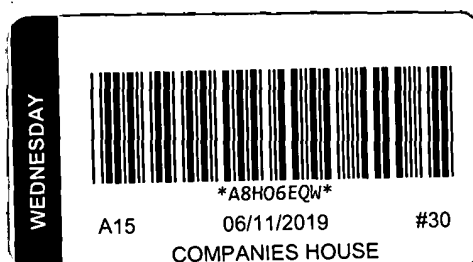


Registered number: OC402270

CHATHAM LLP
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019



CHATHAM LLP
REGISTERED NUMBER:OC402270

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investment property	5	32,600,000	39,000,000
Current assets			
Debtors: amounts falling due within one year	6	1,347,663	488,840
Cash at bank and in hand		533,462	1,369,461
		<u>1,881,125</u>	<u>1,858,301</u>
Creditors: amounts falling due within one year	7	(24,723,790)	(880,777)
Net current (liabilities)/assets		<u>(22,842,665)</u>	<u>977,524</u>
Total assets less current liabilities		<u>9,757,335</u>	<u>39,977,524</u>
Creditors: amounts falling due after more than one year	8	-	(24,940,465)
Net assets		<u><u>9,757,335</u></u>	<u><u>15,037,059</u></u>
Represented by:			
Other amounts	10	2,842,549	1,541,851
Members' other interests			
Members' capital classified as equity		19,680,722	19,680,722
Other reserves classified as equity		<u>(12,765,936)</u>	<u>(6,185,514)</u>
		<u>6,914,786</u>	<u>13,495,208</u>
		<u><u>9,757,335</u></u>	<u><u>15,037,059</u></u>
Total members' interests			
Loans and other debts due to members	10	2,842,549	1,541,851
Members' other interests		<u>6,914,786</u>	<u>13,495,208</u>
		<u><u>9,757,335</u></u>	<u><u>15,037,059</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

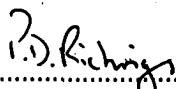
CHATHAM LLP
REGISTERED NUMBER:OC402270

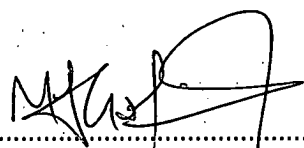
BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The financial statements have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

The entity has opted not to file the statement of comprehensive income in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:


.....
Bridges Property Alternatives Fund III
(General Partner) LLP
Designated member


.....
Emreka Investments GP Limited
Designated member

Date: 30/09/2019

The notes on pages 4 to 12 form part of these financial statements.

CHATHAM LLP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Members capital (classified as equity) £	Other reserves £	Total equity £
At 1 April 2017	19,680,722	(2,784,083)	16,896,639
Comprehensive income for the year			
Loss for year for discretionary division among members	-	(3,401,431)	(3,401,431)
Total comprehensive income for the year	-	(3,401,431)	(3,401,431)
At 1 April 2018	19,680,722	(6,185,514)	13,495,208
Comprehensive income for the year			
Loss for year for discretionary division among members	-	(6,580,422)	(6,580,422)
Total comprehensive income for the year	-	(6,580,422)	(6,580,422)
At 31 March 2019	19,680,722	(12,765,936)	6,914,786

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Chatham LLP (the "LLP") is a Limited Liability Partnership domiciled and incorporated in England and Wales.

The address of its registered office and its place of business is 38 Seymour Street, London, W1H 7BP.

The principal activity of the LLP is the investment in a shopping centre from which rental income is received.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

Monetary amounts in these financial statements are rounded to the nearest whole £1 except where otherwise indicated.

The financial statements are presented in sterling which is the functional currency of the LLP.

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

The following principal accounting policies have been applied:

2.2 Going concern

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

On 26 April 2019, the shopping centre, held as an investment property on the Balance Sheet, was disposed of. As a result of this disposal, the LLP will cease to generate rental income. However, as part of the contractual terms of the sale, the LLP will be required to exist for a minimum of two years in order to facilitate any potential payment obligations to the buyer. These will be funded from the LLP's disposal proceeds, if required.

2.3 Revenue

Revenue represents amounts receivable for rent, net of value added tax (VAT). Rental income that has been invoiced in the year but relates to the subsequent period has been treated as deferred income.

2.4 Operating leases: the LLP as lessor

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Investment property

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

2.6 Debtors

Short term debtors are measured at the transaction price, less any impairment.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

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

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

The LLP uses an interest rate cap in order to reduce its exposure to rising interest rates on a variable rate loan. The premium paid to enter into the cap reflects the fair value of the cap at inception. The cap is subsequently measured at fair value through the Statement of Comprehensive Income and due to the cap being an option the fair value will always be an asset. If the strike rate is not achieved then the cap is not exercised and there is no net settlement.

2.9 Creditors

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

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.11 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest rate method.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

Investment properties are stated at fair value. At 31 March 2019, the investment property is valued at its post-year-end sales price, less retentions.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the lessee, where the LLP is a lessor.

4. Employees

The entity has no employees.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Investment property

	Long term leasehold investment property £
Valuation	
At 1 April 2018	39,000,000
Additions at cost	180,421
Revaluation	(6,580,421)
At 31 March 2019	32,600,000
Comprising	
Cost	45,365,935
Annual revaluation deficit:	
2017	(2,784,083)
2018	(3,401,431)
2019	(6,580,421)
At 31 March 2019	32,600,000

The fair value of the LLP's investment property as at 31 March 2019 is based on the post-year-end sales price, less retentions, of the property in April 2019.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	394,366	190,429
Amounts owed by members	635,895	-
Other debtors	59,491	48,194
Prepayments and accrued income	255,039	247,345
Financial instruments	2,872	2,872
	<u>1,347,663</u>	<u>488,840</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Loan facility - See note 9	23,886,862	(86,430)
Other taxation and social security	224,654	252,811
Other creditors	46,132	47,729
Accruals and deferred income	566,142	666,667
	<u>24,723,790</u>	<u>880,777</u>

Secured loans

Hatfield Philips Agency Services Limited, the Security Agent, holds both a fixed and floating charge over the freehold and leasehold property owned by the LLP as well as any cash balances in relation to the loan issued. The amount owed by the LLP under this charge at 31 March 2019 was £25,000,000 (2018: £25,000,000). The bank loan bears interest of 2.75% plus LIBOR.

The loan was repaid in April 2019 from the proceeds from the sale of the investment property (see note 11).

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Loan facility - See note 9	-	24,940,465

Secured loans

Hatfield Philips Agency Services Limited, the Security Agent, holds both a fixed and floating charge over the freehold and leasehold property owned by the LLP as well as any cash balances in relation to the loan issued. The amount owed by the LLP under this charge at 31 March 2019 was £25,000,000 (2018: £25,000,000). The bank loan bears interest of 2.75% plus LIBOR.

The loan was repaid in April 2019 from the proceeds from the sale of the investment property (see note 11).

9. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Loan facility	23,886,862	(86,430)
Amounts falling due 1-2 years		
Bank loans	-	451,389
Amounts falling due 2-5 years		
Loan facility	-	5,357,132
Amounts falling due after more than 5 years		
Loan facility	-	19,131,944
	<u>23,886,862</u>	<u>24,854,035</u>

The above bank loan is shown net of transaction costs, which are being unwound over the expected life of the loan. Since the loan was repaid in full on 26 April 2019, the full balance has been displayed as repayable within one year of 31 March 2019, which includes a debit balance of £59,897 (2018: £86,430) relating to transaction costs that are to be unwound.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Loans and other debts due to members

	2019 £	2018 £
Other amounts due to members	<u>2,842,549</u>	<u>1,541,851</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

11. Post balance sheet events

On 26 April 2019, Chatham LLP disposed of its shopping centre, which is held as an investment property, for gross proceeds (excluding retentions) of £34,875,000. As a result of this disposal, the LLP will cease to generate rental income. However, as part of the contractual terms of the sale of the investment property, the LLP will be required to exist for at least five years in order to facilitate any potential payment obligations from the buyer. These will be funded from the LLP's disposal proceeds, if required.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12. Reconciliation of members' interests

	EQUITY			DEBT	Total
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors	members' interests
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	Total
	£	£	£	£	£
Amounts due to members				352,932	
Balance at 1 April 2017	19,680,722	(2,784,083)	16,896,639	352,932	17,249,571
Members' remuneration charged as an expense	-	-	-	2,038,919	2,038,919
Loss for the year available for discretionary division among members	-	(3,401,431)	(3,401,431)	-	(3,401,431)
Members' interests after profit for the year	19,680,722	(6,185,514)	13,495,208	2,391,851	15,887,059
Drawings	-	-	-	(850,000)	(850,000)
Amounts due to members				1,541,851	
Balance at 31 March 2018	19,680,722	(6,185,514)	13,495,208	1,541,851	15,037,059
Members' remuneration charged as an expense	-	-	-	1,300,698	1,300,698
Loss for the year available for discretionary division among members	-	(6,580,422)	(6,580,422)	-	(6,580,422)
Members' interests after profit for the year	19,680,722	(12,765,936)	6,914,786	2,842,549	9,757,335
Amounts due to members				2,842,549	
Balance at 31 March 2019	19,680,722	(12,765,936)	6,914,786	2,842,549	9,757,335

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

CHATHAM LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Auditors' information

The auditors' report on the financial statements for the period ended 31 March 2019 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report: We draw attention to note 11 of the financial statements, which describes the effects of the disposal of the investment property post year-end on the LLP's operations. Our opinion is not modified in respect of this matter.

The audit report was signed on 1/10/19 by Matthew Neill BA (Hons) MA ACA (senior statutory auditor) on behalf of Creaseys Group Limited.