

**Registered Company No: 12509653**

**PIC Properties GP Limited**

**Report and Financial Statements  
For the year ended 31 December 2022**



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## **Company Information**

### **Directors**

The directors of the company are shown in the Directors' Report on page 4.

### **Registered Office**

14 Cornhill  
London  
EC3V 3ND

### **Registered Number**

12509653 (England and Wales)

**Directors' Report**  
**For the year ended 31 December 2022**

The directors submit their report together with the financial statements for the year ended 31 December 2022.

**Principal trading activities and business review**

The principal activity of the company is as a general partner of PIC Properties Limited Partnership, a master holding vehicle for a UK property portfolio.

*As the company has not traded during the year it has made neither a profit nor a loss and accordingly a Statement of Comprehensive Income report has not been prepared.*

**Directors**

The following directors held office during the year:

L J Inward  
M Griffiths  
D Veney

**Directors' interests**

No director has a service contract or receives any remuneration from the company nor has any director received any remuneration from shareholders for their services to the company.

No director has at any time during the year held any personal interest in any significant or material contract with the company or has any rights to subscribe to shares or debentures in the company.

**Contributions for charitable & political purposes**

The company made no political or charitable donations during the year.

**Qualifying third party indemnities**

There are no qualifying third party indemnities in force at the time of this report.

**Employees**

The company has no employees.

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate due to there being no current liabilities or anticipated transactions for the next 12 months from the date of signing these financial statements.

**Audit**


The company's ultimate parent company Pension Insurance Corporation Group Limited has given an undertaking to the company under section 479C of the Companies Act 2006 that Pension Insurance Corporation Group Limited will guarantee all outstanding liabilities to which the company is subject as at 31 December 2022 until they are satisfied in full. The company has accordingly taken advantage of the exemption under section 479A of the Companies Act 2006 from the requirement for its individual accounts for the year ended 31 December 2022 to be audited.

**Directors' Report (continued)**  
**For the year ended 31 December 2022**

**Strategic Report**

In accordance with section 414B of the Companies Act 2006, the company is not required to present a strategic report on the basis that the company is entitled to the small company exemption.

**By order of the Board**



.....  
D Veney  
Director

Company Registration Number: 12509653  
14 Cornhill, London, EC3V 3ND

Date: 08 September 2023

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## **Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and applicable law.

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 judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and applicable law;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of Comprehensive Income**  
**For the year ended 31 December 2022**

The company has not traded during the year and has received no income nor incurred any costs. Therefore, the company has made neither a profit nor a loss or incurred any other gains or losses. Consequently, no Statement of Comprehensive Income has been prepared.

The notes on pages 11-12 form part of these financial statements.

**Statement of Financial Position**  
**As at 31 December 2022**

	Note	2022 £	2021 £
<b>NON-CURRENT ASSETS</b>		-	-
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1	1
<b>CURRENT LIABILITIES</b>			
<b>CREDITORS:</b> amounts falling due within one year		-	-
<b>NET CURRENT ASSETS</b>		1	1
<b>NET ASSETS</b>		1	1
<b>Capital and reserves</b>			
Called up share capital	2	1	1
Profit and loss account		-	-
<b>EQUITY SHAREHOLDERS' FUNDS</b>		1	1

The notes on pages 11-12 form part of these financial statements.

For the year to 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 08 September 2023 and were signed on its behalf by:



.....  
D Veney  
Director

Company Registration Number: 12509653  
14 Cornhill, London, EC3V 3ND

Date: 08 September 2023



**Statement of Changes in Equity**  
**For the year ended 31 December 2022**

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Opening shareholders' funds at the beginning of the year	1	1
Result for the year	-	-
New share capital subscribed	-	-
	<hr/>	<hr/>
Net addition to shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds at the end of the year	1	1
	<hr/>	<hr/>

The notes on pages 11-12 form part of these financial statements.

**Statement of Cash Flows**  
**For the year ended 31 December 2022**

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities		-	-
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
		<hr/>	<hr/>
<b>Net increase in cash</b>		-	-
Cash and cash equivalents at the beginning of the year		1	1
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>		1	1
		<hr/>	<hr/>

The notes on pages 11-12 form part of these financial statements.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**2 CALLED UP SHARE CAPITAL**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Allotted, issued and fully paid</b>		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

The ordinary shares carry one voting right per share, they have no redemption rights, and are not entitled to any dividends other than those recommended by the directors.

**3 RELATED PARTY TRANSACTIONS**

There were no related party transactions in the year (2021: nil.)

**4 IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of PIC Holdings Limited which is registered in England and Wales, with company number 05706555.

PIC Holdings Limited is a wholly owned subsidiary of Pension Insurance Corporation Group Limited, a limited company incorporated in England and Wales. The directors regard this company as the ultimate parent undertaking and ultimate controlling party for which group financial statements are prepared.

The consolidated financial statements of Pension Insurance Corporation Group Limited are available to the public and may be obtained from 14 Cornhill, London, EC3V 3ND.

**Registered Number: LP020950**

**PIC Properties Limited Partnership**

**Report and Financial Statements**

**For the year to 31 December 2022**

These partnership accounts form part of  
the accounts of PIC Properties GP Limited  
(12304033)

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## **REPORT OF THE GENERAL PARTNER FOR THE YEAR ENDED 31 DECEMBER 2022**

PIC Properties GP Limited (the "General Partner") present the Report of the General Partner and the financial statements for PIC Properties Limited Partnership (the "LP" or "Limited Partnership") and its subsidiary entities (together "the Group") for the year to 31 December 2022.

### **Statement of General Partner's responsibilities**

The Limited Partnership Agreement of 15 April 2020 requires the General Partner to prepare, after the end of each accounting period, the accounts of the LP in accordance with International Financial Reporting Standards ("IFRS").

### **Business review & principal activities**

The principal activity of the LP is to acquire, manage and hold interests in property and property related investments via its subsidiary entities PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust. These are Guernsey Property Unit Trusts whose principal activity is to acquire interests in property and to hold the same as investments. The General Partner expects to continue to carry out these activities in the future.

During the year, the Group has entered into an agreement to fund and develop residential property development in Birmingham, in addition to the existing developments in Manchester, Ealing, and Milton Keynes.

In considering the reported results, the economic impact of the Russia-Ukraine conflict on business activities has been assessed, including on availability of materials required to complete construction, determining that there is minimal impact.

### **The Partnership**

The partnership was established and registered on 31 March 2020 under the Limited Partnership Act 1907 as a Limited Partnership which is designated as a Private Fund Limited Partnership. PIC Properties GP Limited, a company registered in England and Wales with company number 12509653 is the general partner.

Pension Insurance Corporation PLC is the limited partner.

### **Key performance indicators**

The General Partner is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Group, other than monitoring performance against budget and stage development of the build. The Group has modelled the anticipated financial outcome of the development across its whole term. The actual financial performance is monitored against this anticipated performance. As at 31 December 2022 the Group's performance is in line with expectations.

### **Position of the Group at end of year**

The Group has four property investments, and these are all in the construction phase of their developments and performing in line with expectations of the development schedules and financial forecasts.

### **Principle risks and uncertainties**

The Group's activities primarily relate to the real estate market focusing on the development of quality property assets in the UK. Further information is provided in note 16.

### **Going concern**

Cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements indicate that the Group has sufficient funds to meet its liabilities as they fall due. It is considered that there are no material uncertainties that could have cast significant doubt over the ability to continue as a going concern for at least 12 months from the date of approval of the financial statements. Therefore, the General Partner considers it appropriate to prepare these financial statements on a going concern basis.

### **Directors**

The directors of the General Partner who held office during the year are as follows:

L J Inward  
M J Griffiths  
D Veney

## REPORT OF THE GENERAL PARTNER FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

### Strategic report

In accordance with section 414B of the Companies Act 2006, the company is not required to present a strategic report on the basis that the company is entitled to the small company exemption.

### Audit

The LP has taken advantage of the exemption under Regulation 7 of the Partnerships (Accounts) Regulations 2008 from the requirement for its individual accounts for the year ended 31 December 2022 to be audited, having been consolidated in group accounts prepared by Pension Insurance Corporation Group Limited.

### By order of the Board



D Veney

### Director

PIC Properties GP Limited (Company No: 12509653)  
(in its capacity as General Partner of PIC Properties Limited Partnership)  
Registered Office: 14 Cornhill, London EC3V 3ND

Date: 08 September 2023

## **STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE GENERAL PARTNER'S REPORT AND THE FINANCIAL STATEMENTS**

Regulation 4 of the Partnerships (Accounts) Regulations 2008 requires the General Partner to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under the law, the General Partner has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and applicable law.

Under Company law, the General Partner 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 LP and of the profit or loss of the LP for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable relevant and reliable;
- state whether they have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006, Partnerships (Accounts) Regulations 2008 and applicable law;
- assess the LP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LP or to cease operations, or have no realistic alternative but to do so.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the LP's transactions and disclose with reasonable accuracy at any time the financial position of the LP and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LP and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2022

	Notes	Year to 31 December 2022 £	Year to 31 December 2021 £
<b>Revenue</b>	6	6,301,105	4,068,386
Cost of sales		-	-
<b>Gross Profit</b>		<u>6,301,105</u>	<u>4,068,386</u>
Administrative expenses	3-5	(657,415)	(541,861)
<b>Operating Profit</b>		<u><b>5,643,690</b></u>	<u><b>3,526,525</b></u>
Financial income		691,642	-
Financial expenses		-	-
<b>Profit before Tax</b>		<u>6,335,332</u>	<u>3,526,525</u>
Tax expense		-	-
<b>Consolidated net Profit for the year</b>		<u><b>6,335,332</b></u>	<u><b>3,526,525</b></u>
Attributable to non-controlling interest		(63,354)	(35,265)
<b>Net Profit attributable to Partners</b>		<u><b>6,271,978</b></u>	<u><b>3,491,260</b></u>

**Other Comprehensive Income**

The Group had no other comprehensive income other than that reported in the consolidated statement of comprehensive income.

The notes on pages 13 to 25 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Notes	2022 £	2021 £
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	6	231,386,821	97,793,971
<b>Current Assets</b>			
Trade and other receivables	7	5,277,918	5,991,258
Cash and cash equivalents		134,622,035	165,203,730
<b>Total Assets</b>		<b>371,286,774</b>	<b>268,988,959</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8-9	(12,479,724)	(8,761,188)
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings	10	(172,807,807)	(172,807,807)
Lease liability	11	-	(74)
<b>Total Liabilities</b>		<b>(185,287,531)</b>	<b>(181,569,069)</b>
<b>Net Assets</b>		<b>185,999,243</b>	<b>87,419,890</b>
<b>Equity</b>			
Retained earnings		9,122,406	2,850,428
Partners' equity		3,960	2,970
<b>Total Equity attributable to partners</b>	12	<b>9,126,366</b>	<b>2,853,398</b>
Non-controlling interest		176,872,877	84,566,492
<b>Total Equity</b>		<b>185,999,243</b>	<b>87,419,890</b>

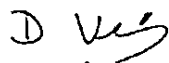
The notes on pages 13 to 25 form part of these financial statements.

For the year ending 31 December 2022 the Group was entitled to exemption from the requirement to audit its individual accounts under Regulation 7 of the Partnerships (Accounts) Regulations 2008.

The General Partner has not required an audit of the accounts to be obtained for the financial year.

The General Partner acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

**These consolidated financial statements were approved at a meeting of the General Partner on 08 September 2023 and were signed on its behalf by:**



D Veney  
Director  
PIC Properties GP Limited (Company No: 12509653)  
(in its capacity as General Partner of PIC Properties Limited Partnership)  
Registered Office: 14 Cornhill London EC3V 3ND

Date: 08 September 2023

**Report and Financial Statements**  
**For the year ended 31 December 2022**  
**PIC Properties Limited Partnership No: LP020950**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

	<b>LP Equity £</b>	<b>Non- controlling Interest £</b>	<b>Total £</b>
<b>At 31 December 2020</b>	<b>(639,842)</b>	<b>18,178,663</b>	<b>17,538,821</b>
Profit for the year	3,491,260	35,265	3,526,525
Capital contributions for the year	1,980	-	1,980
Units issued for the year	-	20	20
Junior facility funding	-	66,352,544	66,352,544
<b>At 31 December 2021</b>	<b>2,853,398</b>	<b>84,566,492</b>	<b>87,419,890</b>
Profit for the year	6,271,978	63,354	6,335,332
Capital contributions for the year	990	-	990
Units issued for the year	-	10	10
Junior facility funding	-	92,243,021	92,243,021
<b>At 31 December 2022</b>	<b>9,126,366</b>	<b>176,872,877</b>	<b>185,999,243</b>

The notes on pages 13 to 25 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2022**

	Notes	Year to 31 December 2022 £	Year to 31 December 2021 £
<b>Cash flows from operating activities</b>			
Total comprehensive profit for the year		6,335,332	3,526,525
<b>Adjustments for:</b>			
Unrealised gains on revaluation of investments at fair value		(6,301,105)	(4,068,386)
		<b>34,227</b>	<b>(541,861)</b>
Working capital changes:			
Decrease / (increase) in trade and other receivables		713,340	(5,128,997)
Increase in trade and other payables		3,770,526	6,052,816
(Decrease) / increase in loan facility interest payable		(51,990)	399,207
Write off peppercorn rent		(38)	-
Lease cash flow	11	(36)	36
Capital expenditure on investment property		(122,710,121)	(73,225,018)
Finance costs incurred during the construction of the investment properties		(4,581,624)	(2,452,930)
<b>Net cash used in operating activities</b>		<b>(122,825,716)</b>	<b>(74,896,747)</b>
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Partners' Capital		1,000	2,000
Equity borrowings	13	92,243,021	66,352,544
Borrowings from the term loan facility	10	-	97,565,946
<b>Net cash generated from financing activities</b>		<b>92,244,021</b>	<b>163,920,490</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(30,581,695)</b>	<b>89,023,743</b>
Cash and cash equivalents at the beginning of the year		165,203,730	76,179,987
<b>Cash and cash equivalents at the end of the year</b>		<b>134,622,035</b>	<b>165,203,730</b>

The notes on pages 13 to 25 form part of these financial statements.

**PIC PROPERTIES LIMITED PARTNERSHIP – STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Note	2022 £	2021 £
<b>Non-Current Assets</b>			
Investments	6	3,960	2,970
<b>Current Assets</b>		-	-
<b>Current Liabilities</b>		-	-
<b>Net Current Assets</b>		-	-
<b>Net Assets</b>		3,960	2,970
<b>Equity</b>			
Partners' equity	12	3,960	2,970
<b>Total Equity</b>		3,960	2,970

The notes on pages 13 to 25 form part of these financial statements.

For the year ending 31 December 2022 the LP was entitled to exemption from the requirement to audit its individual accounts under Regulation 7 of the Partnerships (Accounts) Regulations 2008.

The General Partner has not required an audit of the accounts to be obtained for the financial year.

The General Partner acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

**These financial statements were approved at a meeting of the General Partner on 08 September 2023 and were signed on its behalf by:**



D Veney  
 Director  
 PIC Properties GP Limited (Company No: 12509653)  
 (in its capacity as General Partner of PIC Properties Limited Partnership)  
 Registered Office: 14 Cornhill, London EC3V 3ND

Date: 08 September 2023

**PIC PROPERTIES LIMITED PARTNERSHIP STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

	<b>Partners' Capital £</b>	<b>Total £</b>
<b>At 31 December 2020</b>	990	990
Capital contributions for the year	1,980	1,980
	<hr/>	<hr/>
<b>At 31 December 2021</b>	2,970	2,970
Capital contributions for the year	990	990
	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>3,960</b>	<b>3,960</b>
	<hr/>	<hr/>

The notes on pages 13 to 25 form part of these financial statements.

**PIC PROPERTIES LIMITED PARTNERSHIP STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2022**

	Year to 31 December 2022 £	Year to 31 December 2021 £
<b>Cash flows from operating activities</b>	-	-
<b>Cash flows from investing activities</b>		
Investments in subsidiary	(990)	(1,980)
<b>Net cash flow from investing activities</b>	<b>(990)</b>	<b>(1,980)</b>
<b>Cash flows from financing activities</b>		
Partners' Capital	990	1,980
<b>Net cash generated from financing activities</b>	<b>990</b>	<b>1,980</b>
<b>Net increase in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	-	-

The notes on pages 13 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the LP and Group's consolidated financial statements.

**Basis of preparation**

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The Group has applied all IFRS and interpretations that are adopted by the UK and are effective for accounting periods beginning on or after 1 January 2022.

In publishing the LP financial statements together with the Group financial statements, the LP has taken advantage of the exemption in section 408(3) of the Companies Act not to present its individual income statement.

Cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements indicate that the Group has sufficient funds to meet its liabilities as they fall due. It is considered that there are no material uncertainties that could have cast significant doubt over the ability to continue as a going concern for at least 12 months from the date of approval of the financial statements. The General Partner therefore considers it appropriate to prepare these financial statements on a going concern basis.

*Functional currency*

The financial statements are presented in £ sterling, which is also the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £, except where otherwise indicated.

*Critical estimates and judgements*

The preparation of financial statements requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The valuation of investment properties requires significant levels of judgement and are valued annually by professional external valuers using the Royal Institution of Chartered Surveyors ("RICS") guidelines. Please refer to Note 6 for further details.

*Preparation of the consolidated financial statements*

The consolidated financial statements have been prepared under the historical cost convention as modified by the measurement of the investment property recognised or stated at fair value.

**Basis of consolidation**

*a. Control of subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

All Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *b. Accounting for business combinations*

The Group applies the acquisition method to accounts for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value as at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

### *Income*

Income includes rental income, service charges and property insurance charged to tenants. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Income from service and insurance charges is recognised in the accounting period in which control of the services are passed to the tenant, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

### *Investment property*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

All leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment properties are carried at fair value, with changes in fair value included in the Statement of Comprehensive Income. In the early period of construction of an investment property, where fair value is not reliably measurable, the investment property is measured at construction cost until fair value becomes reliably measurable.

Properties are valued annually by professional external valuers using the Royal Institution of Chartered Surveyors ("RICS") guidelines. The RICS guidelines apply separate assumptions to the value of the land, buildings and tenancy associated with each property.

The external valuers also consider changes in market conditions and the status of the tenants in determining whether a full physical inspection is required each year. Irrespective of such considerations, each property is fully inspected as part of the valuation process at least once every three years.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific property.

The Investment property (in whole or in part) will be derecognised either when the Group has transferred substantially all the risks and rewards of ownership; or when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the assets; or when the contractual right to receive cash flows from the asset has expired.

### *Trade and other receivables*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the concerned counterparty. Impaired debts are derecognised when they are assessed as uncollectible.

### *Intellectual property*

Legal fees amounting to £200,000 have been recharged by PIC New Victoria Unit Trust to each of PIC Wilton Unit Trust and PIC Bowback Unit Trust for initial structuring costs as these entities have also benefited from the guidance provided for establishing the structure of PIC New Victoria Unit Trust.

Due to the tax transparent nature of the entities, this has no overall impact for PIC Properties LP or PIC Holdings Limited as the two unitholders for each of the GPUs who have ultimately not benefited in a way that would constitute distributable profits.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group financial assets are subject to the expected credit loss model. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the counterparty over a period of 36 months before 31 December 2022, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtor to settle the receivable.

Impairment losses are presented as a separate line item on the Consolidated Statement of Comprehensive Income report.

### *Trade and other payables*

Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method for both periods. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

### *Financial liabilities*

Liabilities within the scope of IFRS 9 are classified as financial liabilities at Fair Value through Profit and Loss or other liabilities, as appropriate. A financial liability is recognised if the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### *Taxation*

Under the current system of taxation in the United Kingdom, the Group is a transparent entity for UK tax on income purposes and the non-resident landlord scheme. Clearance has been received from HM Revenue & Customs that PIC New Victoria Unit Trust, PIC Wiltern Unit Trust and PIC Bowback Unit Trust comply with the Baker Trust guidelines; as such, any liability to tax on income rests with the unitholders of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust and PIC Bowback Unit Trust based on their proportionate interest in the Group.

The Finance (No 3) Bill published in November 2018 set out a number of significant changes to the taxation of the UK real estate which came into effect in 2019 and 2020 respectively. Capital gains arising on the disposal of UK commercial property held in non-UK unit trusts were previously exempt from UK tax; however, going forward corporation tax will be applicable to all gains arising on UK commercial property from 6 April 2019. From 6 April 2020 non-resident corporate landlords will be subject to UK corporation tax on taxable income from UK property businesses, rather than income tax.

Transparency elections were made under the Taxation of Chargeable Gains Act 1992 Schedule 5AAA by PIC New Victoria Unit Trust on 26 August 2020, by PIC Wiltern Unit Trust on 24 August 2021, by PIC Bowback Unit Trust on 24 January 2022, and by PIC One Eastside Unit Trust on 12 April 2023 therefore deeming the Group to be a partnership for capital gains purposes. As a result, any potential chargeable gains will be passed through and borne by the unitholders of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust and PIC Bowback Unit Trust. The taxability of these gains will be specific to each unitholder and based on investor composition and status.

The Group is registered with HM Revenue & Customs for Value Added Tax and files quarterly returns.

The Group has applied for and received exemption from Guernsey tax.

### *Expenses*

All other expenses are accounted for on an accruals basis.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *Leases*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *(i) As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration of the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component as per IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received (see note 11).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has presented the right-of-use asset within investment property (leasehold land) and lease liabilities has been presented as a line item in the statements of financial position.

#### *Short-term leases and leases of low-value assets*

The Group has no short-term leases or leases of low value assets as at year end.

#### *(ii) As a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. The Group has not entered into lease contracts as a lessor.

### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group has elected to capitalise interest costs during the construction phase, but as the project progresses towards completion then borrowing costs will be expensed as normal.

By the end of the year, the total amount of borrowing costs capitalised in PIC New Victoria Unit Trust was £4,616,224 (2021: £2,650,154) at a capitalisation rate of 2.613% (2021: 2.613%), in PIC Wiltern Unit Trust was £2,211,625 (2021: £834,077) at a capitalisation rate of 2.764% (2021: 2.764%), and in PIC Bowback Unit Trust was £1,238,006 (2021: £51,990) at a capitalisation rate of 2.485% (2021: 2.485%). Interest is capitalised semi-annually.

### *Grant*

The Group has elected to present the grant income against the cost of the underlying asset.

### ***New and amended standards and interpretations***

The following represents the new standards, amendments to standards and interpretations that may be relevant to the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### ***Effective in the year under review:***

*Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions – effective for annual periods beginning on or after 1 April 2021*

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Due to the ongoing construction of the property, no rental income is due to be received before the expiry of the existing amendments.

*Amendments to IAS 37, Onerous contracts – effective from 1 January 2022*

The changes in onerous contracts – cost of fulfilling a contract specify that the 'cost of fulfilling' a contract comprises the 'costs' that relate directly to the contract'. Costs relate directly to a contract can be incremental costs of fulfilling that contract (such as direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (such as the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments will not have an impact on the financial statements of the Group as the Group's exposure is capped through fixed cost contracts with developers.

*Amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use - effective from 1 January 2022*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. As the Trust's only property is still under construction and cannot be let until fully complete, there is no option for revenues to be generated prior to its intended use.

#### ***Standards, amendments and annual improvements issued but not yet effective:***

*Amendments to IAS 1, Disclosure of Accounting Policies – effective from 1 January 2023*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Due to the construction of the property meeting both classifications, no significant impacts to the Group's financial statements are expected.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *Amendments to IAS 8, Definition of Accounting Estimates – effective from 1 January 2023*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The main source of measurement uncertainty will be the valuation of the property and future rental income, both of which can be estimated by the external valuer based on available market information and published competitor data.

### *Amendment to IAS 12, Deferred Tax related to assets and liabilities arising from a Single Transaction - effective for annual periods beginning on or after 1 January 2023*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Due to having Baker Trust status, these amendments will have no impact on the financial statements of the Group.

### *Classification of Liabilities as Current or Non-Current (Amendments to IAS1) - effective from 1 January 2024*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Liabilities are already assigned as current and non-current with known due dates for loans, therefore no impact on the financial statements of the Group are expected.

### *Non-current Liabilities with Covenants (Amendments to IAS 1) - effective from 1 January 2024*

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affects the classification of a liability.

## 2. Auditor's remuneration

	Year to 31 Dec 2022 £	Year to 31 Dec 2021 £
Total audit fees paid by the Group:	108,300	55,000
Of this, the audit fees for the LP financial statements:	-	-

Auditor's remuneration represents the audit fees of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust and PIC Bowback Unit Trust, subsidiary entities.

## 3. Administrative expenses

	Year to 31 Dec 2022 £	Year to 31 Dec 2021 £
Legal and professional fees	365,294	311,594
Trustee fees	176,992	138,763
Irrecoverable VAT	107,485	87,165
Sundry expenses	7,644	4,339
Total expenses	<b>657,415</b>	<b>541,861</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Remuneration of members

The directors of the General Partner did not receive any emoluments from the Group.

### 5. Staff numbers and costs

The Group had no employees during the year under review.

### 6. Investment property under construction

	<b>2022 Total £</b>	<b>2021 Total £</b>
Cost at the start of the year	93,725,585	18,047,637
Additions	127,291,745	75,677,948
<b>Cost as at 31 December</b>	<b>221,017,330</b>	<b>93,725,585</b>
Unrealised movement at the start of the year	4,068,386	-
Unrealised movement in the year	6,301,105	4,068,386
Unrealised movement as at 31 December	<b>10,369,491</b>	<b>4,068,386</b>
<b>Fair Value as at 31 December</b>	<b>231,386,821</b>	<b>97,793,971</b>

The Group's holdings in investment properties relate to retail and residential properties held via Guernsey registered property unit trusts ("GPUs"). All properties are located in the United Kingdom.

Investment properties held at cost are in the early period of construction, where fair value is not reliably measurable.

The market value of the investment properties held at fair value is determined based on a valuation approach which applies investment yield to the rental income. The investment yield is derived from available transactional evidence of similar rental units considering the property-specific factors such as its location, the unexpired term, current rent, size of the unit and other factors. For investment properties under construction, the estimated valuation upon completion is adjusted for future costs to complete and a risk margin. Due to the unobservable inputs, investment properties are classified as Level 3 in the fair value hierarchy.

<b>Investment Property</b>	<b>2022 £</b>	<b>2021 £</b>
<u>New Victoria, Manchester</u>		
Capitalised costs	111,568,809	49,931,614
Fair value gain	11,831,191	4,068,386
<u>The Wiltern, Ealing</u>		
Capitalised costs	44,920,897	26,728,208
Fair value gain	679,103	-
<u>Bowback, Milton Keynes</u>		
Capitalised costs	27,340,803	17,065,765
Fair value (loss)	(2,140,803)	-
<u>One Eastside, Birmingham</u>		
Capitalised costs	37,186,821	-

As at 31 December 2022, total properties excluding land under construction have cost £167,475,180 (2021: £59,568,868) which includes capitalised interest of £8,065,855 (2021: £3,536,221).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Fixed Asset Investments

Partnership	2022 £	2021 £
Cost		
At 31 December	3,960	2,970

The undertakings in which the LP's interest at the year end is more than 20% are as follows:

Partnership	Registered office Address	Units Held
PIC New Victoria Unit Trust	Top Floor, Mill Court La Charroterie St Peter Port Guernsey	990
PIC Wiltern Unit Trust	Top Floor, Mill Court La Charroterie St Peter Port Guernsey	990
PIC Bowback Unit Trust	Top Floor, Mill Court La Charroterie St Peter Port Guernsey	990
PIC One Eastside Unit Trust	Top Floor, Mill Court La Charroterie St Peter Port Guernsey	990

### 7. Trade and other receivables (due within 1 year)

	2022 £	2021 £
VAT receivable	5,259,717	5,981,826
Other debtors and prepayments	18,201	9,432
	<b>5,277,918</b>	<b>5,991,258</b>

### 8. Trade and other payables

	2022 £	2021 £
Drawdown of loan note received in advance of notice date	-	3,198,823
Sundry creditors	145,426	2,124,657
Construction costs	9,501,490	746,292
Legal and professional fees	1,809,936	1,716,401
Audit fees	114,133	55,000
Administration fees	65,964	25,250
	<b>11,636,949</b>	<b>7,866,423</b>

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. Senior term loan facility interest payable

	2022 £	2021 £
Term loan facility interest	<u>842,775</u>	<u>894,765</u>

### 10. Senior term loan facility

	2022 £	2021 £
Pension Insurance Corporation PLC – Senior term loan facility (see note 13)	<u>172,807,807</u>	<u>172,807,807</u>

Annual interest ranging from 2.485% to 2.764% (2021: 2.485% to 2.764%) is charged on the loans with an interest amount of £4,529,634 (2021: £3,536,221) charged for the year. The loan terms range up to December 2063 and payments are to be made semi-annually, commencing in 2025.

### 11. Leases

Tesco Stores Limited granted the Group a lease contract for a piece of land adjacent to the Old Hoover Building, Perivale located in Ealing, London. The lease of land has a lease term of 999 years. On inception of the lease, payments totalling £15,000,000 were made for use of the land. Due to the trivial present value attributable to a notional rent ("peppercorn rent") on the leasehold of land, considering the amount is immaterial to the financial statements, the lease liability of £36 had been expensed during the year.

Network Rail granted the Group a lease contract for a piece of land known as the "Residential Phase" New Victoria, Corporation Street, Manchester. The lease of land has a lease term of 250 years. On inception of the lease, payments totalling £4,356,773 were made to various parties. Due to the trivial present value attributable to a notional rent ("peppercorn rent") on the leasehold of land, considering the amount is immaterial to the financial statements, the lease liability of £38 had been expensed during the year.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. Total Equity

	Partners' equity £	Non-controlling interest £	Total £
<b>As at 31 December 2020</b>	<b>(639,842)</b>	<b>18,178,663</b>	<b>17,538,821</b>
Capital contribution and profit for the year	3,493,240	-	3,493,240
Units and share of profits not attributable to partners	-	35,285	35,285
Junior facility funding issued not attributable to partners	-	66,352,544	66,352,544
<b>As at 31 December 2021</b>	<b>2,853,398</b>	<b>84,566,492</b>	<b>87,419,890</b>
Capital contribution and profit for the year	6,272,968	-	6,272,968
Units and share of profits not attributable to partners	-	63,364	63,364
Junior facility funding issued not attributable to partners	-	92,243,021	92,243,021
<b>As at 31 December 2022</b>	<b>9,126,366</b>	<b>176,872,877</b>	<b>185,999,243</b>

#### Partners Equity

Partners comprise the General Partner: PIC Properties GP Limited and the Limited Partner: Pension Insurance Corporation plc (PIC plc). The Limited Partner made a capital contribution of £990 in the year (2021: £1,980). The General Partner is entitled to a priority distribution of 0.01% per annum of the income profits of the Partnership available for distribution in each year and the Limited Partner is entitled to the remaining share in the profits of the Partnership.

#### Units in PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust not attributable to partners

1% of the Units in each of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust are not held by PIC Properties LP.

#### Junior facility funding

Noteholders in PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust are entitled to any distributions equal to 99.9% of all Available Profits. As payments are solely at the discretion of the Trustees of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust, the junior note facility does not impose any obligation to deliver cash or other financial assets and the facility is classified as equity and any payments are accounted for as an equity distribution.

### 13. Related party disclosures

TMF Group Trustees Limited and Emperor DS Limited are the trustees of PIC New Victoria Unit Trust, PIC Wiltern Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust. Trustee management fees are payable to TMF Group Trustees Limited. During the year the trustee is entitled to annual fees of £272,358 (2021: £175,500) of which £209,025 was charged pro rata (2021: £94,566), and £65,964 (2021: £25,250) was outstanding as at 31 December 2022.

#### Loan facilities with Pension Insurance Corporation PLC

As at 31 December 2022, the total amount due to Pension Insurance Corporation PLC was £349,588,499 (2021: £257,427,646).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Loan facilities were issued to the Group during the year as follows:

### (i) Senior loan facilities

PIC New Victoria Unit Trust: Pension Insurance Corporation PLC have issued a loan amount of £75,241,861 (2021: £75,241,861). Annual interest of 2.613% is charged on the loan with an interest amount of £1,966,070 (2021: £1,966,070) charged for the year, with £495,557 of interest accrued as at 31 December 2022 (2021: £495,558). Loan amount outstanding (excluding accrued interest payable) as at 31 December 2022 is £75,241,861 (2021: £75,241,861).

PIC Wilton Unit Trust: Pension Insurance Corporation PLC have issued a loan amount of £49,838,924 (2021: £49,838,924). Annual interest of 2.764% is charged on the loan with an interest amount of £1,377,548 (2021: £834,077) charged for the year with £347,218 of interest accrued as at 31 December 2022 (2021: £347,218). Loan amount outstanding (excluding accrued interest payable) as at 31 December 2022 is £49,838,924 (2021: £49,838,924).

PIC Bowback Unit Trust: Pension Insurance Corporation PLC have issued a loan amount of £47,727,022 (2021: £47,727,022). Annual interest of 2.485% is charged on the loan with an interest amount of £1,186,017 (2021: £51,990) charged for the year, with £0 of interest accrued as at 31 December 2022 (2021: £51,990). Loan amount outstanding (excluding accrued interest payable) as at 31 December 2022 is £47,727,022 (2021: £47,727,022).

### (ii) Junior facility

Pension Insurance Corporation PLC ("the Noteholders") have provided the Group with a junior funding facility should funds be required. The trustees of PIC New Victoria Unit Trust, PIC Wilton Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust shall be entitled to serve a drawdown notice to request funding subject to agreed terms.

The Noteholders subscribed for Notes for an amount of £176,780,691 (2021: £84,537,670) at 0% interest rate up to 31 December 2022.

The aggregate principal amount of the Notes to be issued in the junior funding facility shall be limited to £318,261,841 (2021: £184,808,543).

Until such time as the Notes are redeemed, the Noteholders shall be entitled to receive a return on the Notes equal to 99.9% of all Available Profit of PIC New Victoria Unit Trust, PIC Wilton Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust.

### Capital contributions

Pension Insurance Corporation PLC made capital contributions of £990 to PIC Properties Limited Partnership in the year (2021: £1,980) in respect of the investment in PIC One Eastside Unit Trust.

## 14. Parent and ultimate controlling party

PIC Properties GP Limited, acting as General Partner of the LP is a subsidiary of PIC Holdings Limited, a limited company incorporated in England and Wales with company number 05706555.

PIC Holdings Limited is a subsidiary of Pension Insurance Corporation Group Limited, a limited company incorporated in England and Wales with company number 09740110. The General Partner regards this company as the ultimate parent undertaking and ultimate controlling party for which group financial statements are prepared.

The consolidated financial statements of Pension Insurance Corporation Group Limited are available to the public and may be obtained from 14 Cornhill, London EC3V 3ND.

## 15. Group Information

The LP has 99% holdings in PIC New Victoria Unit Trust, PIC Wilton Unit Trust, PIC Bowback Unit Trust and PIC One Eastside Unit Trust.

PIC New Victoria Unit Trust has a 100% holding in PIC New Victoria Limited Partnership ("NVLP"). NVLP did not have any activity during the year.

PIC Wilton Unit Trust has a 100% holding in PIC Wilton Limited Partnership ("WLP"). WLP did not have any activity during the year.

PIC Bowback Unit Trust has a 100% holding in PIC Bowback Limited Partnership ("BLP"). BLP did not have any activity during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PIC One Eastside Unit Trust has a 100% holding in PIC One Eastside Limited Partnership ("OESLP"). OESLP was registered on 7 October 2022. OESLP did not have any activity during the year.

### 16. Financial Risk Review and Management

This note presents information about the Group's exposure to each of the financial risks.

#### a. Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group resulting in a financial loss to the Group. The Group's exposure to credit risk arises principally from cash and cash equivalents.

The Group's cash and cash equivalents are held with RBSI (a subsidiary of RBS Plc), which is rated A3 (2021: Baa1) based on rating agency Moody's ratings. The financial position of RBSI is monitored on an annual basis.

The total credit risk for the Group is £134,622,035 (2021: £165,203,730) which is made up of cash and cash equivalents.

#### b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's principal asset is investment property, which is illiquid. The Group's overall liquidity risk is monitored.

The following were the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

GBP	Carrying Amount	Less than 1 month	1 month to 1 year	1 year to 2 years	>2 years
<u>31 December 2022</u>					
<i>Financial liabilities</i>					
Senior term loan facility	172,807,807	-	-	-	172,807,807
Lease liability	-	-	-	-	-
Sundry creditors	145,426	34,100	111,326	-	-
Advanced drawdown of junior loan notes	-	-	-	-	-
Construction costs	9,501,490	9,501,490	-	-	-
Senior term facility interest	842,775	842,775	-	-	-
Legal and professional fees	1,809,936	55,526	1,754,410	-	-
Audit fees	114,133	-	108,300	5,833	-
Administration fees	65,964	65,964	-	-	-
	<b>185,287,531</b>	<b>10,499,855</b>	<b>1,974,036</b>	<b>5,833</b>	<b>172,807,807</b>
<hr/>					
GBP	Carrying Amount	Less than 1 month	1 month to 1 year	1 year to 2 years	>2 years
<u>31 December 2021</u>					
<i>Financial liabilities</i>					
Senior term loan facility	172,807,807	-	-	-	172,807,807
Lease liability	74	-	-	-	74
Sundry creditors	2,124,657	72,007	2,052,650	-	-
Advanced drawdown of junior loan notes	3,198,823	3,198,823	-	-	-
Construction costs	746,292	426,182	320,110	-	-
Senior term facility interest	842,775	842,775	-	-	-
Legal and professional fees,	1,716,401	64,701	1,651,700	-	-
Audit fees	55,000	-	55,000	-	-
Administration fees	25,250	19,417	5,833	-	-
	<b>181,517,079</b>	<b>4,623,905</b>	<b>4,085,293</b>	<b>-</b>	<b>172,807,881</b>

The table above shows the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 December 2022, the Group had current liabilities of £12,479,724 (2021: £8,761,188) and cash and cash equivalents of £134,622,035 (2021: £165,203,730).

The Group considers its exposure to liquidity risk to be minimal.

### *c. Market risk*

'Market risk' is the risk that changes in market indices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the fair value of its holdings of investment property and financial instruments.

#### *(i) Interest rate risk*

##### *Exposure*

The Group's borrowings are from fixed interest loans and noteholders for the purpose of the construction. It currently does not obtain any return on the cash held in the Bank. As such there is no interest rate risk. The cash management options available to the Group are being explored.

#### *(ii) Price risk*

The Group's activities primarily relate to the real estate market focusing on the development of quality property assets in the UK. The Group is exposed to specific industry risks which are similar to any commercial marketplace and are dominated by supply and demand as follows:

Exposure of fair value of the property to market fundamentals including concentration on the London, Manchester, Milton Keynes and Birmingham property markets.

As at 31 December 2022, a 10% increase / (decrease) in the fair value (as presented by the costs of the asset under construction net of the grant income) of the investment property would have increased / (decreased) net assets by £19,420,000 (2021: £9,779,390).

#### *(iii) Capital management*

The LP defines the capital of the Group to be the net assets attributable to partners. Note 12 discloses the rights attached to the partners' capital.

The Group is not subject to other externally imposed capital requirements.

#### *(iv) Fair value measurement*

The Group classifies fair value estimations in a hierarchy with the following levels:

Level 1: Input is listed values of assets traded in actively trading markets for identical shares or liabilities.

Level 2: Input is other than listed values as per level 1, but with an observable value which is established either through a price mechanism of an asset (or liability) or indirectly.

Level 3: Input for asset (or liability) is based on reported value.

## **17. Events after the date of the consolidated statements of financial position**

On 24 February 2023 there was a drawdown by PIC New Victoria Unit Trust of £5,189,228, on 24 July 2023 there was a drawdown by PIC New Victoria Unit Trust of £8,734,940, on 28 February 2023 there was a drawdown by PIC One Eastside Unit Trust of £5,026,704, on 24 July 2023 there was a drawdown by PIC Bowback Unit Trust of £12,754,455 of the Junior facility detailed in note 13.

On 2 May 2023 Pension Insurance Corporation PLC issued a senior loan facility amount to PIC One Eastside Unit Trust of £95,482,451 with an annual interest rate of 4.781%.