

Akoya Limited Partnership

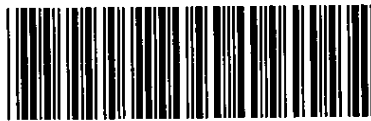
Partners' Report and Financial Statements

Year Ended

31 December 2021

Partnership Number LP020530

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Akoya Limited Partnership

Partnership Information

Partners	Brunswick Akoya Limited Euro Earth Private Limited Akoya General Partner Limited Brunswick Invest VII AB
Partnership secretary	BDO LLP
Registered number	LP020530
Registered office	55 Baker Street London W1U 7EU
Independent auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

Akoya Limited Partnership

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Akoya Limited Partnership

General Partners' Report for the Year Ended 31 December 2021

The General Partners present their report together with the audited financial statements for the year ended 31 December 2021.

The comparative information is for the period from incorporation on 27 September 2019 to 31 December 2020.

Principal activity

The principal activity of the group is to invest in real estate with a focus on generating positive cash flow and maximising each asset's value through capital improvements and renovations and, in particular, but without limitation; to hold whether directly or indirectly, the properties as investments. To actively manage the assets in accordance with the relevant approved business plans and to do all other acts and things incidental or related to such activities as the General Partner or persons authorised on behalf of the group may consider necessary or desirable in order to carry out the purposes and objectives of the group.

Results

The profit for the year, after taxation, amounted to £15,382,722 (period ended 31 December 2020 - loss of £2,244,979).

Partners

The Partners who served during the year were:

Brunswick Akoya Limited
Euro Earth Private Limited
Akoya General Partner Limited
Brunswick Invest VII AB

The Partners drawing policy is in accordance with the Limited Partnership Agreement.

Akoya Limited Partnership

General Partners' Report (continued) for the Year Ended 31 December 2021

General Partners' responsibilities statement

The General Partner is responsible for preparing the annual report and the audited financial statements in accordance with applicable law and regulations.

The Companies Act 2006, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 ("partnership law"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under partnership law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the limited partnership and of the profit or loss of the limited partnership for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the limited partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to qualifying partnerships. They are also responsible for safeguarding the assets of the limited partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

In assessing the Group's going concern assumptions, the Directors have considered the ongoing impact of the COVID-19 pandemic and the current wider economic climate on the performance of the underlying portfolio and its effect on the partnership. Management undertook an analysis of the portfolio to evaluate the sector exposure and identify any high-risk industries that could pose a risk to rent collection. Where tenants did seek financial support, due diligence was undertaken to assess their financial strength, appraising up to date accounts as well as a review of the partnership's balance sheet. The Akoya portfolio continued to perform well in 2021. Despite the impact of the pandemic on rent collection across the industry, the Directors note the Group's strong performance, with 97% of billed rent due, collected.

Akoya Limited Partnership

General Partners' Report (continued) for the Year Ended 31 December 2021

Going concern (continued)

Whilst Covid-19 was generally perceived to have a negative impact across the property sector, within the London office market underlying values and investment levels remained strong. Yields achieved on transactions of office assets remained low, with strong competition for marketed opportunities, and rental growth seen across best-in-class prime London Grade A office space. Management has seen an increase in the volume of assets coming to the market since all Covid restrictions have been lifted, coupled with the growing desire for workforces to return to offices, albeit with a greater emphasis on flexibility in leasing. Covid-19 has led to an acceleration of trends which were already starting to show pre-pandemic. These trends include a "flight to quality" and a more stringent focus on a property's ESG credentials. Occupiers are increasingly prioritising the sustainability of buildings, seeking workspaces that possess evidence of low operational and embodied carbon. As companies set their own ESG strategies, the office they occupy must comply with best practice to align with corporate requirements and more stringent legislation. The Akoya portfolio has committed to being net zero by 2030 and has commenced the implementation of net zero pathways across the assets. Refurbishment/development projects now measure upfront and whole life carbon to ensure embodied carbon complies with industry benchmark standards.

As part of their going concern review, the Partners have reviewed the current and projected financial position of the partnership group. As part of the review, the group has scrutinised the partnership model as well as the individual asset business plans, considered its cash balances, undrawn debt facilities, the long-term nature of the tenant leases and as well as carefully considering the impact on the partnership group of the COVID-19 pandemic and the economic downturn. Given the gross undrawn available commitment from investors, the available unsecured debt facilities and strength of the real estate assets the Partners are confident that there are adequate resources available to the partnership and group to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements and will provide a letter of comfort to companies within the structure. Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

Having assessed the heightened risks as well as mitigating factors and management strategies available to reduce such risks, the Directors have determined that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the Partners was in force during the financial year and at the date of approval of the financial statements.

Akoya Limited Partnership

General Partners' Report (continued) for the Year Ended 31 December 2021

Post balance sheet events

Share issuance

On 9 March 2022 Akoya REITco Limited issued 1 ordinary share for an amount of £49,004,836.
On 9 May 2022 Akoya REITco Limited issued 1 ordinary share for an amount of £6,900,207.
On 9 May 2022 Akoya Bidco 3 Limited issued 1 ordinary share for an amount of £3,195,207.
On 9 May 2022 Akoya Bidco Limited issued 1 ordinary share for an amount of £320,000.
On 9 May 2022 Akoya Bidco 2 Limited issued 1 ordinary share for an amount of £3,385,000.
On 9 May 2022 Akoya Propco 4 Limited issued 1 ordinary share for an amount of £3,195,207.
On 9 May 2022 Akoya Netil House Limited issued 1 ordinary share for an amount of £65,000.
On 9 May 2022 Akoya Power Road Limited issued 1 ordinary share for an amount of £900,000.
On 9 May 2022 Akoya Carlson Limited issued 1 ordinary share for an amount of £720,000.
On 9 May 2022 Akoya Croydon Limited issued 1 ordinary share for an amount of £1,700,000.
On 9 May 2022 Akoya Lonsdale Limited issued 1 ordinary share for an amount of £120,000.
On 9 May 2022 Akoya NW Works Limited issued 1 ordinary share for an amount of £200,000.

Debt

On 9th May 2022 Akoya Propco 4 Limited entered into a term loan facility agreement for £71,000,000 with Metlife and £66,000,000 was drawn. This was used to repay the shareholder loan between Akoya Limited Partnership and Akoya Propco 4 Limited and the full amount was returned to the partners, by way of a Partners Loan repayment at the same proportion as it was issued (99%/1%).

On 1 June 2022 Akoya Propco 4 Limited entered in a Hedge agreement with SMBC Capital Markets Inc for a fixed period to 6 May 2025 with a notional value of £56,800,000. The cap rate is 2% to 24 April 2024 and 2.25% thereafter to the end of the term. The total cost of this transaction is £1,298,000 which was paid on 8 June 2022.

Disclosure of information to auditor

Each of the persons who are Partners at the time when this Partners' Report is approved has confirmed that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership and the Group's auditor is unaware, and
- the General Partner has taken all the steps that ought to have been taken as a Partner in order to be aware of any relevant audit information and to establish that the Partnership and the Group's auditor is aware of that information.

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Akoya Limited Partnership

General Partners' Report (continued) for the Year Ended 31 December 2021

Small partnership note

In preparing this report, the Partners have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 as applicable to qualifying partnerships.

This report was approved by the board of the General Partner and signed on its behalf.

D. Turner.....

David Turner

Director on behalf of General Partner

Date: 20th June 2022

Akoya Limited Partnership

Independent Auditor's report to Akoya Limited Partnership

Opinion

We have audited the financial statements of Akoya Limited Partnership (the 'qualifying partnership') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, partnership statement of financial position, consolidated statement of changes in partners capital, partnership statement of changes in partners capital and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 of the qualifying partnership's affairs as at 31 December 2021 and of the group's 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 qualifying partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the qualifying partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Akoya Limited Partnership

Independent Auditor's report to Akoya Limited Partnership (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 qualifying 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 where the Companies Act 2006, as applied to qualifying partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies regime, as applied to qualifying partnerships and take advantage of the small companies exemption, as applied to qualifying partnerships, from the requirement to prepare a strategic report or in preparing the members' report

Responsibilities of Partners

As more fully explained in the General Partners Responsibilities Statement set out on page 2, 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 qualifying 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 qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Akoya Limited Partnership

Independent Auditor's report to Akoya Limited Partnership (continued)

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the parent company operate in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the The Partnerships (Accounts) Regulations 2008. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, review of board meeting minutes, and enquiries with management.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, and specific regulations applying to landlords. We performed audit procedures to inquire of management whether the partnership is in compliance with these laws and regulations and inspected legal expenditure and board minutes in the period to identify any potentially undisclosed non-compliance.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties where we engaged an auditors expert to reviewed a sample of the year end valuations.

Akoya Limited Partnership

Independent Auditor's report to Akoya Limited Partnership (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying 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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Euan Banks

Euan Banks (Senior Statutory Auditor)
For and on behalf of **RSM UK Audit LLP**, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 21st June 2022

Akoya Limited Partnership

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	12 months to 31 December 2021 £	16 months to 31 December 2020 £
Turnover	4	9,121,259	7,419,284
Gross profit		9,121,259	7,419,284
Administrative expenses		(5,538,356)	(2,667,748)
Revaluation of investment property	10	13,362,187	(6,317,799)
Operating profit/(loss)		16,945,090	(1,566,263)
Interest receivable and similar income	7	-	302
Interest payable and similar charges	8	(1,693,560)	(953,488)
Profit/(loss) before taxation		15,251,530	(2,519,449)
Tax on profit/(loss)		131,192	274,470
Profit/(loss) for the financial year/period		15,382,722	(2,244,979)

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (period ended 31 December 2020 - £Nil).

The notes on pages 16 to 28 form part of these financial statements.

Akoya Limited Partnership

Registered number: LP020530

Consolidated Statement of Financial Position As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investment property	10	352,735,650	184,985,650
Current assets			
Debtors: amounts falling due within one year	11	2,633,846	6,236,846
Cash at bank and in hand		5,327,259	5,269,707
		<u>7,961,105</u>	<u>11,506,553</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(72,194,013)	(4,036,396)
Net current (liabilities)/assets		<u>(64,232,908)</u>	<u>7,470,157</u>
Total assets less current liabilities		<u>288,502,742</u>	<u>192,455,807</u>
Loans and borrowings	13	(124,881,267)	(108,173,397)
Net assets		<u><u>163,621,475</u></u>	<u><u>84,282,410</u></u>
Partners capital and reserves			
Partners' capital	14	150,483,732	86,527,389
Profit and loss account	15	13,137,743	(2,244,979)
		<u><u>163,621,475</u></u>	<u><u>84,282,410</u></u>

The financial statements have been prepared in accordance with the provisions applicable to qualifying partnerships subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board of the General Partner and were signed on its behalf by:

D. Turner

.....
David Turner
 Director on behalf of General Partner

Date: 20th June 2022

The notes on pages 16 to 28 form part of these financial statements.

Akoya Limited Partnership

Registered number: LP020530

Partnership Statement of Financial Position As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	9	150,301,794	81,089,040
Current assets			
Debtors: amounts falling due within one year	11	66,138,264	5,376,218
		<u>66,138,264</u>	<u>5,376,218</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(66,049,940)	(6,567)
		<u>88,324</u>	<u>5,369,651</u>
Net current assets		<u>88,324</u>	<u>5,369,651</u>
Total assets less current liabilities		<u>150,390,118</u>	<u>86,458,691</u>
Net assets		<u>150,390,118</u>	<u>86,458,691</u>
Partners capital and reserves			
Partners' capital	14	150,483,732	86,527,389
Profit and loss account	15	(93,614)	(68,698)
		<u>150,390,118</u>	<u>86,458,691</u>

Akoya Limited Partnership

Registered number: LP020530

Partnership Statement of Financial Position (continued) As at 31 December 2021

The financial statements have been prepared in accordance with the provisions applicable to qualifying partnerships subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent entity for the year was £24,916 (period ended 31 December 2020 - £68,698).

The financial statements were approved and authorised for issue by the board of the General Partner and were signed on its behalf by:

D. Turner

.....
David Turner

Director on behalf of General Partner

Date: 20th June 2022

The notes on pages 16 to 28 form part of these financial statements.

Akoya Limited Partnership

Consolidated Statement of Changes in Partners Capital for the Year Ended 31 December 2021

	Partners' capital £	Profit and loss account £	Total equity £
At 27 September 2019	-	-	-
Loss for the period	-	(2,244,979)	(2,244,979)
Capital contribution	86,527,389	-	86,527,389
At 1 January 2021	86,527,389	(2,244,979)	84,282,410
Profit for the year	-	15,382,722	15,382,722
Capital contribution	63,956,343	-	63,956,343
At 31 December 2021	150,483,732	13,137,743	163,621,475

The notes on pages 16 to 28 form part of these financial statements.

Akoya Limited Partnership

Partnership Statement of Changes in Partners Capital for the Year Ended 31 December 2021

	Partners' capital £	Profit and loss account £	Total equity £
At 27 September 2019	-	-	-
Loss for the period	-	(68,698)	(68,698)
Capital contribution	86,527,389	-	86,527,389
At 1 January 2021	86,527,389	(68,698)	86,458,691
Loss for the year	-	(24,916)	(24,916)
Capital contribution	63,956,343	-	63,956,343
At 31 December 2021	150,483,732	(93,614)	150,390,118

The notes on pages 16 to 28 form part of these financial statements.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

Akoya Limited Partnership is a limited partnership, registered in England and Wales under the Partnership Act 1890. The address of the registered office is stated on the partnership information page and the nature of the group's operations and its principal activities are set out in the Partners' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 as applicable to qualifying partnerships.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 as applicable to qualifying partnerships and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the partnership and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Audit exemption provided to UK Group subsidiaries

The group is providing wholly owned UK subsidiaries (as disclosed in note 9 and which are included within these consolidated financial statements) with guarantees of their respective debts in the form prescribed by Section 479C of the Companies Act 2006 ('the Act') as applicable for qualifying partnerships such that they can claim exemption from requiring an audit in accordance with Section 479A of the Act. These guarantees cover all of the outstanding liabilities of these companies as at 31 December 2021.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern

In assessing the Group's going concern assumptions, the Directors have considered the impact of the ongoing COVID-19 pandemic and the current wider economic climate on the performance of the underlying portfolio and its effect on the partnership. Management undertook an analysis of the portfolio to evaluate the sector exposure and identify any high-risk industries that could pose a risk to rent collection. Where tenants did seek financial support, due diligence was undertaken to assess their financial strength, appraising up to date accounts as well as a review of the partnership's balance sheet. The Akoya portfolio continued to perform well in 2021. Despite the impact of the pandemic on rent collection across the industry, the Directors note the Group's strong performance, with 97% of billed rent due, collected.

Whilst Covid-19 was generally perceived to have a negative impact across the property sector, within the London office market underlying values and investment levels remained strong. Yields achieved on transactions of office assets remained low, with strong competition for marketed opportunities, and rental growth seen across best-in-class prime London Grade A office space. Management has seen an increase in the volume of assets coming to the market since all Covid restrictions have been lifted, coupled with the growing desire for workforces to return to offices, albeit with a greater emphasis on flexibility in leasing. Covid-19 has led to an acceleration of trends which were already starting to show pre-pandemic. These trends include a "flight to quality" and a more stringent focus on a property's ESG credentials. Occupiers are increasingly prioritising the sustainability of buildings, seeking workspaces that possess evidence of low operational and embodied carbon. As companies set their own ESG strategies, the office they occupy must comply with best practice to align with corporate requirements and more stringent legislation. The Akoya portfolio has committed to being net zero by 2030 and has commenced the implementation of net zero pathways across the assets. Refurbishment/development projects now measure upfront and whole life carbon to ensure embodied carbon complies with industry benchmark standards.

As part of their going concern review, the Partners have reviewed the current and projected financial position of the partnership group. As part of the review, the group has scrutinised the partnership model as well as the individual asset business plans, considered its cash balances, undrawn debt facilities, the long-term nature of the tenant leases and as well as carefully considering the impact on the partnership group of the COVID-19 pandemic and the economic downturn. Given the gross undrawn available commitment from investors, the available unsecured debt facilities and strength of the real estate assets the Partners are confident that there are adequate resources available to the partnership and group to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements and will provide a letter of comfort to companies within the structure. Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

Having assessed the heightened risks as well as mitigating factors and management strategies available to reduce such risks, the Directors have determined that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 Turnover

The group's turnover is derived solely from payments arising from operating lease contracts. Therefore, the payments are credited to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. This is representative of the pattern in which benefit from the use of the underlying asset is diminished.

Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

2.6 Interest income

Interest income is recognised as interest accrues on cash balances held by the Group. Where any interest is charged to a tenant on any overdue rental income, this would also be recognised within interest income.

2.7 Finance costs

Any finance costs that are separately identifiable and directly attributable to the acquisition or construction of an asset that takes a period of time to complete are capitalised as part of the cost of the asset. All other finance expenses are recognised in the period in which they relate. Finance cost consists of interest and other costs that an entity incurs in connection with bank and other borrowings.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.8 Current and deferred taxation (continued)

The group maintained its REIT status and as such, no deferred tax asset or liability has been recognised in the current period.

Due to the group's status as a REIT and the intention to continue meeting the conditions required to retain approval as a REIT in the foreseeable future, the group has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

2.9 Investment property

The group's Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. No depreciation is provided.

2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.14 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

3. Critical accounting estimates and judgements

The group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair valuation of investment property

The partnership obtains valuations performed by external valuers in order to determine the fair value of its investment property. The valuation is based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market-based evidence of transaction prices for similar properties. Further information in relation to the valuation of investment property is disclosed in note 10 to the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	12 months to 31 December 2021 £	16 months to 31 December 2020 £
Rental income	8,943,038	7,301,945
Insurance income	156,847	84,143
Miscellaneous income	21,374	33,196
	<u>9,121,259</u>	<u>7,419,284</u>

All turnover arose within the United Kingdom.

5. Auditor's remuneration

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £95,000 (2020 - 85,000).

6. Employees

The Group and Partnership have no employees other than the partners, who did not receive any remuneration (period ended 31 December 2020 - £Nil). The Partners are considered to be the key management personnel of the group and are remunerated by a company outside of the group, under common control.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

7. Interest receivable

	12 months to 31 December 2021 £	16 months to 31 December 2020 £
Bank interest receivable	-	302

8. Interest payable and similar charges

	12 months to 31 December 2021 £	16 months to 31 December 2020 £
Bank interest payable	160	14
Bank loan interest payable	1,693,400	953,474
	1,693,560	953,488

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

9. Fixed asset investments

Partnership

	Investments in subsidiary companies £
Cost	
At 1 January 2021	81,089,040
Additions	69,212,754
At 31 December 2021	<u>150,301,794</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Partnership:

Name	Principal activity	Class of shares	Holding
Akoya REITco Limited	Real estate investment	Ordinary	100%
Akoya Bidco Limited*	Intermediary holding company	Ordinary	100%
Akoya Bidco 2 Limited*	Intermediary holding company	Ordinary	100%
Akoya Bidco 3 Limited*	Intermediary holding company	Ordinary	100%
Akoya Lonsdale Limited*	Letting of owned real estate	Ordinary	100%
Akoya NW Works Limited*	Letting of owned real estate	Ordinary	100%
Pearl UK Midco Limited *	Intermediary holding company	Ordinary	100%
Pearl UK Holdco Limited*	Intermediary holding company	Ordinary	100%
House Owners Investments Limited*	Intermediary holding company	Ordinary	100%
House Owners Investments (London) Limited*	Intermediary holding company	Ordinary	100%
Akoya Netil House Limited *	Letting of owned real estate	Ordinary	100%
Rachel Securities Limited *	Letting of owned real estate	Ordinary	100%
Akoya Power Road Limited *	Letting of owned real estate	Ordinary	100%
Akoya Salusbury Limited *	Letting of owned real estate	Ordinary	100%
Allenby Investment Holdings Limited*	Intermediary holding company	Ordinary	100%
Akoya Carlson Limited*	Letting of owned real estate	Ordinary	100%
Akoya Propco 4 Limited*	Letting of owned real estate	Ordinary	100%
Akoya Power Road Hold Limited*	Intermediary holding company	Ordinary	100%
Akoya Croydon Limited*	Letting of owned real estate	Ordinary	100%

The registered office address for all of the subsidiaries is 55 Baker Street, London, W1U 7EU.

* Indirectly held.

During the year, Pearl UK Midco Limited, Pearl UK Holdco Limited, House Owners Investments Limited and House Owners Investments (London) Limited were liquidated.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

10. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2021	184,985,650
Additions at cost	154,387,813
Surplus on revaluation	13,362,187
At 31 December 2021	352,735,650

The Partnership has investment properties totalling £353 million as at 31 December 2021 (period ended 31 December 2020 - £185 million). The investment property is carried at its fair value as determined by an external valuer. The valuation has been conducted by Cushman & Wakefield who provide independent valuations for all properties on a six-monthly basis in accordance with the RICS Red Book. The asset and investment manager is experienced and has extensive knowledge of the property market and as such are able to review the underlying individual property valuations and has concluded that the valuation is appropriate.

The assumptions are based upon comparable market evidence obtained by the Cushman & Wakefield. This comparable evidence is detailed within each of the valuation reports with commentary as to how they formed their assumptions. The valuations are then updated twice a year, taking into account market evidence, along with evidence of actual performance of each real estate asset, such as recent leasing transactions.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

11. Debtors

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Trade debtors	1,466,604	1,021,536	-	-
Amounts owed by group undertakings	-	-	66,133,326	5,376,218
Other debtors	338,787	4,897,202	4,938	-
Prepayments and accrued income	828,455	318,108	-	-
	<u>2,633,846</u>	<u>6,236,846</u>	<u>66,138,264</u>	<u>5,376,218</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

12. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Trade creditors	1,092,678	574,776	-	6,567
Amounts owed to group undertakings	66,000,000	-	66,043,940	-
Corporation tax	49,479	799,187	-	-
Other creditors	2,700,133	1,341,053	-	-
Accruals and deferred income	2,351,723	1,321,380	6,000	-
	<u>72,194,013</u>	<u>4,036,396</u>	<u>66,049,940</u>	<u>6,567</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

13. Loans and borrowings

	Group 2021 £	Group 2020 £
Amounts falling due 2-5 years		
Other loans	124,881,267	108,173,397
	<u>124,881,267</u>	<u>108,173,397</u>

On 10 December 2019, a term loan facility agreement for £53,100,000 was entered into with Sumitomo Mitsui Banking Corporation (SMBC). The loan is to be drawn down in 2 terms of £46,100,000 and £7,000,000 respectively. On the issue date £46,100,000 was drawn down (term 1) and accrues interest at a 0.95% applicable margin above LIBOR. Interest is payable on 10 December 2024. On 3 April 2020, the group drew down £1,039,283 of the available £7,000,000 facility (term 2). A balance of £5,960,717 (2020: £5,960,717) remains available to be drawn down up to the date one month prior to the final maturity date. Interest on term 2 accrues at a 1.00% applicable margin above LIBOR. Interest is payable on 10 December 2024. The facility is repayable on 10 December 2024, five years from the first utilisation date.

On 21 October 2020, a facility agreement for £89,400,000 was entered into with Overseas Chinese Banking Corporation (OCBC). £34,112,153 was drawn down on 21 October 2020, £10,053,275 was drawn down on 26 October 2020, £17,420,252 was drawn down on 18 November 2020, £3,325,000 was drawn on 11 February 2021, £2,714,000 was repaid on 21 April 2021 and a further £15,977,291 was drawn on 04 May 2021. A balance of £11,226,029 (2020: £27,814,320) remains available to be drawn down up to the date one month prior to the final maturity date. Interest on this facility accrues at 1.22% + LIBOR per annum. Interest is payable on 21 April 2021. The facility is repayable on 21 October 2025, five years from the first utilisation date.

Loan arrangement fees of £431,987 (2020: £551,566) have been offset against the loan balances.

The above loans have a unconditional guarantee provided by Europe Realty Holdings Pte Limited, a company under common control. The guarantee is for up to 99% of all payments due by the group. Additionally a letter of comfort has been provided by GIC (Realty) Private Limited, the ultimate parent company.

Amounts owed to parent undertakings are interest free, unsecured and repayable on demand.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

14. Partners' capital

	2021 Brunswick Invest VII AB £	2021 Euro Earth Private Limited £	2021 Brunswick Akoya Limited £	2021 Total £
Opening balance	-	85,662,158	865,231	86,527,389
Capital contribution	490,048	63,316,780	149,515	63,956,343
	<u>490,048</u>	<u>148,978,938</u>	<u>1,014,746</u>	<u>150,483,732</u>

Capital contributions represents cash received from the Partners.

15. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses.

16. Related party transactions

The group has taken advantage of the exemption available under paragraph 1AC.35 of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the Group.

During the year, the group incurred asset management fees of £1,217,011 (period ended 31 December 2020 - £975,251) paid to Brunswick Property Partners Limited, a related company under common control. As at 31 December 2021 £395,642 (period ended 31 December 2020 - £307,525) was due to Brunswick Property Partners Limited.

On 15th February 2021, Brunswick Property Partners undertook a lease at 11 Lonsdale Road for £56,000 per annum. Rental income of £47,830 in the accounts and records of Akoya Lonsdale Road was billed to Brunswick Property Partners to 31 December 2021.

Akoya Limited Partnership

Notes to the Financial Statements for the Year Ended 31 December 2021

17. Post balance sheet events

Share issuance

On 9 March 2022 Akoya REITCO Limited issued 1 ordinary share for an amount of £49,004,836.
On 9 May 2022 Akoya REITCO Limited issued 1 ordinary share for an amount of £6,900,207.
On 9 May 2022 Akoya Bidco 3 Limited issued 1 ordinary share for an amount of £3,195,207.
On 9 May 2022 Akoya Bidco Limited issued 1 ordinary share for an amount of £320,000.
On 9 May 2022 Akoya Bidco 2 Limited issued 1 ordinary share for an amount of £3,385,000.
On 9 May 2022 Akoya Propco 4 Limited issued 1 ordinary share for an amount of £3,195,207.
On 9 May 2022 Akoya Netil House Limited issued 1 ordinary share for an amount of £65,000.
On 9 May 2022 Akoya Power Road Limited issued 1 ordinary share for an amount of £900,000.
On 9 May 2022 Akoya Carlson Limited issued 1 ordinary share for an amount of £720,000.
On 9 May 2022 Akoya Croydon Limited issued 1 ordinary share for an amount of £1,700,000.
On 9 May 2022 Akoya Lonsdale Limited issued 1 ordinary share for an amount of £120,000.
On 9 May 2022 Akoya NW Works Limited issued 1 ordinary share for an amount of £200,000.

Debt

On 9th May 2022 Akoya Propco 4 Limited entered into a term loan facility agreement for £71,000,000 with Metlife and £66,000,000 was drawn. This was used to repay the shareholder loan between Akoya Limited Partnership and Akoya Propco 4 Limited and the full amount was returned to the partners, by way of a Partners Loan repayment at the same proportion as it was issued (99%/1%).

On 1 June 2022 Akoya Propco 4 Limited entered in a Hedge agreement with SMBC Capital Markets Inc for a fixed period to 6 May 2025 with a notional value of £56,800,000. The cap rate is 2% to 24 April 2024 and 2.25% thereafter to the end of the term. The total cost of this transaction is £1,298,000 which was paid on 8 June 2022.

18. Controlling party

The ultimate controlling parent company is GIC (Realty) Private Limited, a company incorporated in Singapore, under the control of the minister of finance for the government of Singapore.

The LP financial statements are the largest publicly available consolidated financial statements for the group.