| <b>Partners' other interests</b>                      |       |                  |                     |
| Partners' capital classified as equity                |       | 4,010            | 4,010               |
| Profit and loss account                               |       | 369,428          | 7,066,865           |
|   |       | <u>373,438</u>   | <u>31,454,893</u>   |

The Notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the General Partner and authorised for issue on and signed on their behalf by:

0 5 MAR 2018



Director of AG 42 Southwark GP Limited (General partner)

**AG Beltane 42 Southwark Venture LP**

**Consolidated statement of changes in equity  
For the year ended 31 December 2017**

|  | <b>AGR 42<br/>Southwark Funds<br/>Member LLC</b> | <b>Beltane<br/>42 SBR<br/>Investment<br/>Limited</b> | <b>Beltane<br/>SBR<br/>Investment<br/>LLP</b> | <b>AG 42<br/>Southwark<br/>GP Limited</b> | <b>Total</b>      |
|--|--|--|---|---|-------------------|
|  | £  | £  | £   | £   | £                 |
| <b>Partners' equity capital</b>                    |  |  |   |   |                   |
| At the start of the year                           | 2,903  | 97   | 1,000   | 10  | 4,010             |
| Subscribed in the year                             | -  | -  | -   | -   | -                 |
| Repaid in the year                                 | -  | -  | -   | -   | -                 |
| <b>At the end of the year</b>                      | <b>2,903</b>                                     | <b>97</b>  | <b>1,000</b>                                  | <b>10</b>                                 | <b>4,010</b>      |
| <b>Partners' loan capital classified as equity</b> |  |  |   |   |                   |
| At the start of the year                           | 24,035,115                                       | 348,903  | -   | -   | 24,384,018        |
| Subscribed in the year                             | 100,000  | -  | -   | -   | 100,000           |
| Repaid in the year                                 | (24,135,115)                                     | (348,903)  | -   | -   | (24,484,018)      |
| <b>At the end of the year</b>                      | <b>-</b>   | <b>-</b>   | <b>-</b>                                      | <b>-</b>                                  | <b>-</b>          |
| <b>Profit and loss account</b>                     |  |  |   |   |                   |
| At the start of the year                           | 6,965,444  | 101,129  | 289   | 3   | 7,066,865         |
| Profit for the year                                | 5,436,180  | 78,180   | 736,378                                       | 2   | 6,250,740         |
| Distributions                                      | (12,399,520)                                     | (179,294)  | (369,358)                                     | (5)                                       | (12,948,177)      |
| <b>At the end of the year</b>                      | <b>2,104</b>                                     | <b>15</b>  | <b>367,309</b>                                | <b>-</b>                                  | <b>369,428</b>    |
| <b>Total at the end of the year</b>                | <b>5,007</b>                                     | <b>112</b>   | <b>368,309</b>                                | <b>10</b>                                 | <b>373,438</b>    |
| <b>Total at the start of the year</b>              | <b>31,003,462</b>                                | <b>450,129</b>                                       | <b>1,289</b>                                  | <b>13</b>                                 | <b>31,454,893</b> |

Partners' loan capital classified as equity is interest free and has no repayment date.

There is no repayment obligation by the Partnership in respect of partners' loans classified as equity.

AG Beltane 42 Southwark Venture LP

**Consolidated statement of cash flows**  
**For the year ended 31 December 2017**

|  | <b>2017</b>         | <b>2016</b>        |
|--|---------------------|--------------------|
|  | <b>£</b>            | <b>£</b>           |
| <b>Cash flows from operating activities</b>                |                     |                    |
| Operating profit   | 7,747,612           | 6,374,846          |
| Net fair value gains recognised in profit or loss          | -                   | (4,177,243)        |
| Decrease in debtors  | 49,735              | 709,320            |
| Increase/(decrease) in creditors due within one year       | 3,573,662           | (22,181)           |
| Profit on disposal of operations                           | (5,780,640)         |                    |
| <b>Net cash flow from operating activities</b>             | <u>5,590,369</u>    | <u>2,884,742</u>   |
| <b>Cash flows from investing activities</b>                |                     |                    |
| Capital expenditure  | (3,232,665)         | (464,884)          |
| Sale of business operations                                | 68,209,888          | -                  |
| Disposal costs on sale of business operations              | (1,042,567)         |                    |
| <b>Net cash inflow/(outflow) from investing activities</b> | <u>63,934,656</u>   | <u>(464,884)</u>   |
| <b>Cash flows from financing activities</b>                |                     |                    |
| Interest received  | -                   | 13                 |
| Interest paid  | (1,267,109)         | (1,123,626)        |
| Financing costs paid                                       | (41,582)            | (133,430)          |
| Partners' capital repaid                                   | -                   | -                  |
| Partners' loan capital introduced                          | 100,000             | 680,000            |
| Partners' loan capital repaid                              | (24,484,018)        | -                  |
| Partners' distributions                                    | (12,948,177)        | -                  |
| Bank loan repaid   | (30,111,000)        | (1,389,000)        |
| <b>Net cash outflow from financing</b>                     | <u>(68,751,886)</u> | <u>(1,966,043)</u> |
| <b>Increase in cash and cash equivalents</b>               | <u>773,139</u>      | <u>453,815</u>     |
| Cash and cash equivalents at the start of the year         | 682,744             | 228,929            |
| <b>Cash and cash equivalents at the end of the year</b>    | <u>1,455,883</u>    | <u>682,744</u>     |

**AG Beltane 42 Southwark Venture LP**

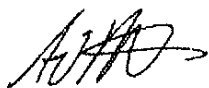
**LP statement of financial position  
As at 31 December 2017**

|   | Notes | 2017           | 2016              |
|---|-------|----------------|-------------------|
|   |       | £              | £                 |
| <b>Fixed Assets</b>                                   |       |                |                   |
| Investments   | 10.   | -              | 23,819,794        |
| <b>Current Assets</b>                                 |       |                |                   |
| Debtors   | 11.   | 1,595          | 1,500             |
| Cash at bank and in hand                              |       | 377,805        | -                 |
|   |       | <u>379,400</u> | <u>1,500</u>      |
| <b>Creditors: amounts falling due within one year</b> | 12.   | (21,806)       | (75,910)          |
| <b>Net Current Liabilities</b>                        |       | <u>357,594</u> | <u>(74,410)</u>   |
| <b>Total Assets Less Current Liabilities</b>          |       | <u>357,594</u> | <u>23,745,384</u> |
| <b>Net Assets Attributable to Partners</b>            |       | <u>357,594</u> | <u>23,745,384</u> |
| <b>Represented by:</b>                                |       |                |                   |
| <b>Loans from partners due after one year</b>         |       |                |                   |
| Partners' loan capital classified as equity           | 15.   | -              | 24,384,018        |
| <b>Partners' other interests</b>                      |       |                |                   |
| Partners' capital classified as equity                |       | 4,010          | 4,010             |
| Profit and loss account                               |       | 353,584        | (642,644)         |
|   |       | <u>357,594</u> | <u>23,745,384</u> |

The LP has taken advantage of the exemption allowed under the Companies Act 2006 as applied to partnerships and has not presented its own statement of comprehensive income in these financial statements. The parent LP profit for the year was £13,944,405 (2016: loss £57,678).

The Notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the General Partner and authorised for issue on 05 MAR 2018 and signed on their behalf by:



Director of AG 42 Southwark GP Limited (General partner)



**AG Beltane 42 Southwark Venture LP**

**LP statement of changes in equity  
For the year ended 31 December 2017**

|  | <b>AGR 42<br/>Southwark Funds<br/>Member LLC</b> | <b>Beltane<br/>42 SBR<br/>Investment<br/>Limited</b> | <b>Beltane<br/>SBR<br/>Investment<br/>LLP</b> | <b>AG 42<br/>Southwark<br/>GP Limited</b> | <b>Total</b>      |
|--|--|--|---|---|-------------------|
|  | £  | £  | £   | £   | £                 |
| <b>Partners' equity capital</b>                    |  |  |   |   |                   |
| At the start of the year                           | 2,903  | 97   | 1,000   | 10  | 4,010             |
| Subscribed in the year                             | -  | -  | -   | -   | -                 |
| Repaid in the year                                 | -  | -  | -   | -   | -                 |
| <b>At the end of the year</b>                      | <b>2,903</b>                                     | <b>97</b>  | <b>1,000</b>                                  | <b>10</b>                                 | <b>4,010</b>      |
| <b>Partners' loan capital classified as equity</b> |  |  |   |   |                   |
| At the start of the year                           | 24,035,115                                       | 348,903  | -   | -   | 24,384,018        |
| Subscribed in the year                             | 100,000  | -  | -   | -   | 100,000           |
| Repaid in the year                                 | (24,135,115)                                     | (348,903)  | -   | -   | (24,484,018)      |
| <b>At the end of the year</b>                      | <b>-</b>   | <b>-</b>   | <b>-</b>                                      | <b>-</b>                                  | <b>-</b>          |
| <b>Profit and loss account</b>                     |  |  |   |   |                   |
| At the start of the year                           | (632,939)  | (9,677)  | (28)  | -   | (642,644)         |
| Profit for the year                                | 13,022,069                                       | 188,805  | 733,526                                       | 5   | 13,944,405        |
| Distributions                                      | (12,399,520)                                     | (179,294)  | (369,358)                                     | (5)                                       | (12,948,177)      |
| <b>At the end of the year</b>                      | <b>(10,390)</b>                                  | <b>(166)</b>   | <b>364,140</b>                                | <b>-</b>                                  | <b>353,584</b>    |
| <b>Total at the end of the year</b>                | <b>(7,487)</b>                                   | <b>(69)</b>  | <b>365,140</b>                                | <b>10</b>                                 | <b>357,594</b>    |
| <b>Total at the start of the year</b>              | <b>23,405,079</b>                                | <b>339,323</b>                                       | <b>972</b>                                    | <b>10</b>                                 | <b>23,745,384</b> |

Partners' loan capital classified as equity is interest free and has no repayment date.

There is no repayment obligation by the Partnership in respect of partners' loans classified as equity.

## **AG Beltane 42 Southwark Venture LP**

### **Notes to the financial statements For the year ended 31 December 2017**

#### **1. Accounting policies**

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

##### **1.1 Basis of preparation and consolidation**

The financial statements are prepared on a going concern basis which assumes the Partnership will continue in operation and be able to meet its liabilities as they fall due for at least 12 months from the date of these financial statements.

The Partnership maintains detailed cash flow models to ensure that the Partnership can continue to meet its liabilities as they fall due. These show that the Partnership will continue to have adequate cash to meet its liabilities as they fall due.

The consolidated financial statements present the results of AG Beltane 42 Southwark Venture LP and its subsidiaries (the "Group") as if they formed a single entity. Intergroup transactions and balances between group companies are eliminated in full.

##### **1.2 Net rental income**

Net rental income represents amounts receivable as rent net of VAT and non recoverable property expenses. Rental income that has been invoiced in a period but relates to the subsequent period has been treated as deferred income in the balance sheet. All rental income is earned in the UK and the Partnership has only one class of business. Any lease incentives are spread over the term of the lease or to the first break if sooner.

##### **1.3 Finance costs**

Debt issue costs are initially recognised as a reduction in the proceeds of the associated debt instrument. Such finance costs are then charged to profit or loss over the term of the debt.

##### **1.4 Partner's profit allocations, drawings and subscriptions**

Total net profits and losses of the Partnership are allocated amongst Partners in accordance with the LPA, and only drawn subject to the cash requirements of the business and in accordance with the distribution provisions of the LPA. Any drawings in excess of allocated amounts are included within "Amounts due from members" in debtors. Initial capital contributions of each of the members is as set out in the LPA. Any further funding requirements are determined by the General Partner and contributed by way of interest free loan.

##### **1.5 Taxation**

No provision has been made for corporate or income tax in the Partnership as each Partner will be responsible for their own tax liability. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Partnership's subsidiaries operate and generate taxable income.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets - Investment properties**

Investment properties are stated at fair value. The fair value of investment properties is estimated based on the expected price if the property was sold in an orderly transaction on the open market at the measurement date. In general the Members consider multiple valuation techniques when measuring the fair value of an investment. However in certain circumstances a single valuation technique may be appropriate. Key inputs and assumptions include rental income and expenses projections, related rental income growth rates, occupancy levels, capital improvement costs, discount rates and capitalisation rates.

**1.7 Tangible fixed assets - Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.8 Financial instruments**

Financial instruments, or their component parts, are classified on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the trade date when the Partnership becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value. Financial instruments are derecognised on the trade date when the Partnership is no longer a party to the contractual provisions of the instrument.

**Financial assets**

Financial assets are stated at amortised cost using the effective interest method which is a method of calculating the amortised cost of a financial asset, where this differs from the original transaction value, and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset.

(i) Cash and cash equivalents - cash comprises cash in hand and on-demand deposits less overdrafts. Cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value.

(ii) Trade receivables - trade receivables are recognised and carried at the original transaction value. A provision for impairment is established where there is evidence that the Partnership will not be able to collect all amounts due according to the original terms of the receivables concerned.

**Financial liabilities**

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form.

(i) Bank loans and fixed rate loans - bank loans and fixed rate loans are included as financial liabilities on the balance sheet at the amounts drawn on the particular facilities, less costs directly attributable to the arrangement of those facilities. Such arrangement costs are charged to profit or loss over the period of the facilities and credited to the loan balance. Interest payable is expensed as a finance cost in the year to which it relates.

(ii) Interest rate derivatives - the Group uses derivative financial instruments to manage the interest rate risk associated with the financing of the Group's business. At each reporting date, these interest rate derivatives are measured at fair value, being the estimated amount that the Partnership would receive or pay to terminate the agreement at the balance sheet date, taking into account current interest rates and the current credit rating of the counterparties. The gain or loss at each fair value remeasurement is recognised in the statement of comprehensive income because the Group does not apply hedge accounting.

(iii) Trade payables - trade payables are recognised and carried at the original transaction value.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on Members' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the Members consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

**Investment property valuation**

Investment property is revalued annually to fair value using an income capitalisation technique. The valuation is based upon assumptions including future rental value, anticipated property costs, future development costs and the appropriate discount rate. Reference is also made to market evidence of transaction prices for similar properties. More information is provided in note 9.

**3. Employees**

The Partnership has no employees. The Members received no remuneration in the period.

**4. Operating profit**

Operating profit is stated after charging:

|                         | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> |
|-------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration: |                             |                             |
| Audit services          | 14,315                      | 14,140                      |
| Non-audit services      | 2,438                       | 3,938                       |

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**5. Discontinued operations**

On 21 December 2017, the Group disposed of AG Beltane 42 Southwark BV. The loss on disposal of operations has been calculated as follows:

|                               | £            | £                |
|-------------------------------|--------------|------------------|
| Cash proceeds                 |              | 68,209,888       |
| Disposal costs                |              | (1,042,567)      |
| Net assets disposed of:       |              |                  |
| Investment property           | (64,537,994) |                  |
| Debtors                       | (14,158)     |                  |
| Creditors                     | 3,165,471    |                  |
|                               |              | (61,386,681)     |
| Profit on disposal before tax |              | <u>5,780,640</u> |

**6. Interest receivable and similar income**

|                          | Group<br>2017<br>£ | Group<br>2016<br>£ |
|--------------------------|--------------------|--------------------|
| Bank interest receivable | <u>-</u>           | <u>13</u>          |

**7. Interest payable and similar charges**

|                     | Group<br>2017<br>£ | Group<br>2016<br>£ |
|---------------------|--------------------|--------------------|
| Bank loan interest  | 1,119,196          | 1,236,241          |
| Other finance costs | 377,269            | 346,869            |
|                     | <u>1,496,465</u>   | <u>1,583,110</u>   |

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**8. Taxation on profit on ordinary activities**

The tax assessed for the period is lower than the standard rate of income tax in the UK of 20%. The differences are explained below:

|   | Group<br>2017<br>£ | Group<br>2016<br>£ |
|---|--------------------|--------------------|
| Profit on ordinary activities before taxation                                   | 6,250,740          | 4,733,850          |
| Less: amounts not subject to income tax   | (6,250,740)        | (4,733,850)        |
| Profits subject to taxation   | <u>-</u>           | <u>-</u>           |
| Profits subject to taxation at the standard rate of income tax in the UK of 20% | <u>-</u>           | <u>-</u>           |

**9. Investment property**

|   | Group<br>31 Dec 2017<br>£ | Group<br>31 Dec 2016<br>£ |
|---|---------------------------|---------------------------|
| Carrying value at the start of the period | 61,333,054                | 56,663,202                |
| Capital expenditure                       | 3,204,940                 | 492,609                   |
| Surplus on revaluation                    | -                         | 4,177,243                 |
| Disposal                                  | (64,537,994)              | -                         |
| Carrying value at the end of the period   | <u>-</u>                  | <u>61,333,054</u>         |

The Members carried out an internal valuation of the Group's investment property as at 31 December 2016 using an income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate. The resulting valuations were cross-checked against the equivalent yields and the fair market values derived from comparable recent market transactions on arm's length terms. For investment properties under construction, the fair value is calculated by estimating the fair value of the completed property using the income capitalisation technique less estimated costs to completion and a risk premium.

The freehold land and buildings included at a valuation of £61,333,054 at the prior year end and the historical cost of was £54,712,658.

AG Beltane 42 Southwark BV was sold on 21 December 2017 and this resulted in the disposal of the investments property owned by AG Beltane 42 Southwark BV.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**10. Investments**

|  | <b>Partnership<br/>31 Dec 2017<br/>£</b> | <b>Partnership<br/>31 Dec 2016<br/>£</b> |
|--|--|--|
| Carrying value at the start of the period          | 23,819,794                               | 23,139,794                               |
| Investment in subsidiary undertaking in the period | 100,000                                  | 680,000                                  |
| Disposal of subsidiary                             | (23,919,794)                             | -  |
| Carrying value at the end of the period            | <u>-</u>                                 | <u>23,819,794</u>                        |

The Partnership holds a 100% direct or indirect interest in the following subsidiary undertakings:

| <b>Name</b>                                   | <b>Country of<br/>incorporation<br/>or registration</b> | <b>Proportion of<br/>voting rights and<br/>ordinary share<br/>capital held</b> | <b>Nature of<br/>business</b>     |
|---|---|--|-----------------------------------|
| AG Beltane 42 Southwark<br>Venture LLC *      | United States<br>of America                             | 100%   | Intermediate<br>holding company   |
| AG Beltane 42 Southwark<br>Lender LLC *       | United States<br>of America                             | 100%   | Intermediate<br>financing company |
| AG Beltane 42 Southwark<br>Member LLC *       | United States<br>of America                             | 100%   | Intermediate<br>holding company   |
| AG Beltane 42 Southwark<br>Cooperatieve UA ** | The Netherlands   | 100%   | Intermediate<br>holding company   |

AG Beltane 42 Southwark BV was sold on 21 December 2017.

\* The registered office address of each of the subsidiary undertakings incorporated in the United States of America is 1209 Orange Street, Wilmington, Delaware 19801.

\*\* The registered office address of each of the subsidiary undertakings incorporated in the The Netherlands is Prinsengracht 919, 1017 KD Amsterdam, The Netherlands.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)  
For the year ended 31 December 2017**

**11. Debtors**

| <b>Group</b>                     | <b>31 Dec 2017</b><br>£ | <b>31 Dec 2016</b><br>£ |
|----------------------------------|-------------------------|-------------------------|
| Prepayments and accrued income   | 1,594                   | 65,484                  |
| Other debtors                    | -                       | 4                       |
| Derivative financial instruments | -                       | 407                     |
|                                  | <u>1,594</u>            | <u>65,895</u>           |
| <b>Partnership</b>               | <b>31 Dec 2017</b><br>£ | <b>31 Dec 2016</b><br>£ |
| Prepayments and accrued income   | 1,595                   | 1,500                   |
|                                  | <u>1,595</u>            | <u>1,500</u>            |

**12. Creditors: amounts falling due within one year**

| <b>Group</b>                      | <b>31 Dec 2017</b><br>£ | <b>31 Dec 2016</b><br>£ |
|-----------------------------------|-------------------------|-------------------------|
| Bank loan                         | -                       | 1,250,000               |
| Trade creditors                   | 320,561                 | 35,053                  |
| Accruals and deferred income      | 715,764                 | 792,107                 |
| Other creditors                   | 47,714                  | 24,326                  |
|                                   | <u>1,084,039</u>        | <u>2,101,486</u>        |
| <b>Partnership</b>                | <b>31 Dec 2017</b><br>£ | <b>31 Dec 2016</b><br>£ |
| Trade creditors                   | 5,213                   | -                       |
| Amounts due to group undertakings | 148                     | 59,895                  |
| Accruals and deferred income      | 16,445                  | 16,015                  |
|                                   | <u>21,806</u>           | <u>75,910</u>           |



**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**13. Creditors: amounts falling due after one year**

|   | <b>Group</b><br><b>31 Dec 2017</b><br>£ | <b>Group</b><br><b>31 Dec 2016</b><br>£ |
|---|---|---|
| Bank loan   | -                                       | 28,525,314                              |
|   | <u>-</u>                                | <u>28,525,314</u>                       |
|   | <b>31 Dec 2017</b><br>£                 | <b>31 Dec 2016</b><br>£                 |
| <b>Maturity of financial liabilities</b>            |   |   |
| In less than one year                               | -                                       | 1,250,000                               |
| In more than one year but not more than two years   |   | 28,525,314                              |
| In more than two years but not more than five years | -                                       | -                                       |
| In more than five years                             | -                                       | -                                       |
|   | <u>-</u>                                | <u>29,775,314</u>                       |

On 18 December 2015, the group entered into a loan agreement with Deutsche Bank for a loan facility of up to £31,500,000, repayable on 24 January 2018 with an option to extend for a further 12 months. The loan was drawn down on 21 December 2015. On 21 December 2015, the group paid £86,000 to purchase an interest rate cap at a strike rate of 1.5% to manage the interest rate risk over 100% of the outstanding loan balance. Upon the sale of AG Beltane 42 Southwark BV, the loan was repaid on 22 December 2017 and the cap contract expired.

**14. Financial instruments**

The Group's financial instruments may be analysed as follows:

|  | <b>Group</b><br><b>2017</b><br>£ | <b>Group</b><br><b>2016</b><br>£ |
|--|----------------------------------|----------------------------------|
| <b>Financial assets</b>  |                                  |                                  |
| Financial assets measured at amortised cost                                    | 1,455,883                        | 682,748                          |
| Derivative financial instruments measured at fair value through profit or loss | -                                | 407                              |
|  | <u>1,455,883</u>                 | <u>683,155</u>                   |
| <b>Financial liabilities</b>   |                                  |                                  |
| Financial liabilities measured at amortised cost                               | 368,275                          | 29,834,692                       |
| Derivative financial instruments measured at fair value through profit or loss | -                                | -                                |
|  | <u>368,275</u>                   | <u>29,834,692</u>                |

The group entered into interest rate swap arrangements described in note 13. These derivative financial instruments were reported at fair value which was estimated using the mid-point of the yield curves prevailing at the balance sheet date and represent the net present value of the differences between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**15. Members' Interests**

| <b>Group</b>                                       | <b>Equity<br/>£</b> | <b>Debt<br/>£</b> | <b>Total<br/>£</b> |
|--|---------------------|-------------------|--------------------|
| <b>Partners' equity capital</b>                    |                     |                   |                    |
| At the start of the year                           | 4,010               | -                 | 4,010              |
| Subscribed in the year                             | -                   | -                 | -                  |
| Repaid in the year                                 | -                   | -                 | -                  |
| <b>At the end of the year</b>                      | <b>4,010</b>        | <b>-</b>          | <b>4,010</b>       |
| <b>Partners' loan capital classified as equity</b> |                     |                   |                    |
| At the start of the year                           | 24,384,018          | -                 | 24,384,018         |
| Subscribed in the year                             | 100,000             | -                 | 100,000            |
| Repaid in the year                                 | (24,484,018)        | -                 | (24,484,018)       |
| <b>At the end of the year</b>                      | <b>-</b>            | <b>-</b>          | <b>-</b>           |
| <b>Profit and loss account</b>                     |                     |                   |                    |
| At the start of the year                           | 7,066,865           | -                 | 7,066,865          |
| Profit for the year                                | 6,250,740           | -                 | 6,250,740          |
| Distributions                                      | (12,948,177)        | -                 | (12,948,177)       |
| <b>At the end of the year</b>                      | <b>369,428</b>      | <b>-</b>          | <b>369,428</b>     |
| <b>Total at the end of the year</b>                | <b>373,438</b>      | <b>-</b>          | <b>373,438</b>     |
| Total at the start of the year                     | 31,454,893          | -                 | 31,454,893         |

Partners' loan capital classified as equity is interest free and has no repayment date.

There is no repayment obligation by the Partnership in respect of partners' loans classified as equity.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**15. Members' interests (continued)**

| <b>LP</b>  | <b>Equity<br/>£</b> | <b>Debt<br/>£</b> | <b>Total<br/>£</b>  |
|--|---------------------|-------------------|---------------------|
| <b>Partners' equity capital</b>                    |                     |                   |                     |
| At the start of the year                           | 4,010               | -                 | <b>4,010</b>        |
| Subscribed in the year                             | -                   | -                 | -                   |
| Repaid in the year                                 | -                   | -                 | -                   |
| <b>At the end of the year</b>                      | <b>4,010</b>        | -                 | <b>4,010</b>        |
| <b>Partners' loan capital classified as equity</b> |                     |                   |                     |
| At the start of the year                           | 24,384,018          | -                 | <b>24,384,018</b>   |
| Subscribed in the year                             | 100,000             | -                 | <b>100,000</b>      |
| Repaid in the year                                 | (24,484,018)        | -                 | <b>(24,484,018)</b> |
| <b>At the end of the year</b>                      | -                   | -                 | -                   |
| <b>Profit and loss account</b>                     |                     |                   |                     |
| At the start of the year                           | (642,644)           | -                 | <b>(642,644)</b>    |
| Loss for the year                                  | 13,944,405          | -                 | <b>13,944,405</b>   |
| Distributions                                      | (12,948,177)        | -                 | <b>(12,948,177)</b> |
| <b>At the end of the year</b>                      | <b>353,584</b>      | -                 | <b>353,584</b>      |
| <b>Total at the end of the year</b>                | <b>357,594</b>      | -                 | <b>357,594</b>      |
| <b>Total at the start of the year</b>              | <b>23,745,384</b>   | -                 | <b>23,745,384</b>   |

Partners' loan capital classified as equity is interest free and has no repayment date.

There is no repayment obligation by the Partnership in respect of partners' loans classified as equity.

**AG Beltane 42 Southwark Venture LP**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

**16. Related party transactions**

During the year, asset management fees of £240,000 (2016: £240,000) were charged to the group by Beltane Asset Management LLP, a limited liability partnership owned and controlled by the directors of Beltane 42 SBR Investment Limited and Beltane SBR Investment LLP.

**17. Leases**

|   | 2017<br>£ | 2016<br>£       |
|---|-----------|-----------------|
| Minimum lease receipts under non-cancellable operating leases to be received: |           |                 |
| Not later than one year   | -         | 2,215,000       |
| Later than one year and not later than five years                             | -         | -               |
| Later than five years   | -         | -               |
|   | <hr/> -   | <hr/> 2,215,000 |

**18. Ultimate controlling party**

The immediate controlling party is AGR 42 Southwark Funds Member LLC, an entity incorporated in the US.

The ultimate controlling party of the Partnership is AG Europe Realty Fund L.P., an entity incorporated in the US.