

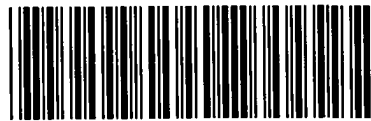
Company No. 11773659

HE2 HAVERHILL 1 GP LIMITED

Unaudited Directors' Report and Financial Statements

For the period from 17 January 2019 (date of incorporation) to 31 December 2019

THURSDAY



A9K2VM2X

A18

17/12/2020

#162

COMPANIES HOUSE

HE2 HAVERHILL 1 GP LIMITED
Directors' Report and Financial Statements
For the period from 17 January 2019 (date of incorporation) to 31 December 2019

CONTENTS

	Page
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	3
Statement of financial position	4
Statement of changes in shareholder's equity	5
Notes to the financial statements	6 - 13

HE2 HAVERHILL 1 GP LIMITED**Directors and other information****For the period from 17 January 2019 (date of incorporation) to 31 December 2019**

		Appointed on	Resigned on
Directors	Paul Cooper	17 January 2019	
	David Rudge	17 January 2019	24 August 2020
	Eugenia Schroeder	17 January 2019	27 May 2020
	Robert Vicente	17 January 2019	
	Caterina Juer	27 May 2020	
	Hannah Dove	24 August 2020	
Company Secretary	Accomplish Secretaries Limited	Appointed on	
	3rd Floor, 11-12, St. James's Square, London, United Kingdom, SW1Y 4LB	17 January 2019	
Registered office	3rd Floor, 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB		
Corporate Administrator	Vistra (UK) Limited		
	3rd Floor, 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB		

HE2 HAVERHILL 1 GP LIMITED

Directors' report

For the period from 17 January 2019 (date of incorporation) to 31 December 2019

Directors' report

The directors present their report and the unaudited financial statements of HE2 Haverhill 1 GP Limited (the "Company") for the period from 17 January 2019 (date of incorporation) to 31 December 2019.

Incorporation and principal activity

The Company was incorporated in the United Kingdom on 17 January 2019 as a private limited company and £102 ordinary shares were issued at par on that date.

The principal activity of the Company is to act as General Partner to HE2 Haverhill 1 Limited Partnership (the "Partnership") registered as a limited partnership in the United Kingdom under the Limited Partnerships Act 1907 with registered number LP19986. The Company has exclusive responsibility for the management and control of the business.

Results and dividends

In accordance with the Companies Act 2006, small companies reporting under IFRS may omit the Statement of profit or loss and other comprehensive income. As such, since the Company qualifies as a small company and there were no transactions to report during the period, the Company has elected to not present any Statement of profit or loss and other comprehensive income.

The directors do not recommend the payment of dividend for the period under review.

Going concern

The financial statements of the Company are prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The Company reported a positive equity of £102 for the period ended 31 December 2019.

The ultimate holding company has confirmed its intention to provide financial support to the Company to meet its financial obligations as and when they fall due.

Strategic report

As the Company qualifies as a small company under the Companies Act 2006, the Company is exempt from the requirement to prepare the strategic report as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Post balance sheet events

Since the announcement of the COVID-19 Global Pandemic by the World Health Organisation on 11 March 2020, there has been significant market volatility and economic disruption. The directors are closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. The economic implications of the COVID-19 may have a negative impact on the Company's ability to meet its financial targets, although the prevailing uncertainty prevents the Company from estimating any reliable forecasts of the effects. Thus, as at the date of this report, it is not possible to quantify the effect (if any) of the COVID-19 pandemic on the operations the Company. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period. The Company continues to maintain a recovery and resolution planning framework designed to anticipate, identify, mitigate and manage in a timely and coordinated manner the impact of adverse events on their Company and its ability to continue as a going concern.

Directors and their interests

The following directors were appointed during the period:

- Paul Cooper
- David Rudge (Resigned on 24 August 2020)
- Eugenia Schroeder (Resigned on 27 May 2020)
- Robert Thomas Vicente
- Caterina Juer (Appointed 27 May 2020)
- Hannah Dove (Appointed 24 August 2020)

The Directors did not have any interest in the shares or options of the Company at any time during the period ended 31 December 2019.

Political contributions

The Company did not make any political donations during the period.

Paul Cooper

Paul Cooper

Director

Sep-30-2020

HE2 HAVERHILL 1 GP LIMITED

Statement of directors' responsibilities

For the period from 17 January 2019 (date of incorporation) to 31 December 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year period. Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union ("EU").

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

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

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

On behalf of the board

DocuSigned by:

Paul Cooper

52BDEFB8590B46A...

Paul Cooper

Director

Date: Sep-30-2020

HE2 HAVERHILL 1 GP LIMITED
Statement of financial position
As at 31 December 2019

		31 December 2019
	Notes	£
ASSETS		
Non-current assets		
Investment in subsidiaries	6	102
Total non-current assets		102
Current assets		
Other receivables	4	1,102
Total current assets		1,102
Total assets		1,204
EQUITY AND LIABILITIES		
Current liabilities		
Other payables	5	1,102
Total current liabilities		1,102
Equity		
Share capital	7	102
Retained Earnings		-
Total equity		102
Total equity and liabilities		1,204

The financial statements were approved by the Board of Directors on **Sep-30-2020** and were signed on its behalf by:

DocuSigned by:

Paul Cooper

528DFFB8590B46A...

Paul Cooper

Director

Company No. 11773659

Sep-30-2020

.....

The notes on pages 6 to 13 form part of these unaudited financial statements.

HE2 HAVERHILL 1 GP LIMITED
Statement of changes in shareholder's equity
As at 31 December 2019

	Share capital £	Retained Earnings £	Total equity £
At 17 January 2019	-	-	-
Issuance of ordinary shares	102	-	102
At 31 December 2019	102	-	102

All equity is attributable to the holder of the ordinary shares in the Company.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements****For the period from 17 January 2019 (date of incorporation) to 31 December 2019****1. General information**

HE2 Haverhill 1 GP Limited (the "Company") was incorporated on 17 January 2019 in the United Kingdom (UK) with registered number 11773659. The registered office of the Company is 3rd Floor 11-12, St. James's Square, London, United Kingdom, SW1Y 4LB.

The principal activity of the Company is to act as General Partner to HE2 Haverhill 1 Limited Partnership (the "Partnership") registered as a limited partnership in the United Kingdom under the Limited Partnerships Act 1907 with registered number LP19986. The Company has exclusive responsibility for the management and control of the business.

2. Significant accounting policies**(a) Basis of preparation**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee (IFRIC) as adopted by the European Union ("EU") and as applied in accordance with the Companies Act 2006, IFRSs applied by the Company in the preparation of these financial statements and those that were effective at 31 December 2019. The principal accounting policies adopted by the Company are set out below.

The Company's financial statements have been prepared under the historic cost basis.

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.

Income statement and cash flow statement

The Company has not presented any income statement and cash flow statement as there were no transactions to report.

Administrative expenses incurred in the period have been paid on behalf of the company by HE2 Doncaster 1 Limited Partnership, and have not been recognised in these financial statements.

Changes in accounting policy and adoption of new accounting standards***(a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019***

All new and amended accounting standards which have become effective for the current period have been adopted but have had no material effect on the Company, therefore these standards have not been listed separately.

(b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not early adopted

The following new and amended standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2020 or later periods and are expected to be relevant to the Company.

Standard / interpretation	Content	Applicable for financial years on/after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture	deferred
Amendments to IAS 1 and IAS 8	Definition of Material	01/01/2020
Amendments to IFRS 3	Definition of a business	01/01/2020
Amendments to IFRS 9 and IFRS 7	Interest Rate Benchmark Reform	01/01/2020

The directors do not expect that the adoption of the above standards will have a material impact on the financial statements of the Company in future periods.

HE2 HAVERHILL 1 GP LIMITED

Notes to the financial statements (continued)

For the period from 17 January 2019 (date of incorporation) to 31 December 2019

2. Significant accounting policies (continued)

Going concern

The financial statements of the Company are prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

At 31 December 2019, the Company had positive equity of £102. The Company is dependent for its working capital on funds provided to it by its current parent company which confirmed that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company and in particular will not seek repayment of the amounts currently made available if the Company does not have other finance arrangements in place that allow the Company to continue to operate and service their liabilities. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Functional and presentation currency

The financial statements are presented in Pound Sterling (£), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The Company's main transactions are denominated in £. The directors of the Company believe that £ most faithfully represents the economic effects of the underlying transactions, events and conditions.

Expenses

Expenses are recognised as expenses in the statement of profit and loss and other comprehensive income in the period in which they are incurred (on an accruals basis).

Other receivables

Other receivables are recognised on an accruals basis.

Other payables

Other payables are recognised on an accruals basis.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Taxation

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date. No tax reconciliation has been shown since the Company had no tax liability at the period end.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019**

2. Significant accounting policies (continued)**Taxation (continued)****Deferred tax**

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial instruments**i. Recognition and initial measurement**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement*Classification*

The Company classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The Company's financial assets are other receivables which are classified at financial assets at amortised cost.

Other financial liabilities, including trade and other payables, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

iii. Derecognition**Financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019**

2. Significant accounting policies (continued)**Financial instruments (continued)****iii. Derecognition (continued)****Financial assets (continued)**

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv. Impairment

The Company holds only other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to all its other receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. No loss allowance was recognised at the reporting date as the balance of receivable is considered to be insignificant.

Investment in subsidiaries

The Company's investment in subsidiaries is held at cost.

Allocation of profit and loss

The General Partner is entitled to receive a fixed profit share of £1,000 per annum from the Partnership in accordance with the Limited Partnership Agreement with the remaining profits allocated to the Limited Partner. The net losses of the Partnership incurred each year shall be allocated to the Limited Partner. The General Partner is entitled to receive an amount equal to all costs and expenses which the General Partner has incurred in discharging their responsibility for the management and control of the Partnership.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019****3. Other receivables**

**31 December
2019
£**

Amount due from related party	1,000
Settlement with shareholders	102
	<u>1,102</u>

The amount due from related party is interest free, unsecured and receivable on demand.

4. Other payables

**31 December
2019
£**

Due to related party	<u>1,102</u>
----------------------	--------------

The amount due to related parties is interest free, unsecured and repayable on demand.

5. Investment in subsidiaries

**31 December
2019
£**

Investment in subsidiaries	<u>102</u>
----------------------------	------------

	Country of incorporation	Type	Number of shares	Direct % Holding	2019 Fair value £
HE2 N1 Haverhill 1 Limited	United Kingdom	Ordinary Shares	1	100	1
HE2 N2 Haverhill 1 Limited	United Kingdom	Ordinary Shares	1	100	1
HE2 Haverhill 1 Limited Partnership	United Kingdom	Capital contribution	-	10	100

The principal activity of HE2 N1 Haverhill 1 Limited and HE2 N2 Haverhill 1 Limited is to acquire property on behalf of the Partnership. The principal activity of HE2 Haverhill 1 Limited Partnership is to acquire, hold and manage property as an investment with the principal objective of generating profit. The registered office address of HE2 N1 Haverhill 1 Limited, HE2 N2 Haverhill 1 Limited and HE2 Haverhill 1 Limited Partnership is 3rd Floor, 11-12, St James's Square, London, United Kingdom, SW1Y 4LB.

6. Share capital

**31 December
2019
£**

Opening share capital	-
Share capital issued	102
Closing share capital	<u><u>102</u></u>

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019**

6. Share capital (continued)

The authorised share capital of the Company consists of 102 shares of £1 each. As at 31 December 2019, 102 shares were in issue amounting to £102.

7. Financial risk management**Financial risk factors**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, interest rate risk and other price risk)

The Directors of the Company review and agree policies for managing its risk exposure. The primary objectives of the financial risk management function are to establish appropriate risk limits, and then ensure that exposure to risks stays within these limits. The Company's financial assets and financial liabilities comprise other receivables and other payables that arise directly from its operations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

The Company's maximum exposure to credit risk by class of financial asset is as follows:-

	31 December 2019 £
Other receivables	<u><u>1,102</u></u>
Financial assets subject to IFRS 9's impairment requirements	

The Company's financial assets subject to the ECL model within IFRS 9 are other receivables. At 31 December 2019, the total of other receivables was £1,102.

Impairment on other receivables has been measured on a 12-month expected losses basis and reflects the short maturities of the exposures. The Company considers that these exposures have low credit risk based on the fact that other receivables consist of amount due from related party. The Partnership assesses all its counterparties for credit risk before contracting with them.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019****7. Financial risk management (continued)****Liquidity risk (continued)**

The Company's liquidity position is monitored and reviewed on a quarterly basis by the Directors. The amounts disclosed in the below tables are the contractual undiscounted cash flows.

The maturity analysis of financial liabilities at 31 December 2019 is as follows:

	Within one year £	Between one and two years £	Between two and five years £	Later than 5 years £	Total £
Liabilities					
Other payables	1,102	-	-	-	1,102
	<u>1,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,102</u>

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

The Company does not have significant exposure to price risk or cashflow and fair value interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

Capital management

The primary objective of the Company's management of capital is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the entity may requisite new shares, sell assets or return capital to shareholders.

The Company considers that capital is composed of equity share capital and accumulated losses. The Company closely monitors the gearing ratio which involves any net debt and equity. The Company is not subject to externally imposed capital requirements.

HE2 HAVERHILL 1 GP LIMITED**Notes to the financial statements (continued)****For the period from 17 January 2019 (date of incorporation) to 31 December 2019****8. Holding and ultimate parent company**

The shares of the Company are held by EU Industrial Club II UK AIV SCSp ("SCSp"). The majority interest of SCSp is held by First State Superannuation Scheme and Future Fund Board of Guardians.

9. Related party transactions

Transactions in the period between the Company and the related parties are shown below:

Related party	Nature of transactions	Nature of relationship	31 December 2019 Movement during the period £	31 December 2019 Balance receivable/ (payable) £
EU Industrial Club II UK AIV SCSp	Share capital receivable	Shareholder	2	2
HE2 Haverhill 1 Limited Partnership	Share capital receivable	Investee	100	100
HE2 Haverhill 1 Limited Partnership	Allocation of profits	Investee	1,000	1,000
HE2 Haverhill 1 Limited Partnership	Payable for investment purchased	Investee	(100)	(100)
HE2 N1 Haverhill Limited	Share capital payable	Subsidiary	(1)	(1)
HE2 N2 Haverhill Limited	Share capital payable	Subsidiary	(1)	(1)

10. Post balance sheet events

Since the announcement of the COVID-19 Global Pandemic by the World Health Organisation on 11 March 2020, there has been significant market volatility and economic disruption. The directors are closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. The economic implications of the COVID-19 may have a negative impact on the Company's ability to meet its financial targets, although the prevailing uncertainty prevents the Company from estimating any reliable forecasts of the effects. Thus, as at the date of this report, it is not possible to quantify the effect (if any) of the COVID-19 pandemic on the operations the Company. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period. The Company continues to maintain a recovery and resolution planning framework designed to anticipate, identify, mitigate and manage in a timely and coordinated manner the impact of adverse events on their Company and its ability to continue as a going concern.

Limited Partnership Number: LP19986

HE2 HAVERHILL 1 LIMITED PARTNERSHIP

Unaudited Financial Statements

For the period from 23 January 2019 (date of incorporation) to 31 December 2019

HE2 HAVERHILL 1 LIMITED PARTNERSHIP
Unaudited Financial Statements
For the period from 23 January 2019 (date of incorporation) to 31 December 2019

Contents	Page
Corporate information	1
Report of the General Partner	2
Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in net assets attributable to the Partners	5
Statement of cash flows	6
Notes to the financial statements	7 - 17

HE2 HAVERHILL 1 LIMITED PARTNERSHIP

Corporate information

For the period from 23 January 2019 (date of incorporation) to 31 December 2019

General Partner HE2 HAVERHILL 1 GP LIMITED
3rd Floor,
11-12 St. James's Square,
London,
United Kingdom
SW1Y 4LB

Registered Office 3rd Floor,
11-12 St. James's Square,
London,
United Kingdom
SW1Y 4LB

Corporate Administrator Vistra (UK) Limited
3rd Floor,
11-12 St. James's Square,
London,
United Kingdom
SW1Y 4LB

Company Secretary Accomplish Secretaries Ltd
3rd Floor,
11-12, St. James's Square,
London,
United Kingdom
SW1Y 4LB

Appointed on
23 January 2019

HE2 HAVERHILL 1 LIMITED PARTNERSHIP

Report of the General Partner

For the period from 23 January 2019 (date of incorporation) to 31 December 2019

The General Partner presents its report and the unaudited financial statements of HE2 Haverhill 1 Limited Partnership (the "Partnership") for the period from 23 January 2019 (date of incorporation) to 31 December 2019.

Partnership

The Partnership was registered on 23 January 2019 as a Limited Partnership in England and Wales, in accordance with the Limited Partnerships Act 1907.

The term of the Partnership shall continue until terminated in accordance with the provision of clause 20 of the Limited Partnership Agreement ("the LPA").

Principal activities

The principal purpose of the Partnership is to acquire and further develop, hold and manage property as an investment with the principal objective of generating profit. The Partnership will engage in the activities and transactions that the General Partner will deem necessary in order to carry out the purpose of the Partnership.

Results

The results for the period are set out on page 3.

General Partner

The General Partner of the Partnership during the period and up to the date on which the financial statements were approved is shown on page 1.

Statement of General Partner's responsibilities

The General Partner shall undertake and shall have exclusive responsibility for the management, operation and administration of the business and affairs of the Partnership and shall have the power and authority to do all things necessary to carry out the purposes of the Partnership as set out in clause 11 of the LPA. The General Partner shall procure that all filings and registrations required in relation to the Partnership pursuant to the Law are promptly made and shall operate the Partnership in accordance with the LPA.

The General Partner is responsible for the preparation of financial statements for each financial year which gives a true and fair view of the surplus or deficit of the Partnership for the period and of its state of affairs at the end of the period. In preparing the financial statements, IAS 1 requires the General Partner to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Partnership's financial position and financial performance; and
- make an assessment of the Partnership's ability to continue as a going concern.

The General Partner is responsible for keeping proper 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. The General Partner 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.

For HE2 Haverhill 1 GP Limited

Paul Cooper
Director

DocuSigned by:

52BDEFB8590B46A...

14th December

Date: 2020

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Statement of profit or loss and other comprehensive income****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

		For the period from 23 January 2019 (date of incorporation) to 31 December 2019
	Notes	£
Expenses		
Fair value movement on investment property	5	(619,502)
Administration fees		(64,254)
Legal & professional fees		(36,152)
Accounting & consolidation fees		(11,500)
Foreign exchange loss		(45)
Other expenses		(348)
		<u>(731,801)</u>
Operating loss		(731,801)
Loss for the period before tax		<u>(731,801)</u>
Income tax expense	10	-
Loss for the period		<u>(731,801)</u>
Loss attributable to Partners		<u>(731,801)</u>
Other comprehensive income		-
Decrease in net assets attributable to Partners		<u><u>(731,801)</u></u>

All items dealt with in arriving at the total comprehensive income for the period ended 31 December 2019 related to continuing operations.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP
Statement of financial position
As at 31 December 2019

**31 December
2019**

	Notes	£
ASSETS		
Non-current assets		
Investment property	5	9,250,000
Total non-current assets		9,250,000
Current assets		
Other receivables	6	96,749
Cash and cash equivalents	7	1,608,555
Total current assets		1,705,304
Total assets		10,955,304
LIABILITIES		
Current liabilities		
Other payables	9	690,159
Total current liabilities		690,159
Non-current liabilities		
Loan payable	8	10,994,946
Total non-current liabilities		10,994,946
Equity		
Partners' capital		1,000
General Partner's share of net asset		1,000
Accumulated losses		(731,801)
Total equity attributable to the Partners		(729,801)
Total liabilities including net assets attributable to the Partners		10,955,304

14th December

The financial statements were approved by the General Partner and authorised for issue on 2020.

DocuSigned by:

Paul Cooper

52BDEFB8590B46A

For HE2 Haverhill 1 GP Limited

Paul Cooper

Director

Limited Partnership Number: LP19986

The notes on pages 7 to 17 form part of these unaudited financial statements.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Statement of changes in net assets attributable to the Partners****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

	General Partner	Limited Partner	Total
	£	£	£
Net assets attributable to the Partners as at 23 January 2019	-	-	-
Capital contribution	100	900	1,000
Decrease in net assets attributable to the Partners from operations	-	(731,801)	(731,801)
General Partner allocation of profits	1,000	-	1,000
Net assets attributable to the Partners as at 31 December 2019	1,100	(730,901)	(729,801)

The notes on pages 7 to 17 form part of these unaudited financial statements.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Statement of cash flows****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

**For the period
from 23 January
2019 (date of
incorporation) to
31 December
2019**

£

Cash flow from operating activities

Decrease in net assets attributable to Partners	(731,801)
---	-----------

Adjustments for:

Fair value movement on investment property	619,502
--	---------

Increase in other receivables	(96,749)
-------------------------------	----------

Increase in other payables	690,159
----------------------------	---------

Net cash flows generated from operating activities	<u>481,111</u>
---	----------------

Cash flows from investing activities

Acquisition of property	(8,551,314)
-------------------------	-------------

Capital expenditure	(1,318,188)
---------------------	-------------

Net cash flows used in investing activities	<u>(9,869,502)</u>
--	--------------------

Cash flows from financing activities

Loan received	10,995,946
---------------	------------

Capital contribution	1,000
----------------------	-------

Net cash flows from financing activities	<u>10,996,946</u>
---	-------------------

Net increase in cash and cash equivalents	1,608,555
---	-----------

Cash and cash equivalents at beginning of the period	-
--	---

Cash and cash equivalents at the end of the period	<u><u>1,608,555</u></u>
---	-------------------------

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

1. General information

HE2 Haverhill 1 Limited Partnership (the "Partnership") was registered on 23 January 2019 as a Limited Partnership in England and Wales, in accordance with the Limited Liability Partnerships Act 1907. The term of the Partnership shall continue until terminated in accordance with the provision of clause 20 of the Limited Partnership Agreement ("the LPA").

The principal purpose of the Partnership is to acquire and further develop, hold and manage property as an investment with the principal objective of generating profit. The Partnership will engage in the activities and transactions that the General Partner will deem necessary in order to carry out the purpose of the Partnership.

The General Partner of the Partnership is HE2 Haverhill 1 GP Limited. The General Partner is responsible for the management, operation and administration of the business and affairs of the Partnership.

The Partnership's capital is represented by the net assets attributable to the Partners.

The registered office of the Partnership is 3rd Floor, 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

2. Significant accounting policies**Basis of preparation**

The Partnership's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee (IFRIC) as adopted by the European Union ("EU") and as applied in accordance with the Limited Partnerships Act 1907, IFRSs applied by the Partnership in the preparation of these financial statements and those that were effective at 31 December 2019. The principal accounting policies adopted by the Partnership are set out below.

Except as otherwise indicated, all financial information presented in £ has been rounded to the nearest £.

These financial statements have been prepared under the historic cost basis, except for investment property that is stated at its fair value.

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 Partnership's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The General Partner believe that the underlying assumptions are appropriate.

Statement of profit or loss and other comprehensive income and statement of cash flows

The Partnership has elected to present all items of income and expense recognised in a period in a single statement of comprehensive income and presents its expenses by function.

The Partnership reports cash flows from operating activities using the indirect method. Interest paid is presented within financing activities. The acquisition of investment property is disclosed as cash flows under investing activities reflects most appropriately the Partnership's business activities.

*Changes in accounting policy and disclosures**(a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019*

All new and amended accounting standards which have become effective for the current period and applicable to the Partnership have been adopted. These standards have not been listed separately.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****2. Significant accounting policies (continued)****Basis of preparation (continued)**

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2020 and not early adopted

The following new and amended standards and interpretations have been issued and are mandatory for the Partnership's accounting periods beginning on or after 1 January 2020 or later periods and are expected to be relevant to the Partnership.

Standard / interpretation	Content	Applicable for financial years on/after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture	deferred
Amendments to IAS 1 and IAS 8	Definition of material	01/01/2020
Amendments to IFRS 9 and IFRS 7	Interest Rate Benchmark Reform	01/01/2020
Amendments to IFRS 3	Definition of a business	01/01/2020

The General Partner do not expect that the adoption of the above standards will have a material impact on the financial statements of the Partnership in future periods.

Going concern

The financial statements of the Partnership are prepared on a going concern basis which assumes that the Partnership will continue in operational existence for the foreseeable future.

At 31 December 2019, the Partnership had a net loss of £731,801 and a negative net assets of £729,801. As described in note 13, the Partnership received funding from the EU Industrial Club II UK AIV SCSp for the acquisition of property. As at 31 December 2019, the partner's loan amounted to £10,994,946 and is interest-free. The Partnership is dependent for its working capital on funds provided to it by its current parent company which confirmed that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Partnership and in particular will not seek repayment of the amounts currently made available if the Partnership does not have other finance arrangements in place that allow the Partnership to continue to operate and service their liabilities. This should enable the Partnership to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking, the General Partner believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Functional and presentation currency

The financial statements are presented in Pound Sterling (£), which is the Partnership's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The Partnership's main transactions are denominated in £. The General Partner of the Partnership believe that £ most faithfully represents the economic effects of the underlying transactions, events and conditions.

Distributions

Distributions to the Partners are recognised in the Partnership's financial statements in the year in which the distributions are approved.

Expenses

Expenses are recognised as expenses in the statement of comprehensive income in the year in which they are incurred (on an accruals basis).

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

2. Significant accounting policies (continued)**Interest**

Interest income and expenses are recognised within 'finance income' and 'finance costs' respectively in the statement of comprehensive income using the effective interest rate method. Interest on investment property under construction is not capitalised.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Partnership estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. The interest is repayable together with the loan at maturity date and not capitalized.

Taxation*Income tax*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, demand deposits, other short term highly liquid investments with original maturities of three months or less and these carry insignificant risk. Cash and cash equivalents are measured at amortised cost, which approximates fair value.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Other payables

Other payables are initially measured at fair value and subsequently measured at amortised cost.

Investment property

Investment property comprise property which are held for long term rental yields or for capital appreciation or both in accordance with IAS 40 'Investment Property.' The property is shown at their fair value at the year end with fair value movement posted through profit and loss.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

2. Significant accounting policies (continued)**Investment property (continued)**

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

The investment property is not depreciated.

Financial instruments***i. Recognition and initial measurement***

Financial assets and financial liabilities are recognised in the Partnership's statement of financial position when the Partnership becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement***Classification***

The Partnership classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The Partnership's financial assets are cash and cash equivalents and other receivables which are classified at financial assets at amortised cost.

Other financial liabilities, including loan payable and other payables, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

iii. Derecognition***Financial assets***

The Partnership derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

2. Significant accounting policies (continued)**Financial instruments (continued)****iii. Derecognition (continued)***Financial assets (continued)*

On derecognition of a financial asset other than in its entirety (e.g. when the Partnership retains an option to repurchase part of a transferred asset), the Partnership allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv. Impairment

The Partnership recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss, including tenants' deposits and trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade and other receivables, the Partnership applies a simplified approach in calculating ECLs. Therefore, the Partnership does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Trade and other receivables are written off when there is no reasonable expectation of recovery.

If in a subsequent year the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

3. Critical accounting judgements and key sources of estimation uncertainty

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.

Fair value of investment property

In determining the fair value of investment property under IAS 40 there is a degree of uncertainty and judgement involved. The Partnership uses external professional valuers to determine relevant amounts. The General Partner has reviewed the valuations and assumptions applied and have concluded that they are reasonable.

4. Employees

The Partnership has no employees.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****5. Investment property**

	31 December 2019 £
<u>Cost</u>	
Cost at 23 January	-
Purchase cost of property	8,050,000
Related acquisition cost	501,314
Construction cost	1,318,188
Cost at 31 December	<u>9,869,502</u>
<u>Fair value</u>	
Balance at 23 January	-
Fair value movement on investment property	(619,502)
Balance at 31 December	<u>(619,502)</u>
Investment property at fair value	<u>9,250,000</u>

The Partnership has acquired the beneficial ownership of the property from HE2 N1 Haverhill 1 Limited and HE2 N2 Haverhill 1 Limited (the "Nominee entities") which have transferred the risks, rewards and control of the property to the Partnership. The investment property consist of plot 1, 2 and 3 and is located at Haverhill Business Park, Haverhill, Suffolk, CB9 7FD.

Investment property pledged as security

With reference to the loan disclosed in note 8, except where agreed in writing by the Lender, the Borrower will not at any time during the security period create or permit to subsist any security over all or any part of the security assets or dispose of or otherwise deal with any part of the security assets.

Fair value of investment property

An independent valuation of the Partnership's investment properties was performed by Knight Frank LLP to determine the fair value of the investment property as at 31 December 2019. The revaluation was recognised in the statement of profit and loss and other comprehensive income as 'Fair value movement on investment property'.

On an annual basis, the Partnership engages external, independent and qualified valuers to determine the fair value of the investment property. As at 31 December 2019, the fair value of the investment property recognised in these financial statements was 9,250,000.

The external valuation of the investment property has been carried out using the residual method and the investment property has been classified as Level 3. The valuation is based on the value of the completed development using the Investment method and deduct from it the total costs of development and an allowance for developer's profit.

Information about fair value measurements using significant unobservable inputs (level 3)

The equivalent rate was the main unobservable input, which is derived from yield, ranging from 4.5% to 5.19%, of the recent property transactions in London. The higher the yield applied the lower the fair value of the investment property will be. Further information on yield is provided in the below table.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****5. Investment property (continued)**

The following assumptions were used for the valuation of the investment property as at 31 December 2019:

**31 December
2019**

Initial yield	0%
True equivalent yield	5.16%
Net equivalent yield	5.00%
Market rent	£8.25 - £8.75 per sq.ft
Developers' profit	15.0%

The value of the property and the developers' profit might vary depending on variation of assumptions. Based on assumed net equivalent yield of 5% and developers' profit of 15%, the investment property value is of £9,250,000. A 25 bps decrease/increase in the assumed yield with all other factors remaining the same will have an approximate impact of + £1.34m / - £1.21m on the valuation of the investment property. Similarly a 10% decrease/increase in the market rent with all other factors remaining the same would carry an approximate impact of +/- £2,399,000 on valuation of property.

6. Other receivables

**31 December
2019
£**

Amount due from other parties	998
VAT receivables	95,751
	<u>96,749</u>

7. Cash and cash equivalents

**31 December
2019
£**

Cash at bank	<u>1,608,555</u>
--------------	------------------

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****8. Loan payable**

31 December
2019
£

Partner's loan:

Loan from EU Industrial Club II UK AIV SCSp

10,994,946

10,994,946

On 1 February 2019, a new limited partner, EU Industrial Club II UK AIV SCSp (the "New Limited Partner"), was appointed following the retirement of the previous limited partner EU Project LLC (the "Restructuring").

The Partnership has entered into a loan facility agreement with EU Industrial Club II UK AIV SCSp for a maximum amount of £15,000,000. As at 31 December 2019, an amount of £10,994,946 has been withdrawn and the remaining loan facility commitment amounted to £4,005,054. The partner's loan is interest-free and is repayable in full at earliest of the seventy-fifth (75th) anniversary of the date of the Partner's Loan Agreement or the dissolution of the Partnership or sooner if agreed between the parties.

9. Other payables

31 December
2019
£

Due to other parties

175,363

Accruals

514,796

690,159
10. Income tax expense

Current tax:

Corporation tax charge for the period at a rate of 19%

-

Total income tax charge

-

Reconciliation of total tax charge:

Loss before tax

(731,801)

Corporation tax at 19%

(139,042)

Losses for which no deferred tax recognised

139,042

-

No deferred tax on losses has been recognised due to uncertainty over future taxable profits against which the losses could be utilised.

11. Financial risk management**Financial risk factors**

The Partnership has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, interest rate risk and other price risk)

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****11. Financial risk management (continued)****Financial risk factors (continued)**

The General Partner of the Partnership review and agree policies for managing its risk exposure. The primary objectives of the financial risk management function are to establish appropriate risk limits, and then ensure that exposure to risks stays within these limits. The Partnership's financial assets and financial liabilities comprise cash and cash equivalents, trade and other receivables and trade and other payables that arise directly from its operations.

Principal financial instruments

The principal financial instruments used by the Partnership, from which financial instrument risk arises, are as follows:

- Other receivables
- Cash and cash equivalents
- Other payables
- Loan payable
- Payable for investment property purchased

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Partnership is exposed to credit risk from other receivables.

The Partnership's maximum exposure to credit risk by class of financial asset is as follows:-

**31 December
2019**

	£
Other receivables	96,749
Cash and cash equivalents	1,608,555
	<u>1,705,304</u>

Financial assets subject to IFRS 9's impairment requirements

The Partnership's financial assets subject to the ECL model within IFRS 9 are other receivables and cash and cash equivalents. At 31 December 2019, the total of other receivables was £96,749 and the total of cash and cash equivalents was £1,608,555.

Impairment on cash and cash equivalents and other receivables has been measured on a 12-month expected losses basis and reflects the short maturities of the exposures. The Partnership considers that these exposures have low credit risk based on the fact that other receivables consists of VAT input receivable from HM Revenue and Customs (HMRC), a government administered entity. The Partnership assesses all its counterparties for credit risk before contracting with them.

As at 31 December 2019, the Partnership did not recognise any impairment allowance on cash and cash equivalents and other receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Partnership's position.

The Partnership's liquidity position is monitored and reviewed on a quarterly basis by the General Partner. The amounts disclosed in the below tables are the contractual undiscounted cash flows and include future interest charges.

The maturity analysis of financial liabilities at 31 December 2019 is as follows:

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019****11. Financial risk management (continued)****(ii) Liquidity risk (continued)**

	Within one year	Between one and two years	Between two and five years	Later than 5 years	Total
	£	£	£	£	£
Liabilities					
Loan payable	-	-	-	10,994,946	10,994,946
Other payables	690,159	-	-	-	690,159
	<u>690,159</u>	<u>-</u>	<u>-</u>	<u>10,994,946</u>	<u>11,685,105</u>

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Partnership's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed below, the Partnership does not have significant exposure to cashflow and fair value interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

a) Foreign exchange risk

The Partnership is not exposed to foreign currency risk since all of its financial assets and liabilities are denominated in pound sterling, which is the functional and presentation currency of the Partnership.

b) Price risk

The Partnership is not exposed to property price and property rental risk during the current period, given that the property is under construction. The Partnership is not exposed to market risk with respect to financial instruments as it does not hold any marketable equity securities.

c) Cash flow and fair value interest rate risk

The Partnership is not exposed to cash flow risk in relation to interest payable on the partner's loan given that the loan is interest-free as described in note 8.

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

Capital management

The primary objective of the Partnership's management of capital is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise partners' value.

The Partnership manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the entity may requisite further capital contributions from the partners, sell assets or return capital to partners.

HE2 HAVERHILL 1 LIMITED PARTNERSHIP**Notes to the financial statements (continued)****For the period from 23 January 2019 (date of incorporation) to 31 December 2019**

11. Financial risk management (continued)**Capital management (continued)**

The Partnership considers that capital is composed of partners' capital and retained earnings. The Partnership closely monitors the gearing ratio which involves any net debt and equity. The Partnership is not subject to externally imposed capital requirements.

12. Ultimate parent company

The ultimate parent company is EU Industrial Club II UK AIV SCSp ("SCSp") of which the majority interest is held by First State Superannuation Scheme and Future Fund Board of Guardians.

13. Related party transactions

Transactions in the year between the Partnership and the related parties are shown below:

During the period, the Partnership received funding from EU Industrial Club II UK AIV SCSp for the construction of the property. As at 31 December 2019, the partner's loan amounted to £10,994,946.

At 31 December 2019, the Partnership had amount payable of £1,000 to HE2 Haverhill GP 1 Limited.

14. Post balance sheet events*Brexit*

The UK left the EU on 31 January 2020 and has now entered an 11-month transition period. Brexit continues to create economic and other uncertainties about both the process and its consequences which are risks that may affect the real estate industry, particularly market values of investment property due to investor pools and availability of financing. Although there is no evidence as at reporting date that Brexit has adversely affected the Partnership's activities and no "Brexit deal" to date, the uncertainty in relation to the impact on the UK and EU economies as a result of a "no deal" Brexit increases and this may impact the valuation of the Partnership's investments or operations. The General Partner will continue to monitor the developments and assess any changes.

COVID-19

Since the announcement of the COVID-19 Global Pandemic by the World Health Organisation on 11 March 2020, there has been significant market volatility and economic disruption. The General Partner is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. The economic implications of the COVID-19 may have a negative impact on the Partnership's ability to meet its financial targets, although the prevailing uncertainty prevents the Partnership from estimating any reliable forecasts of the effects. Thus, as at the date of this report, it is not possible to quantify the effect (if any) of the COVID-19 pandemic on the operations of the Partnership. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.