

**Operational Real Estate Finance LLP**  
**Report and Financial Statements**  
**Registered number: OC395395**  
**For the year ended 30 September 2020**



**Operational Real Estate Finance LLP  
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**Operational Real Estate Finance LLP**  
**Designated Members and Advisers**

LLP registered number	OC395395
Bankers	The Royal Bank of Scotland Barclays Bank PLC
Auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Designated Members	Corporate Trading Companies Designated Member Limited (Reg No. 08123041)  Corporate Trading Companies Secretaries Limited (Reg No. 05715822)
Registered Office	338 Euston Road London NW1 3BG
Parent	Elm Trading Limited (Reg no. 8316347) 338 Euston Road London NW1 3BG

**Operational Real Estate Finance LLP  
Report of the Members  
For the year ended 30 September 2020**

The Members present the financial statements of Operational Real Estate Finance LLP for the year ended 30 September 2020. These have been prepared in accordance with the Members Agreement.

**Principal Activities**

The Partnership was incorporated on 18 September 2014 and started trading on 5 July 2018. The objective of the Partnership is to provide limited companies with a profitable trading opportunity in operational real estate financing.

**Members' responsibilities statement**

The Members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with the Financial Reporting Standard 102 Section 1A. Under company law, as applied to LLPs, the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

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

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

The Members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to limited liability partnerships. The Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Members are responsible for the maintenance and integrity of the corporate and financial information included on the Partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. These responsibilities are exercised by the designated Members on behalf of the Members.

**United Kingdom exiting the European Union**

Operational Real Estate Finance LLP is well placed to deal with the UK's pending departure from the European Union. All of the LLP's assets are UK based and have exposure to a defensive sector with strong fundamentals. The LLP's customers are all UK based.

**Coronavirus (COVID-19) outbreak**

The LLP is well placed to deal with the uncertainty caused by the current COVID-19 outbreak. Our drawn facilities are well protected against any fall back in property values due to the level of loan to value profile across the loan book. The members continue to assess the impact of Covid-19 to the LLP.

**Policy with respect to Members' capital**

Each Member shall contribute such capital as set out in its Deed of Adherence, by payment to the Partnership in cleared immediately available funds. All contributions of capital shall be recorded by the Partnership in a Capital Account maintained for the relevant Member. The Capital Account for each Member shall also specify the number of Participations nominally issued to that Member in return for its Capital Contribution. No Member shall be required to contribute additional capital on the insolvency of the Partnership.

**Policy with respect to Members' distributions, Members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by Members**

No Member shall be entitled to make any drawings from the Partnership on account of their share of any Profits unless otherwise agreed by the Members by Enhanced Resolution. No drawings shall be made unless the bank account of the Partnership contains and/or is reasonably expected to receive funds for this purpose in excess of the amount necessary to meet the current outstanding and expected liabilities of the Partnership. If, in any Accounting Reference Period, the aggregate amount drawn by any Member is found to exceed his share of the Profits for that Accounting Reference Period, he shall immediately refund such excess to the Partnership together with interest at the rate of 3 per cent. per annum above base rate. The Members may determine by Special Resolution to distribute some or all of the Profits standing to the credit of any Member's account. Unless such a determination is made, Members shall not be entitled to withdraw any Profits allocated to them, and each Member agrees that all Profits of the Partnership allocated to it shall be available to the Partnership to make further investments.

**Operational Real Estate Finance LLP  
Report of the Members Continued  
For the year ended 30 September 2020**

All contributions of capital shall be recorded by the LLP in a Capital Account maintained for the relevant Member.

No Member shall be required to contribute additional capital on the insolvency of the LLP.

A Member's Capital Contribution shall be repaid only in the following circumstances:

- if the Members by Enhanced Resolution so agree;
- in accordance with clause 20; or
- on the winding up of the LLP.

**Provision of information to auditors**

Each of the persons who are designated members at the time when the members' report is approved has confirmed that:

So far as that designated member is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and

That designated member has taken all the steps that ought to have been taken as a designated member in order to be aware of any information needed by Partnership's auditors in connection with preparing their report and to establish that the Partnership's auditors are aware of that information.

Designated Members are:

Corporate Trading Companies Designated Member Limited (Reg No. 08123041) Appointed on 18 September 2014

Corporate Trading Companies Secretaries Limited (Reg No. 05715822) Appointed on 18 September 2014

This report was approved by the members on ~~21 Jun 2021~~ and signed on their behalf by:



Edward Mole

For and on behalf of Corporate Trading Companies Designated Member Limited

## **Independent Auditor's Report to the Members of Operational Real Estate Finance LLP**

### **Opinion**

We have audited the financial statements of Operational Real Estate Finance LLP (the 'LLP') for the year ended 30 September 2020 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 LLP's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability 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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

## **Independent Auditor's Report to the Members of Operational Real Estate Finance LLP Continued**

### **Responsibilities of Members**

As explained more fully in the members' 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

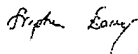
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of the audit report**

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



Stephen Eames  
(Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: 21-Jun-2021

Operational Real Estate Finance LLP  
Profit and Loss Account  
For the year ended 30 September 2020  
Reg No: OC395395

	Notes	Year ended 30 September 2020	Year ended 30 September 2019
		£	£
<b>TURNOVER</b>		3,089,708	1,213,872
<b>EXPENSES</b>		(909,738)	(397,379)
<b>OPERATING PROFIT</b>	<b>2</b>	2,179,970	816,493
Interest receivable		-	80
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		2,179,970	816,573
Tax on profit on ordinary activities		-	-
<b>PROFIT AFTER TAX</b>		2,179,970	816,573
<b>RETAINED PROFIT BROUGHT FORWARD</b>		875,343	69,973
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		3,055,313	886,546
Profits distributed to Members		(39,947)	(11,203)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		3,015,366	875,343

All operations are classified as continuing.

The notes on pages 8-10 form part of these financial statements.

There are no recognised gains and losses for the current financial period other than those stated in the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been presented.



**Operational Real Estate Finance LLP**  
**Balance Sheet**  
**As at 30 September 2020**  
**Reg No: OC395395**

	Notes	30 September 2020 £	30 September 2019 £
<b>NON CURRENT ASSETS</b>			
Intangibles	3	<u>20,492</u>	<u>45,068</u>
		20,492	45,068
<b>CURRENT ASSETS</b>			
Loans Outstanding	4	53,982,620	35,259,076
Debtors	5	692,108	317,635
Cash at bank and in hand		<u>442,640</u>	<u>177,223</u>
		55,117,367	35,753,934
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(101,741)	(340,742)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>55,036,119</u>	<u>35,458,260</u>
<b>REPRESENTED BY:</b>			
<b>Equity</b>			
Members other interests	7	52,020,753	34,582,917
Profit and loss account	7	3,015,366	875,343
		<u>55,036,119</u>	<u>35,458,260</u>

The financial statements have been prepared in accordance with the special provisions relating to LLPs subject to the small LLPs regime within Part 15 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with the Financial Reporting Standard 102 Section 1A and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

These financial statements were authorised and approved for issue on **21-Jun-2021**

by the members of Operational Real Estate Finance LLP on behalf of the Partners.



.....  
**Edward Mole**  
For and on behalf of Corporate Trading Companies Designated Member Limited  
Designated Member

The notes on pages 8-10 form part of these financial statements.

**Operational Real Estate Finance LLP**  
**Notes to the financial statements**  
**For the year ended 30 September 2020**

**General Information**

Operational Real Estate Finance LLP is a limited liability partnership incorporated in the United Kingdom. The address of its registered office and principal place of business is 338 Euston Road, London NW1 3BG. The principal activity of the Partnership during the year was asset financing.

The functional currency of the Partnership is pounds Sterling as this is the currency of the primary economic environment in which the Partnership operates.

**1. Accounting policies**

The principal accounting policies are summarised below.

**a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 - Section 1A and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

**b) Going Concern**

The financial statements have been prepared on the going concern basis. The members have assessed the impact of Covid-19 to the LLP and the members expect the LLP to have adequate funds available from reserves and current trading activities to enable it to continue as a going concern for at least 12 months from the date of signing the financial statements.

**c) Cash flow statement**

The financial statements do not include a Cash flow statement because the Partnership, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard 102 Section 1A.

**d) Service fees and annual management charges**

A service fee of 1.5% p.a. of Elm Trading Ltd's investment value is charged on a monthly basis through the partnership and deducted from Elm Trading Ltd's share of the Partnership income before it is credited to the current accounts. Elm Trading Ltd is member in the Partnership. Annual fees of 1.5% and 2.5% of the partnership capital are charged for all other

**e) Turnover**

Turnover represents income derived from financing activities as follows:

- i) Interest - on the drawn down loan balance on an accruals basis over the life of the facility;
- ii) Non-utilisation fee - on an accruals basis over the life of the loan;
- iii) Arrangement fees - on receipt;
- iv) Exit fees - the minimum exit fee on each facility on an accruals basis over the life of the loan.

**f) Taxation**

The taxation payable on the Partnership profits is the personal liability of the Members, therefore neither partnership taxation nor related deferred taxation are accounted for in the financial statements.

**g) Intangible fixed assets**

Intangible assets represents the LLP Set Up Costs. The set up cost is being amortised over 36 months on a straight line basis.

**h) Loans**

The loans issued are held at cost plus accrued/capitalised interest and fees to the extent they are fully recoverable. A monthly impairment review is done on each individual loan. No impairments have been included in these accounts.

**i) Members' participation rights**

Other than those decisions to be determined by the Members by Special Resolution or Enhanced Resolution, all matters to be determined by the Partnership or the Members, and any other matter relating to the day-to-day business and affairs of the Partnership, shall be determined by the Members by a majority of votes. In respect of each decision or resolution each Member shall have one vote in respect of each Participation held by it.

Unless the Members otherwise agree by Enhanced Resolution, the Profits and Losses of the Partnership shall be shared by the Members in proportion to their Participation Percentages and no Member shall be required to contribute additional capital on the insolvency of the Partnership.

**Operational Real Estate Finance LLP**  
**Notes to the financial statements (continued)**  
**For the year ended 30 September 2020**

**i) Members remuneration**

No remuneration is paid to the Members.

**j) Financial instruments**

Financial instruments are included under the provisions of Section 11 'Basic Financial Instruments' of FRS 102. Basic financial instruments, which include trade and other receivables, cash and bank balances and trade and other payables are measured at transaction price including transaction costs.

**k) Intangible assets**

Intangible assets represent professional fees incurred in the creation of the Partnership and its trading activities. They are amortised on a straight line basis over three years.

**2. Operating profit**

Operating profit is disclosed after charging:

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Auditor's remuneration	15,600	14,520
Service fees and annual management charges	<u>863,789</u>	<u>353,268</u>

The average number of Members during the period to 30 September 2020 was 395 (2019: 105).

**3. Intangible fixed assets**

	£
<b><u>Cost</u></b>	
At 30 September 2019	73,740
At 30 September 2020	<u>73,740</u>
<b><u>Amortisation</u></b>	
At 30 September 2019	28,672
In period	<u>24,576</u>
At 30 September 2020	<u>53,248</u>
<b>Net book value at 30 September 2019</b>	<u><u>45,068</u></u>
<b>Net book value at 30 September 2020</b>	<u><u>20,492</u></u>

	30 September 2020 £	30 September 2019 £
<b>4. Loans</b>		
Loans Receivable		
- due within one year	7,221,310	3,009,430
- due after one year	46,761,310	32,249,646
	<u>53,982,620</u>	<u>35,259,076</u>

	£	£
<b>5. Debtors</b>		
Other debtors	53,057	30,717
Interest	542,568	254,016
Exit Fees	96,483	32,902
	<u>692,108</u>	<u>317,635</u>

**Operational Real Estate Finance LLP**  
**Notes to the financial statements (continued)**  
**For the year ended 30 September 2020**

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

	£	£
Other creditors	101,741	340,742
	<u>101,741</u>	<u>340,742</u>

**7. Reconciliation of Members interests**

	Members Capital (classified as equity)	Profit and Loss Account	Total
	£	£	£
At 30 September 2018	6,614,200	69,973	6,684,173
Capital introduced	32,205,000	-	32,205,000
Capital withdrawn	(4,236,283)	-	(4,236,282)
Profit in the year available for division among Members	-	816,573	816,573
Distributions	-	(11,203)	(11,203)
At 30 September 2019	<u>34,582,917</u>	<u>875,343</u>	<u>35,458,260</u>
At 30 September 2019	34,582,917	875,343	35,458,260
Capital introduced	21,747,700	-	21,747,700
Capital withdrawn	(4,309,864)	-	(4,309,864)
Profit in the year available for division among Members	-	2,179,970	2,179,970
Distributions	-	(39,947)	(39,947)
At 30 September 2020	<u>52,020,753</u>	<u>3,015,366</u>	<u>55,036,119</u>

**8. Capital commitments**

	30 September 2020 £	30 September 2019 £
Loan facilities entered into but not drawdown at the year end	<u>30,880</u>	<u>39,230</u>

**9. Winding up**

In the event of any winding up or dissolution of the Partnership (other than in circumstances of insolvency) the net assets of the Partnership (or proceeds of the sale of such assets) shall be distributed to Members in the proportions of their capital contributions at the date of commencement of any such winding up or dissolution.

**10. Controlling party**

The Partnership is controlled by the designated members as delegated to the management team and as such there is no one controlling party.

The largest group of undertakings for which the results of the LLP are consolidated is that headed up by Elm Trading Limited. The consolidated financial statements of Elm Trading Limited can be obtained from 338 Euston Road, London NW1 3BG.

**11. Related party transactions**

During the year service charge fees of £727,190 were paid to the Partnership's parent Elm Trading Ltd (2019: £282,157).

Service charge fees of £136,599 were also paid to Alpha Real Property Investments Advisers LLP (2019: £71,111).

The Partnership's parent Elm Trading Ltd's movement in capital commitments was £16,200,000 (2019: £23,062,882)

There are no balances outstanding at year end.