

CASTLEPOINT GENERAL PARTNER LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Registered Number: 03393526



CASTLEPOINT GENERAL PARTNER LIMITED

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CASTLEPOINT GENERAL PARTNER LIMITED

Directors	S B Moscow J F Brophy J R Dunne	
Secretary	H Kidd SLA Coprorate Secretary Limited	(resigned 11 June 2021) (appointed 11 June 2021)
Registered Office	11th Floor Two Snow Hill Birmingham B4 6WR	
Legal Advisors	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR	
Independent Auditor	KPMG LLP 15 Canada Square Canary Warf London E14 5GL	

CASTLEPOINT GENERAL PARTNER LIMITED

Directors' Report

The Directors have pleasure in submitting their report together with the Financial Statements of Castlepoint General Partner Limited ("the Company") (registration number 03393526) for the year ended 31 December 2021.

Principal activity and review of the business

The principal activity of the Company is to act as general partner to Castlepoint LP. The Limited Partnership Agreement (LPA) expired on 30 September 2021 and as per the terms of the LPA, each Partner had the option to leave the Partnership and redeem their interest. In addition, the Operator commenced marketing the Partnership's assets for sale from the 1st October with the aim of distributing the Partnership's assets once disposed. Two of the existing Partners have agreed to purchase the interest belonging to the other two Partners in addition to the share capital of the General Partner. As part of the transfer of interest, the term of the Agreement is being extended for a period of three months to facilitate the trade as a transfer of going concern. The new owners of the Partnership have indicated to the existing General Partner that they intend to maintain the Partnership and the General Partner going forward.

The principal activity of the Company is to act as general partner to Castlepoint LP. The Directors do not anticipate any change in the activities in the foreseeable future.

The Company holds a 0.0028% interest in Castlepoint LP and holds 100% of the ordinary share capital of Castlepoint Nominee Limited. Details of the Company's investments are disclosed in note 8 of the Financial Statements.

The results for the year are set out in the Statement of Comprehensive Income on page 7. Loss after taxation for the year was £430 (2020: £1,444). The Directors do not recommend the payment of a dividend (2020: £nil).

Directors and secretary

The names of the Directors and secretary of the Company are listed on page 1. The Directors all held office throughout the year and to the date of this report, unless otherwise shown.

Political and charitable contributions

The Company made no political or charitable donations during the year (2020: £nil).

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 UK-adopted international accounting standards 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

CASTLEPOINT GENERAL PARTNER LIMITED

Directors' Report (continued)

- 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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is 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.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board



Simon Brett Moscow

08/06/2022

Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT GENERAL PARTNER LIMITED

Opinion

We have audited the financial statements of Castlepoint General Partner Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets, Statement of Cash Flows, and related notes, including the accounting policies in

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on an extension of the Castlepoint Limited Partnership Agreement following an expected acquisition interests in the partnership belonging to other Limited Partners by two of the existing Limited Partners. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusions based on our financial statement audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of meetings held with those charged with governance; and
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT GENERAL PARTNER LIMITED (CONTINUED)

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the company's revenue streams are simple in nature and are easily verifiable to agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We substantively tested all material journal entries and post-closing entries, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion the management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any and discussed with the management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the company's ability to operate. Auditing standards limit the required audit procedures to identify noncompliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' Report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT GENERAL PARTNER LIMITED (CONTINUED)

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' Responsibilities

As explained more fully in their statement set out on pages 2 to 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

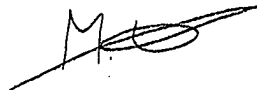
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company'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 Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Warf
London, E14 5GL
8 June 2022

CASTLEPOINT GENERAL PARTNER LIMITED

Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £	2020 £
Income from partnership interest	3	589	716
Unrealised loss arising on adjustment to fair value of partnership interest		(47)	(1,205)
Professional fees		(762)	(758)
Bank charges		(210)	(197)
Loss before taxation		<u>(430)</u>	<u>(1,444)</u>
Taxation	5	-	-
Loss after taxation		<u>(430)</u>	<u>(1,444)</u>

All amounts are derived from continuing operations.

There is no other comprehensive income as defined by IAS 1 and as such no statement of other comprehensive income has been presented.

The notes on pages 11 to 22 form an integral part of these Financial Statements.

CASTLEPOINT GENERAL PARTNER LIMITED

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
ASSETS			
Non-current assets			
Partnership interest	8	1,589	1,636
Investment in Castlepoint Nominee	8	2	2
		<u>1,591</u>	<u>1,638</u>
Current assets			
Trade and other receivables	9	674	888
Cash and cash equivalents	10	7,907	7,314
		<u>8,581</u>	<u>8,202</u>
Total assets		<u>10,172</u>	<u>9,840</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	(762)	-
Net assets		<u>9,410</u>	<u>9,840</u>
Net assets are analysed as:			
Called up share capital	13	1,000	1,000
Revaluation reserve		589	636
Profit and loss reserve		7,821	8,204
Net assets		<u>9,410</u>	<u>9,840</u>

The Financial Statements were approved by the Board of Directors and signed on their behalf by:



Simon Brett Moscow

08/06/2022

Date

The notes on pages 11 to 22 form an integral part of these Financial Statements.

CASTLEPOINT GENERAL PARTNER LIMITED

Statement of Changes in Net Assets for the year ended 31 December 2021

	Called up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
Net assets at 1 January 2021	1,000	636	8,204	9,840
Loss for the year	-	(47)	(383)	(430)
Net assets at 31 December 2021	1,000	589	7,821	9,410

Statement of Changes in Net Assets for the year ended 31 December 2020

	Called up share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
Net assets at 1 January 2020	1,000	1,841	8,443	11,284
Loss for the year	-	(1,205)	(239)	(1,444)
Net assets at 31 December 2020	1,000	636	8,204	9,840

The notes on pages 11 to 22 form an integral part of these Financial Statements.

CASTLEPOINT GENERAL PARTNER LIMITED

Statement of Cash Flows for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Cash generated from/(used in) operations	12	593	1,297
Taxation paid		-	(3)
Net increase/(decrease) in cash and cash equivalents		<u>593</u>	<u>1,294</u>
Cash and cash equivalents at beginning of the year		<u>7,314</u>	<u>6,020</u>
Cash and cash equivalents at end of the year		<u><u>7,907</u></u>	<u><u>7,314</u></u>

The notes on pages 11 to 22 form an integral part of these Financial Statements.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES

Basis of preparation

Castlepoint General Partner Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK.

The Financial Statements of the Company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with UK-adopted IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Where such judgements are made they are indicated within the accounting policies below.

The financial information in these Financial Statements has been prepared on the basis of standards applicable as at 31 December 2021.

Going concern

The financial statements have been prepared on a going concern basis which the Directors of the Company consider to be appropriate for the following reasons.

The Company's operations are dependent on Castlepoint LP (the "Limited Partnership") and accordingly, as the General Partner of the Limited Partnership, the Directors of the Company have prepared cash flow forecasts for a period of 19 months for the Limited Partnership from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Limited Partnership will have sufficient funds to meet its liabilities as they fall due for that period.

However, it is noted that the Partnership's term under its Limited Partnership Agreement (the 'Agreement') expired on 30 September 2021. Under the terms of the Agreement, the Operator commenced marketing the Partnership's assets for sale from the 1 October 2021 with the aim of distributing the Partnership's assets once the underlying property was disposed of. As noted in the Subsequent Events disclosure note (note 15), two of the existing Limited Partners have agreed heads of terms to purchase the interests in the Partnership belonging to the other Limited Partners, in addition to the share capital of the General Partner. Prior to the transfer of interest, the term of the Agreement is being extended for a period of three months to facilitate a transfer of the interests with the trade as a going concern. The continuing Limited Partners have indicated to the existing General Partner that they intend to maintain the existing operations in the Partnership and thus continue to operate it as a going concern.

The Directors of the Company have considered the ability of the Company to remain a going concern and note that, in a potential downside scenario, the extension of the Agreement and the purchase of interest by the two of the existing partners may not take place. Whilst they expect the proposed transaction to complete, because of the risk of non-completion, and because the operations of the Company are dependent on the Limited Partnership, the Directors of the Company have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Financial Statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company

A number of new standards were effective from 1 January 2021 but they had no affect on the Company's Financial Statements.

Early adoption of standards

The Company did not early adopt any new or amended standards in the year ended 31 December 2021.

Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The Financial Statements are presented in pound sterling, which is the Company's functional and presentation currency.

Revenue recognition

Revenue is recognised as follows:

a) Investment in partnership interest

The Company's investment in Castlepoint LP is designated as an asset held at fair value through profit or loss ("FVTPL").

b) Bank interest

Bank interest income is recognised on an accruals basis.

Expenditure

All expenses are accounted for on an accruals basis. Expenses are charged through the Statement of Comprehensive Income as and when incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are considered to be impaired when there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the receivables.

A provision for impairment of trade receivables is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2 DIRECTORS

No Directors received any remuneration during the year in respect of their services to the Company (2020: £nil).

3 INCOME FROM PARTNERSHIP INTEREST

	2021	2020
	£	£
Share of profit from Castlepoint LP	<u>589</u>	<u>716</u>

4 AUDIT FEES

The Company's audit fees are borne by Castlepoint LP. No remuneration was payable to the Company's auditor in respect of non-audit services (2020: £nil).

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

5 TAXATION

The current taxation charge for the year is £nil (2020: £nil).

No deferred tax arose during the year.

Recognised in the income statement

	2021	2020
Current tax expense		
Current year	<u>-</u>	<u>-</u>

Reconciliation of tax expense

	2021	2020
Loss before tax from continuing operations	<u>(430)</u>	<u>(1,444)</u>
Tax using the Company's domestic tax rate of 19% (2020: 19%)	<u>(82)</u>	<u>(274)</u>
Tax effect of:		
Unrealised loss arising on adjustment to fair value of partnership interest - not subject to tax	9	229
Tax loss carried forward	<u>73</u>	<u>45</u>
	<u>-</u>	<u>-</u>

6 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to various financial risks: credit risk, liquidity risk and market risk (including currency risk, price risk, cash flow interest rate risk, fair value interest rate risk and fair value risk).

The financial risks relate to the financial instruments set out by category in the following table:

As at 31 December 2021	FVTPL £	Other financial assets and liabilities at amortised cost £
Financial assets		
Partnership interest	1,589	-
Investment in Castlepoint Nominee	-	2
Trade and other receivables	-	674
Cash and cash equivalents	-	7,907
Financial liabilities		
Trade and other payables	-	762

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2020	FVTPL £	Other financial assets and liabilities at amortised cost £
Financial assets		
Partnership interest	1,636	-
Investment in Castlepoint Nominee	-	2
Trade and other receivables	-	888
Cash and cash equivalents	-	7,314
Financial liabilities		
Trade and other payables	-	-

The Company's policy for managing the risks associated with these financial instruments is set out below.

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Company. The Company has two investments and as such has a concentrated credit risk. This is, however, the stated purpose of the Company and the Directors are aware of this risk.

Castlepoint LP has policies relating to the management of the credit risk associated with its occupational tenants. This includes reviewing reports to assess the risk of rental income default and aiming to ensure that there are no excessive concentrations of risk so that the impact of default by a tenant is minimised.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The credit risk on cash and cash equivalents is mitigated as all cash is placed with a reputable banking institution. As at 31 December 2021, £7,907 (2020: £7,314) was held with Citibank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet its financial commitments. The Company mitigates the associated risk through regularly monitoring cash flows to ensure that the Company is able to meet financial demands as they fall due.

A summary table with the maturities of financial assets and liabilities is presented below.

	2021 £	2020 £
Financial assets - maturity over one year		
Partnership interest	1,589	1,636
Investment in Castlepoint Nominee	2	2
	<u>1,591</u>	<u>1,638</u>
Financial assets - maturity within one year		
Trade and other receivables	674	888
Cash and cash equivalents	7,907	7,314
	<u>8,581</u>	<u>8,202</u>
Financial liabilities - maturity within one year		
Trade and other payables	<u>762</u>	<u>-</u>

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Company is not exposed to foreign currency risk as all financial instruments are denominated in pound sterling, being the functional and presentational currency of the Company.

Price risk

The Company is not exposed to market price risk with respect to financial instruments.

Cash flow and fair value interest rate risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents. Interest receivable on cash and cash equivalents will be affected by movements in the market rate of interest. There is considered to be no fair value interest rate risk in regard to cash and cash equivalents. As at 31 December 2021, there were no long-term debt obligations or financial instruments in place giving rise to interest rate risk (2020: £nil).

At 31 December 2021, if market rate interest rates had been 100 basis points higher/lower with all other variables held constant, loss for the year would have been £79 lower/higher (2020: £73 lower/higher), as a result of the higher/lower interest income on cash and cash equivalents.

Trade and other receivables and trade and other payables are interest free and have settlement dates within one year.

The following table sets out the carrying amount of the Company's financial instruments to which an interest rate applies:

	Variable rate £	Weighted average interest rate
As at 31 December 2021		
Cash and cash equivalents	7,907	0.000%
	Variable rate £	Weighted average interest rate
As at 31 December 2020		
Cash and cash equivalents	7,314	0.000%

Fair value risk

(a) Determination of fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, the following fair value hierarchy categorisation has been used:

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets and

Level 2 - Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair values measured using inputs that are not based on observable market data (unobservable inputs).

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value risk (continued)

(b) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the financial assets and liabilities are included at an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation

The carrying amount of all financial assets and liabilities measured at amortised cost approximates their fair value.

The following methods and assumptions were used to estimate the fair value:

- trade and other receivables, cash and cash equivalents are the same as fair value due to the short term maturities of these instruments.

- trade and other payables are the same as fair value due to the short term maturities of these instruments.

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial assets and liabilities that are carried at amortised cost in the Statement of Financial Position.

	Carrying amount		Fair value	
	2021	2020	2021	2020
	£	£	£	£
Financial assets				
Investment in Castlepoint				
Nominee	2	2	2	2
Trade and other receivables	674	888	674	888
Cash and cash equivalents	7,907	7,314	7,907	7,314
	<u>8,583</u>	<u>8,204</u>	<u>8,583</u>	<u>8,204</u>
Financial liabilities				
Trade and other payables	762	-	762	-

(c) Fair value hierarchy for financial assets measured at fair value in the Statement of Financial Position

The table below presents the Company's financial assets measured at fair value by the level of fair value hierarchy.

31 December 2021	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£	£	£	£
Partnership interest	-	-	1,589	1,589

31 December 2020	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£	£	£	£
Partnership interest	-	-	1,636	1,636

There were no transfers between levels 1, 2 and 3 during the year (2020: none).

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value risk (continued)

(d) Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

	2021 £	2020 £
Partnership interest		
Increase in NAV of 5%	79	82
Decrease in NAV of 5%	(79)	(82)

(e) Fair value hierarchy for financial assets and liabilities measured at amortised cost in the Statement of Financial Position

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value but for which fair value is disclosed.

31 December 2021	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
Financial assets				
Investment in Castlepoint				
Nominee	-	2	-	2
Trade and other receivables	-	674	-	674
Cash and cash equivalents	7,907	-	-	7,907
	7,907	676	-	8,583
Financial liabilities				
Trade and other payables	-	762	-	762
31 December 2020	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
Financial assets				
Investment in Castlepoint				
Nominee	-	2	-	2
Trade and other receivables	-	888	-	888
Cash and cash equivalents	7,314	-	-	7,314
	7,314	890	-	8,204
Financial liabilities				
Trade and other payables	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year (2020: none).

The assets and liabilities included in the tables above and on the previous page are carried at amortised cost; their carrying amount is a reasonable approximation of fair value.

Trade and other receivables include the contractual amounts for settlement of trades and other obligations due to the Company.

Trade and other payables represent contract amounts and obligations due by the Company.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

7 RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Movements in the Company's interests are noted in the Statement of Changes in Net Assets.

Castlepoint General Partner Limited is a general partner in a limited partnership arrangement of which 0.0028% is held (note 8). The Company is entitled to receive a 0.01% share of all capital and income receipts per annum. During the year Castlepoint General Partner Limited earned a profit share of £589 (2020: £716) from Castlepoint LP. During the current year Castlepoint General Partner Limited incurred bank charges of £85 which have been recharged to Castlepoint LP (2020: £172). Amounts due from Castlepoint LP of £674 (2020: £888) are shown in note 9.

8 PARTNERSHIP INTEREST AND INVESTMENT IN CASTLEPOINT NOMINEE

Partnership interest

	2021	2020
	£	£
Opening fair value	1,636	2,841
Unrealised loss arising on adjustment to fair value	(47)	(1,205)
Closing fair value	<u>1,589</u>	<u>1,636</u>

As at 31 December 2021, the Company held a 0.0028% (2020: 0.0028%) interest in Castlepoint LP. The fair value listed above is a combination of the General Partners' capital (£1,000), loan account (£24), share of profit/loss (-£30) and the unrealised gain associated with the Investment property (£595) which is allocated based on the ownership percentage; the investment property has unobservable inputs of 6.99% net initial yield, 6.29% reversionary yield, 6.35% equivalent yield and £213.62 ERV per square metre.

Under the terms of Castlepoint LP's limited partnership agreement, the limited partners delegated authority and powers to manage the business objectives and policies of the Partnership to the Company. The Company has the right to:

- approve, amend or alter the levels of expenditure undertaken by the Partnership;
- receive reports from the Operator and a duty to monitor the performance of the Operator;
- sign the annual financial statements prepared by the Operator;
- represent itself or the Partnership in dealings with the Operator;
- to be consulted on the disposal of any interest in the property.

The duty of the Company is to represent and act in the best interests of the Partnership in its dealings with the Operator, or in relation to the protection of Partnership Assets, or in any other respect, except where the power to do so is assumed by the Operator.

The Company has concluded that it does not control, and should therefore not consolidate, Castlepoint LP as the Company is acting as an agent on behalf of the Limited Partners. While the Company can use its power to influence the level of returns generated for the Partnership, the level of returns, as described in note 7, received by the Company as a result of its power, is not sufficient to indicate that Castlepoint LP should be consolidated into the Company's Financial Statements.

Investment in Castlepoint Nominee

	2021	2020
	£	£
Opening/closing fair value	<u>2</u>	<u>2</u>

As at 31 December 2021, the Company held 100% (2020: 100%) of the ordinary share capital of Castlepoint Nominee Limited, a Nominee Company registered in England and Wales, registration number 03393551.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

9 TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Amounts falling due within one year		
Amounts due from Castlepoint LP	<u>674</u>	<u>888</u>

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts.

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. The amounts written off during the year totalled £nil (2020: £nil). Any movement in the balance considered to be impaired would be recognised in the Statement of Comprehensive Income.

As of 31 December 2021, trade receivables of £674 (2020: £888) were past due but not impaired.

As of 31 December 2021, trade receivables of £nil (2020: £nil) were impaired and provided for.

The ageing of these receivables is as follows:

	2021 £	2020 £
0 to 3 months	674	888
greater than 12 months	<u>-</u>	<u>-</u>
	<u>674</u>	<u>888</u>

10 CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash held at bank	<u>7,907</u>	<u>7,314</u>

11 TRADE AND OTHER PAYABLES

	2021 £	2020 £
Corporation tax	-	-
Sundry creditors	<u>762</u>	<u>-</u>
	<u>762</u>	<u>-</u>

12 CASH GENERATED FROM OPERATIONS

	2021 £	2020 £
Loss before taxation	(430)	(1,444)
Decrease in trade and other receivables	214	1,552
Increase/(decrease) in trade and other payables	762	(16)
Unrealised loss arising on adjustment to fair value of partnership interest	<u>47</u>	<u>1,205</u>
Cash generated from/(used in) operations	<u>593</u>	<u>1,297</u>

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

13 CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid		
25,000 'C' ordinary shares of 1p each	250	250
75,000 'E' ordinary shares of 1p each	750	750
	<u>1,000</u>	<u>1,000</u>

The C class shares and E class shares constitute separate classes of shares. Any increase in the authorised share capital of the Company, any allotment, consolidation, sub-division or alteration of any shares in the Company shall be deemed to be a variation of the Company's Memorandum of Association, Articles of Association and shall also be deemed to be a variation of the special class rights attached to the shares of each class. Subject to the aforesaid and as otherwise expressly provided in the Articles of Association, the C shares and E shares rank pari passu in all aspects.

The Company is owned by Abrdn Investment Management Limited (25,000 'C' shares at 1p each and 75,000 'E' shares at 1p each).

14 ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary undertaking of Abrdn plc which is the ultimate parent company incorporated in Scotland.

The largest group in which the results of the Company are consolidated is that headed by Abrdn plc, incorporated in Scotland. No other group financial statements include the results of the Company.

The consolidated financial statements of Abrdn plc are available to the public and may be obtained from 1 George Street, Edinburgh, EH2 2LL.

15 SUBSEQUENT EVENTS

Sale of Partners' interest

Following the expiry of the Partnership the wind up and liquidation process was commenced by the Manager and Operator acting as Liquidating Trustee. The first stage of the process was the marketing of the asset for sale in the open market which commenced on the 1st October and resulted in the receipt of numerous bids in late December. Included in the parties who came forward were two of the existing Limited Partners who made offers on the basis of both an asset sale and also the acquisition of the interests belonging to the other two Partners

The terms of the offers (including pricing) were the same on both bases and were at a value higher than any other party. As the cleanest proposal was for the Partners to acquire the interests of the outgoing Partners the terms were agreed and lawyers were instructed to commence the due diligence process and it is anticipated that the transaction completes on 24th June 2022.

Russia - Ukraine

Post the Balance Sheet date, on 24th February 2022, Russia launched a military offensive in Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats.

As at the date of the report the Partnership did not hold any assets in Ukraine or Russia. The Partnership's key suppliers do not have operations pertaining to the Partnership in Ukraine or Russia.

CASTLEPOINT GENERAL PARTNER LIMITED

Notes to the Financial Statements for the year ended 31 December 2021

15 SUBSEQUENT EVENTS (CONTINUED)

The situation in the region is rapidly evolving and the Partnership and the Manager continue to monitor the situation carefully and will take whatever steps are necessary and in the best interests of the Limited Partners. This includes but is not limited to ensuring that the requirements of all international sanctions are adhered to, managing the asset proactively to best mitigate risk and ensuring that the Manager and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats. At the time of writing, there is not expected to be any significant long term adverse impact from the military operation in Ukraine on the assets, operational activities, processes and procedures of the Partner.

CASTLEPOINT LP

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

LIMITED PARTNERSHIP NO. LP005457

CASTLEPOINT LP

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CASTLEPOINT LP

The Operator, General Partner, Nominee and Professional Advisors

Operator	Aberdeen Standard Alternative Funds Limited 1 George Street Edinburgh EH2 2LL	
Directors of the Operator	M A Kwiatkowski A Shanks A W Mitchell R J McKillop B C Fricke P Alonzi N L N Machray E J Smart	 (resigned 8 September 2021) (resigned 5 November 2021) (resigned 31 December 2021) (resigned 9 January 2022) (appointed 21 September 2021) (appointed 5 November 2021)
Secretary of the Operator	ABRDN Corporate Secretary Limited	
General Partner	Castlepoint General Partner Limited 11th Floor Two Snow Hill Birmingham B4 6WR	
Directors of the General Partner	S B Moscow J F Brophy J R Dunne	
Secretary of the General Partner	H Kidd ABRDN Corporate Secretary Limited	(resigned 11 June 2021) (appointed 11 June 2021)

CASTLEPOINT LP

The Operator, General Partner, Nominee and Professional Advisors (continued)

Nominee	Castlepoint Nominee Limited 11th Floor Two Snow Hill Birmingham B4 6WR
Directors of the Nominee	S B Moscow J F Brophy J R Dunne
Secretary of the Nominee	H Kidd (resigned 11 June 2021) ABRDN Corporate Secretary Limited (appointed 11 June 2021)
Independent Auditor	KPMG LLP 15 Canada Square Canary Warf London E14 5GL
Legal Advisors	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

CASTLEPOINT LP

General Partner's Report

The General Partner presents its report and Financial Statements of the Castlepoint LP ("the Partnership") (Limited Partnership number LP005457) for the year ended 31 December 2021.

Incorporation

The Partnership was registered as a Limited Partnership under the Limited Partnership Act 1907 on 2 July 1997. The Partnership is managed by Castlepoint General Partner Limited, which is responsible for management decisions and the business affairs of the Partnership.

Partners and their interests

The Partners at 31 December 2021 were as follows:

<i>Partner Name</i>	<i>Category</i>	<i>Admission Date</i>
Castlepoint General Partner Limited	General Partner	24 June 1997
Zurich Assurance Limited	Limited Partner (Ordinary/Preferred)	24 June 1997
Standard Life Assurance Limited	Limited Partner (Ordinary/Special/Preferred)	05 October 2001
Sackville Tandem Property (GP) Limited	Limited Partner (Preferred)	28 January 2004
Standard Life Investments (General Partner EPGF) Limited	Limited Partner (Special)	28 January 2004
JTC Fund Solutions (Jersey) Limited	Limited Partner (Ordinary)	28 April 2005
DV 4 Properties Castlepoint Co. Limited	Limited Partner (Ordinary)	18 February 2010
DV 4 Properties Castlepoint No.2 UK Limited	Limited Partner (Special)	18 February 2010

Individual Partners' interests are detailed in the breakdown of the Partners' capital, loan and current accounts in the Statement of Changes in Net Assets Attributable to Partners.

The principal activities and results of the Partnership are set out in the Strategic Report on page 5.

Statement of General Partners' Responsibilities in respect of the General Partner's Report, the Strategic Report and the Financial Statements

The general partner is responsible for preparing the General Partner's Report and the qualifying partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the general partner to prepare qualifying partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the general partner has elected to prepare the qualifying partnership financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period.

CASTLEPOINT LP

General Partner's Report (continued)

Statement of General Partners' Responsibilities in respect of the General Partner's Report, the Strategic Report and the Financial Statements (continued)

In preparing the qualifying partnership financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the qualifying partnership'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 qualifying partnership 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 qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

They are responsible for such internal control as they determine is 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 qualifying partnership and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The Directors of the General Partner who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware; and each Director of the General Partner have taken all the steps that he ought to have taken as a Director of the General Partner to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 5 to 7.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of Castlepoint General Partner Limited



Director of Castlepoint General Partner Limited

08/06/2022

Date

CASTLEPOINT LP

Strategic Report

The General Partner presents its strategic report of the Partnership for the year ended 31 December 2021.

Review of the business

Enhanced business review

The Partnership's principal activity during the year was the management, development and letting of a freehold investment property, namely Castlepoint Shopping Park in Bournemouth. After the park opened in October 2003 it was apparent that major defects were evident in the structure of the car park and walkways. The Partnership and the contractor responsible for the original build, Kier Group plc, have agreed that the solution to the defects is to demolish and rebuild the car park and walkways on a phased basis whilst the park remains operational and trading. This is a solution which best mitigates losses and maintains the park's position in the retail hierarchy of the region.

Results

The results for the year are set out in the Statement of Comprehensive Income on page 23. The increase in assets attributable to the Partners for the year was £2,189,550 (2020: decrease of £39,467,703), and the total distribution payable to the Partners in the year was £7,709,237 (2020: £8,533,729).

Key performance indicators

The Partnership produced a total return of 5.41% for the 12 months to 31 December 2021 against a total return of 21.64% for the Retail Warehouse Sub-sector of the Investment Property Databank ("IPD") Annual Universe.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the long term performance of the Partnership:

Car park

Since commencement of the car park and walkway rebuild in June 2018 car park phases 1, 2, 3 and 5B have all been completed and are open to the public. Reconstruction work is currently underway to complete the last two remaining phases, 4B & 5A, which are being undertaken at the same time in order accelerate the programme. Although, with the exception of Stage A, all walkway stages are still undergoing reconstruction and the target is to complete all walkway works by December 2022. During 2021 there has been delays in the construction manpower availability, materials procurement and manufacture which has led to delays from the intended overall completion date. However by undertaking the overlap of the last two phases it is intended to complete all rebuild works by end of March 2023 as opposed to August 2023 if done separately. Kier's insurers continue to meet all retailer claims in relation to the car park works and there only remains 3 retailers who are yet to enter into a car park remediation agreement with Castlepoint and Kier. At present no part of the defective car park is in use by the general public as it has either been rebuilt or is currently undergoing reconstruction.

Tenant claims

Settlement agreements were entered into between Kier Build Limited and Castlepoint LP in May 2014. These agreements represent a set of arrangements by which Kier, backed by its insurers, are to compensate Castlepoint for costs and losses it suffers as a result of the defects and the rebuild works. Accordingly, pursuant to the terms of the settlement agreements, Kier are liable to meet any tenant claims arising due to the defects / rebuild works.

CASTLEPOINT LP

Strategic Report (continued)

The settlement of claims against Kier Group plc

The Partnership has spent approximately £18.4m (2020: £17.7m) as a result of car park defects, £15.2m of which has been recovered.

From 24 June 2014 the Partnership received and will continue to receive, £375k per quarter in respect of damages for the loss of ability to use the lower ground floor areas as retail space for the duration of the rebuild works.

The Settlement Agreement was varied and became unconditional with effect from May 2018. The Partnership continues to incur expenses as a result of the defects in the car park and retrospective claims in regard to these costs have been made against Kier Group plc and their insurers. In the last year the Partnership has received £530,000 in relation to costs incurred. There remains the risk that until all works to rebuild the car park are complete and the extent of further claims are known that there may be costs, claims or expenses that are not covered, or are disputed, under the terms of the Settlement Agreement.

Property values

Conditions in the UK property market represent uncertainties in the operating environment rather than risks which can be managed. There are opportunities to move the asset forward in terms of value with new retailer demand, rent reviews and future development opportunities. These will however be affected by the defective car park and its rectification.

Planning and development

The lower ground floor areas have been converted and are open and operating as additional car parking spaces. These 3 areas are located under the West and East Galleries and underneath Asda. These areas comprise approximately 500 car parking spaces. The aim is to maintain in excess of 2,500 car park spaces for the public at all times during the rebuild works. Kier are obliged to reinstate the areas back to their previous condition upon completion of the car park rebuild works.

Tenant relationships

In the event of a tenant default or any other void period the Partnership would suffer a rental shortfall and incur additional expense until the property is relet. The Partnership seeks to minimise exposure to weak tenants in terms of covenant strength and continually monitors payment performance.

Going concern

The Directors of the General Partner have prepared cash flow forecasts for a period of 19 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Partnership will have sufficient funds to meet its liabilities as they fall due for that period.

The Partnership's term under its Limited Partnership Agreement (the 'Agreement') expired on 30 September 2021. Under the terms of the Agreement, the Operator commenced marketing the Partnership's assets for sale from the 1 October 2021 with the aim of distributing the Partnership's assets once the underlying property was disposed of. As noted in the Subsequent Events disclosure note (note 13), two of the existing Limited Partners have agreed heads of terms to purchase the interests in the Partnership belonging to the other Limited Partners, in addition to the share capital of the General Partner. Prior to the transfer of interest, the term of the Agreement is being extended for a period of three months to facilitate a transfer of the interests with the trade as a going concern. The continuing Limited Partners have indicated to the existing General Partner that they intend to maintain the existing operations in the Partnership and thus continue to operate it as a going concern.

CASTLEPOINT LP

Strategic Report (continued)

The Directors of the General Partner have considered the ability of the Partnership to remain a going concern and note that, in a potential downside scenario, the extension of the Agreement and the purchase of interest by the two of the existing partners may not take place. Whilst they expect the proposed transaction to complete, because of the risk of non-completion the Directors of the General Partner have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Financial Statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Future developments

Works to rebuild the car park and walkway commenced in June 2018. Phase 1 completed August 2019, Phase 2 in June 2020, Phase 3 in May 2021 and Phase 5B in October 2021. The overall programme remains scheduled to complete in Q1 2023. Once the car park and walkway works have been completed The Lower ground Floor Areas (LGFA's) will be converted back to their original state ready for any further development. The Partnership intends to eventually redevelop part of these lower ground floor areas for future retail and /or other uses after completion of the car park rebuild already underway.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy. On 11th November 2021, a new variant (Omicron), was detected in and led to a tightening of restrictions globally in an effort to manage the impact of this highly transmissible variant. The full impact and severity of disease caused by Omicron has yet to be fully determined and understood.

Many sectors of the real estate market saw positive capital growth during 2021 as global economies came out of lockdown and rebounded strongly. Travel, movement and operational restrictions were implemented, loosened and reimplemented to a lesser extent by many countries throughout 2021 and this pattern has continued into 2022. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19, including the development and roll out of vaccines and booster doses, continues to affect economies and real estate markets globally. Certain real estate sectors have been impacted harder than others with retail shopping centres and hospitality the hardest hit and logistics and distribution, residential and retail warehouses largely a beneficiary. The success of vaccine programmes continue to have a major impact on the speed and nature of economic recovery but the timing and form of the recovery remains uncertain, particularly with the emergence of new strains of COVID-19.

As at the reporting and valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Thus, property valuations, as at the valuation date, were not subject to material valuation uncertainty. The General Partner is continuing to utilise business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

On behalf of Castlepoint General Partner Limited



Director of Castlepoint General Partner Limited

08/06/2022

Date

CASTLEPOINT LP

Alternative Investment Fund Managers Directive Report

With effect from 7 July 2014, the Partnership entered into arrangements to comply with the Alternative Investment Fund Managers Directive ("AIFMD"). The AIFMD introduces a new authorisation and supervisory regime for all investment companies in the European Union. In accordance with the requirements of AIFMD the Partnership has appointed Standard Life Investments (Corporate Funds) Limited ("SLI (CF)") as its Alternative Investment Fund Manager ("AIFM") and Citibank Europe plc (previously Citibank International Limited) as its Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of the Partnership's assets and monitoring the Partnership's compliance with investment limits and leverage requirements.

The Partnership has put in place controls in the form of regular reporting from the AIFM and the depositary to ensure both are meeting their regulatory responsibilities in relation to the Partnership.

The AIFM has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually.

Investment strategy

The Partnership's principal activity during the year was the management, development and letting of an investment property, namely Castlepoint Shopping Park in Bournemouth.

The Partnership's registered address is Two Snow Hill, Birmingham, B4 6WR.

Leverage

There have been no changes to the maximum leverage allowed in the year. The Partnership's maximum and average actual leverage levels at 31 December 2021 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300%	200%
Actual	83%	83%

For the purposes of the AIFM Directive, leverage is any method which increases the Partnership's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Partnership's exposure to its net asset value and is calculated using both the gross and commitment method. Under the gross method exposure represents the sum of the Partnership's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are off set against each other. The Partnership has undertaken no hedging activity during the financial year (2020: £nil).

Liquidity risk management

Under the terms of the Limited Partnership Agreement, which expired on 30 September 2021, a Limited Partner can dispose of their interest in the Partnership only if they find a suitable alternative Limited Partner to purchase part or all of their interest in the Partnership.

On expiry of the Limited Partnership Agreement on 30 September 2021 each Partner had the option to leave the Partnership and redeem their interest in the Partnership.

CASTLEPOINT LP

Alternative Investment Fund Managers Directive Report (continued)

Remuneration Policy

The abrdn plc Remuneration Policy applies with effect from 1 January 2021. The purpose of the abrdn plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of abrdn. It has been approved by the abrdn plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the abrdn group of companies ("abrdn").

The Remuneration Committee of abrdn plc adopted an AIFM Remuneration Policy to ensure that the requirements of the Alternative Investment Fund Managers Directive (AIFMD) are fully adhered to by the group. This policy is available on request.

Remuneration Principles

abrdn applies Group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of abrdn. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of abrdn. Total variable remuneration will be funded through pre-agreed distribution metrics. Where abrdn's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for abrdn's long term economic viability.

In addition to applying the abrdn wide principles above, the following principles are also applied when determining remuneration for employees:

- a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;
- b) Our remuneration design will align the interests of employees, shareholders and importantly our clients/customers;
- c) Our remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;
- d) We will provide an appropriate level of fixed remuneration to balance risk and reward.

Governance and Regulatory Compliance

The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of abrdn plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of abrdn is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Team ("Executive Body") (as defined by the Board), if appropriate.

Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account. Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

CASTLEPOINT LP

Alternative Investment Fund Managers Directive Report (continued)

Conflicts of interest

The Conflicts of Interest Policy is designed to avoid conflicts of interest between abrdn and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to abrdn's Global Code of Conduct, which encompasses conflicts of interest.

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

- a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension).
- b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

- a) Fixed and variable components of total remuneration are appropriately balanced and
- b) The fixed component is a sufficiently high proportion of total remuneration to allow abrdn to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

Fixed Remuneration :

Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.

Benefits:

Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. abrdn will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.

Pension :

abrdn's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect abrdn's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, abrdn may offer a cash allowance in lieu of any pension arrangement.

Annual Performance Bonus Awards :

Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of abrdn. All Executive Directors are awarded bonuses under a abrdn bonus plan as detailed in the Directors' Remuneration Report.

CASTLEPOINT LP

Alternative Investment Fund Managers Directive Report (continued)

Other variable Pay Plans :

Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

Clawback/Malus

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Guaranteed Variable Remuneration

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of service.

AIFMD Identified Staff

Staff considered AIFMD Identified Staff are those categories of staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs that the AIFM manages.

AIFMD identified staff will include; Senior Management; Risk takers, Staff engaged in control functions; and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions

abrdn adheres to the principles and guidelines of regulations that apply to abrdn in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

abrdn will ensure that, as appropriate, senior employees engaged in a control function:

- a) Are independent from the Business Units they oversee;
- b) Have appropriate authority, and
- c) Their remuneration is directly overseen by the Remuneration Committee.

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant independent governing committee (either Risk & Capital Committee, or Audit Committee). abrdn's People Function reviews the remuneration of employees in control functions and benchmarks with the external market to ensure that it is market competitive and adequately reflects employees' skills and experience.

CASTLEPOINT LP

Alternative Investment Fund Managers Directive Report (continued)

Personal Hedging

AIFMD Identified Staff are not permitted to undermine the risk alignment effects of the AIFMD Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

Employee Remuneration Disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Standard Alternative Funds Limited to its entire staff;
- Aggregate total remuneration paid by Aberdeen Standard Alternative Funds Limited to its AIFM

The 'Identified Staff' of Aberdeen Standard Alternative Funds Limited are those employees who could have a material impact on the risk profile of Aberdeen Standard Alternative Funds Limited or the AIFM Funds it manages. This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from 1 January 2021 to 31 December 2021 inclusive.

	Headcount	Total Remuneration £'000
Aberdeen Standard Alternative Funds Limited ¹	162	40,609
of which :		
Fixed remuneration		27,768
Variable remuneration		12,841
Aberdeen Standard Alternative Funds Limited 'Identified Staff' ²	92	32,456
of which :		
Senior management ³	61	25,011
Other 'Identified Staff'	31	7,445

¹ As there are a number of individuals indirectly and directly employed by Aberdeen Standard Alternative Funds Limited this figure represents an apportioned amount of abrdn's total remuneration fixed and variable pay, apportioned to the Management Company on an AUM basis, plus any carried interest paid. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

² The Identified Staff disclosure relates to AIFM MRTs and represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company

³ Senior management are defined in this table as Management Company Directors and members of the abrdn plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

CASTLEPOINT LP

Risk Management Function

The Company functionally and hierarchically separates the functions of risk management from the operating units and portfolio management functions, to ensure independence and avoid any potential or actual conflicts of interest.

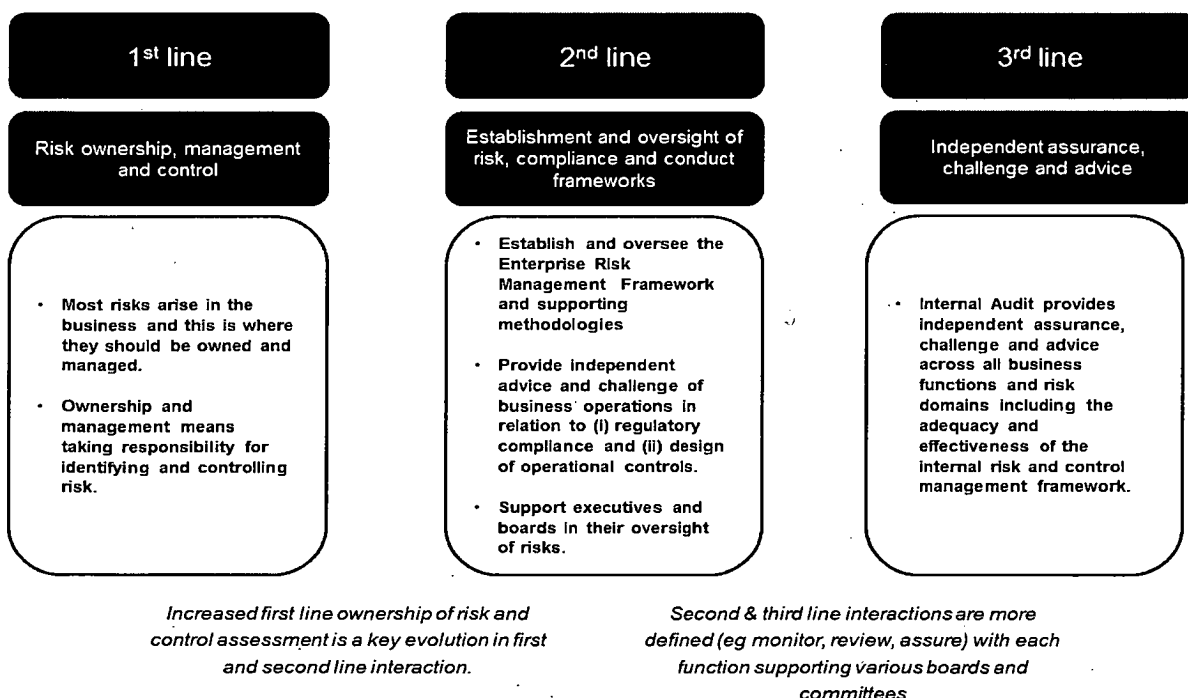
The Risk Management Function for ASI comprises both first line areas such as Investment Governance (including Investment Control) and second line areas such as Investment Risk and other risk functions.

The Risk Management Function has responsibility for:

- * Implementation of the risk management process and the development and maintenance of the Company's RMP;
- * Understanding the business and strategy from the product development phase and provide advice to the Board of Directors as regards the identification of the risk profiles of the funds;
- * The identification, measurement, management and monitoring of the risks of the Funds in order to ensure that the level of risk is aligned with the Fund's risk profile; and
- * Provision of regular updates to the board of directors/senior management on the adequacy and effectiveness of the risk management process indicating, where applicable, actual or anticipated deficiencies and their remedial measures.

Risk Management Framework – Three Lines of Defence

The management of investment risk within ASI is organised across distinct functions within SLA, aligned to the well-established 'three lines of defence' (LoD) model;



CASTLEPOINT LP

Risk Management Function (continued)

*** 1LoD – Functions that own and manage risks, reporting to the Chief Investment Officer.**

- a) Continuously improving the management of investments through the generation of value-added insight and the implementation of a robust control environment.
- b) Protecting the CIO's fiduciary responsibilities to ASI's clients.

*** 2LoD – Functions that oversee risk, reporting to the Group Chief Risk Officer, in particular the Investment Risk (IR) function**

- a) Providing assurance, advice and challenge to drive risk awareness and accountability in the business which is where most risks arise should be managed and owned.
- b) Managing the risks to the firm, and potential conflicts of interest in 1LoD.

*** 3LoD – Functions that provide independent assurance, reporting to the Chief Internal Auditor**

Investment risk management activity is owned and managed within the functionally and hierarchically independent 2LoD Risk & Compliance function. This mitigates potential conflicts of interest by preventing functions that own the risks from unilaterally establishing their own assessment and control frameworks.

Breach and Escalation procedures

The Risk Management Function provides regular reporting to the Board/senior management, which demonstrates the adequacy and effectiveness of the RMP. This indicates, where applicable, actual or anticipated deficiencies and the remedial measures. In addition, issues and events impacting the Company or the funds managed by the Company are logged in Shield, Aberdeen Standard Investments' operational risk system, by the relevant area within the prescribed time limits. The system allows for management information and reporting, and thematic issues and trends are highlighted for the attention of Senior Management. Significant events are also reported to the Board and other events may be reported depending on the potential impacts. The Management Company Board receives monthly event reports from the operational risk function that details all the events which have impacted the Funds, directly or indirectly.

Mandate Governance & Controls

Tripartite Process, The 'Tripartite process', which embodies our culture and values, is the cornerstone of mandate governance and is a key control against the risk of mandate failure thereby protecting the company from client complaints, regulatory censure and reputational damage. Equally, it conveys a strong and clear message to external stakeholders about how we strive to meet client expectations. It is a principle based set of processes and protocols that define how mandates are agreed, understood, documented and delivered. Its overarching aim is to develop and document a common understanding of all investment mandates between the following areas:

- * Investment Governors - Responsible for the oversight of investment risk and ensuring that the management of investment mandates can be adequately controlled and governed within the overall risk and control framework overseen by the Risk and Exposures Committee.
- * Investment Management - Responsible for the day to day management of the mandate and understanding the mandates objectives and constraints.
- * Appropriate Client representatives - Responsible for representing the clients' interests and developing and articulating the client or fund objectives).

CASTLEPOINT LP

Risk Management Function (continued)

Fund specific risk limits and monitoring

The RMP involves monitoring on a regular and systemic basis all funds under its purview, to allow both 1st and 2nd line risk teams to identify, measure and monitor risk and where necessary escalate appropriately, including to the Board any concerns and proposed mitigating actions.

As advised above, in developing the risk profiles for the funds ASI will determine and set specific risk limits appropriate for each Fund. In addition, there will be an early warnings system of potential changes in the portfolio risk monitoring triggers.

Regulatory limits as well as those set out in the Fund's prospectus (or equivalent documentation), are strictly enforced to ensure that ASI does not inadvertently (or deliberately) breach them and add additional risk exposure to the Fund. Where possible, these are coded into the front office dealing system, Charles River (used for equities, fixed income, multi-asset and the fund of long-only funds businesses) in a pre-trade capacity, preventing the fund manager adding to these exposures and breaching the set limits before the trade is actually executed. These limits are also monitored on a post-trade basis by the Investment Control department, who escalate any breaches immediately. The majority of hard limits set will aim to help prevent the occurrence of concentration risk.

Internal limits or guidelines are also in place to highlight any potential fund or strategy specific issues. These are captured as part of the Tripartite process. These provide an early warning system of potential changes in the portfolio and risks of the fund. They operate as triggers for further investigation every time they are exceeded. Any exceptions would be discussed by Tripartite and, where appropriate, the relevant portfolio manager will rectify within a reasonable timeframe.

Investment risk limits are generally metrics that are either derived from a risk model with modelling assumptions, regulatory defined market risk measures and/or liquidity risk measures.

Risk monitoring triggers are generally risk levels or limits determined by 1st and 2nd line risk teams, which operate as triggers for further investigation to prevent hard limit breaches. Every time they are exceeded the teams will as part of their periodic review cycle, where the data suggests a potential for a fund to be an outlier, review all positions on Funds to ensure that the Fund is not overly concentrated in any one specific area or issuer. Where the mandate is expressly focused in one particular country, region or asset class, the risk teams will take this into account. Any issues or concerns arising from risk parameters (controls, concentrations etc.) shall be promptly reviewed and discussed.

i) Market Risk Management Processes

Investment Risk is responsible for identification, monitoring and measurement of risks for real estate funds.

Real Estate - Quantitative risk systems are not typically deployed in the production of risk analytics for this asset class largely due to the lack of data and / or appropriate systems, within the industry, to produce meaningful output. The Investment Risk team utilise other metrics specific to the asset class. Such metrics may include, but are not limited to:

Real Estate

* **Tenant and Rent Roll Risk** – This measure attempts to capture and consider property vacancy, lease rolls, tenant quality and tenant concentration at an asset level (Direct Real Estate funds at a property level, Real Estate Multi-Manager at a target-fund level) to provide an indication of the stability of income.

* **Debt risk** – After a certain level, debt can significantly increase the volatility of return and limit the capacity of managing the asset appropriately. This measure captures and weights the loan to gross asset value, debt expiry, current and potential covenant breach and cost of debt at asset level to provide an indication of whether debt is **endangering the stability of income and the capacity of the fund management team to follow the fund's strategy.**

CASTLEPOINT LP

Risk Management Function (continued)

i) Market Risk Management Processes (continued)

* **Loan-To-Value (LTV)** – The use of gearing on an asset-by-asset basis can provide increased returns, but will also increase the risks a Fund is exposed to. As risk is a non-linear function of gearing, the unequal application of LTV can lead to outsized and / or disproportionate exposures to investment risk when compared to equally leveraged portfolios.

* **Refinancing Risk** – This measure captures and considers the risks inherent in refinancing any debt held within a portfolio. The indicator considers the loan to gross asset value, interest coverage, covenants and maturity of the debt facility, in order to determine whether the fund is at risk of failing to achieve a refinancing of the debt, or whether the fund is at risk of failing to achieve adequate terms commensurate with the expected return of the properties backing the facility.

* **Country and Sector Exposures** – Measures concentration of the fund's investments by country and sector

* **Top holdings** – Measures exposure to top individual holdings

* **Tenant Concentration and Tenant Industry Exposures** – Measures the % exposure to individual tenants and to the tenant industry

* **Returns Risk** – Measures the risk of returns being impacted by specific exposures; this could be capital or income driven.

These metrics are generated from a combination of sources, including MSCI, internal systems and tenant data. Once this data has been processed the Investment Risk team analyses reports, assessing absolute and relative exposures and trends across valuation points. Any issues / concerns identified prompt further investigation and escalation as appropriate. Breaches of hard risk limits will be escalated immediately via Tripartite. Funds are generally reviewed quarterly in line with typical valuation cycle, or more frequently as appropriate.

ii) Liquidity Risk

Liquidity risk is defined as the risk that a portfolio may need to raise cash or reduce derivative positions on a timely basis either in reaction to market events or to meet client redemption requests and may be obliged to sell long term assets at a price lower than their market value. Liquidity is also an important consideration in the management of portfolios: Portfolio Managers need to pay attention to market liquidity when sizing, entering and exiting trading positions.

Measuring liquidity risk is subject to three main dimensions:

* **Asset Liquidity Risk** – how quickly can assets be sold.

* **Liability Risk** - managing redemptions as well as all other obligations arising from the liabilities side of the balance sheet.

* **Contingency Arrangements or Liquidity Buffers** – utilising credit facilities etc.

CASTLEPOINT LP

Risk Management Function (continued)

ii) Liquidity Risk (continued)

Liquidity Risk Management Framework

ASI's liquidity risk management framework incorporates the ESMA guidelines on liquidity stress testing. Our liquidity risk management framework is broadly split in the following sections:

I. Liquidity risk management framework inputs and models

For real estate assets, the key liquidity risk methodology and approach are as follows:

- * The methods for liquidation take into account the fund's investment objectives through methodology for time to liquidate and cost to liquidate. For Real Estate, this is taken into account using the front office identifier of asset categorization, which indicates the intention of the portfolio manager to liquidate a property per the funds strategic plan.
- * Liquidity calculations to be performed at least annually. In the majority of cases this is quarterly. The factors determining the frequency applied to these are detailed in the ESMA LST policy.
- * Asset side stressed scenarios are considered based on the nature of different asset classes and their liquidity risks and the availability of data. The strategies of funds are also considered in the design of stress tests.
- * Liability side analysis includes stress scenarios on the investor profile as well as liabilities on the balance sheet.

II. Circumstances requiring escalation, including when liquidity limits/thresholds are breached

The Investment Risk team follows a methodology that includes a Red-Amber-Green (RAG) status in the output of the stress tests based on trigger limits for identifying circumstances requiring escalation. More bespoke trigger limits can be set through the Tripartite process as required. In the event of a material concern, the investment governor provides LST outcomes to the portfolio manager in the first instance, including the result of a breach of a limit or threshold. The methodology includes a RAG status based on trigger limits set for the liquidity mismatch for each stress test (see the ESMA LST policy for details). This allows the investment governor to include qualitative input before escalating to the IPC (for open ended funds) or IEC and the REC as appropriate.

iii) Counterparty credit risk

Counterparty credit risk is the risk of loss resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. Credit risk falls into both market risk and specific risk categories

iv) Operational Risk

Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes the breakdown of processes to comply with laws, regulations or directives.

Operational Risk Management Framework

An Operational Risk Management Framework is in place to identify, manage and monitor appropriate operational risks, including professional liability risks, to which the Management Company and the Funds are or could be reasonably exposed. The operational risk management activities are performed independently as part of one of the functions of the Risk Division.

The Group's Risk Management Framework is based upon the Basel II definition of operational risk which is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events".

CASTLEPOINT LP

Risk Management Function (continued)

Operational Risk Management Framework (continued)

The Group's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. The Group has developed a framework that embodies continuous improvement to internal controls and ensures that the management of risk is embedded in the culture of the Group.

The identification, management, monitoring and resolution of events, risks and controls are facilitated via the Group's risk management system, Shield. The system is designed to facilitate the convergence of governance, risk and compliance programmes and automate a comprehensive review and assessment of operational risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT LP

Opinion

We have audited the financial statements of Castlepoint Limited Partnership ("the qualifying partnership") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets Attributable to Partners, Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2021 and of its profit or the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of, the qualifying partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the qualifying partnership's ability to continue as a going concern is dependent on an extension of the Limited Partnership Agreement following an expected acquisition of interests in the partnership belonging to other Limited Partners by two of the existing Limited Partners. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the qualifying partnership's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The general partner has prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusions based on our financial statement audit work: we consider that the general partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT LP (CONTINUED)

- Enquiring of the general partner's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of meetings held with those charged with governance; and
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgmental and based on signed lease agreements with limited opportunity for manipulation. We did not identify any additional fraud risks.

We performed procedures including assessing significant accounting estimates for bias. We substantively tested all the material post-closing journals and based on the results of our risk assessment procedures and understanding of the process no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the general partner (as required by auditing standards) and discussed with the general partner the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the qualifying partnership is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related partnership legislation and companies' legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the qualifying partnership is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation recognising the nature of the qualifying partnership's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the general partner and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT LP (CONTINUED)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The general partner is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the general partners' report, the strategic report and the alternative investment fund managers directive report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

General Partner's Responsibilities

As explained more fully in the their statement set out on pages 3 and 4, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLEPOINT LP (CONTINUED)

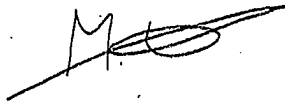
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Williams (Senior Statutory Auditor)
For and on behalf of KPMG LLP. Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Warf
London, E14 5GL
8 June 2022

CASTLEPOINT LP

Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £	2020 £
Rental income	1	11,832,398	12,749,292
Other income	2	4,597,722	3,965,013
Unrealised loss arising on adjustment to fair value of investment property	7	(1,693,587)	(43,391,740)
Operator fees	3	(492,444)	(577,003)
Void costs		(387,709)	(181,372)
Valuer's fees	3	(46,950)	(46,950)
Depository fees	3	(25,000)	(25,000)
Auditor's fees		(43,419)	(35,656)
Legal fees		(149,425)	(32,929)
Marketing contributions		(20,051)	(320)
Bad debts and movement in trade receivable provision		(723,417)	(899,083)
Service charge expenditure recovered	1	(2,794,877)	(2,426,181)
Other direct property costs		(186,170)	(163,322)
Operating profit/(loss)		9,867,071	(31,065,251)
Interest receivable		31,716	131,277
Profit/(Loss) for the year		9,898,787	(30,933,974)

There is no other comprehensive income as defined by IAS 1 and as such no statement of other comprehensive income has been presented.


The notes on pages 28 to 47 form an integral part of these Financial Statements.

CASTLEPOINT LP

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
ASSETS			
Non-current assets			
Freehold investment property	6	168,668,257	171,296,482
Trade and other receivables - receivable after one year	7	4,298,171	4,719,554
		<u>172,966,428</u>	<u>176,016,036</u>
Current assets			
Trade and other receivables - receivable within one year	7	3,735,773	6,601,251
Cash and cash equivalents	8	42,462,543	37,041,249
		<u>46,198,316</u>	<u>43,642,500</u>
Total assets		<u>219,164,744</u>	<u>219,658,536</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(6,674,098)	(9,357,313)
Distributions due to partners		(589)	(716)
Total liabilities		<u>(6,674,687)</u>	<u>(9,358,029)</u>
Net assets		<u>212,490,057</u>	<u>210,300,507</u>
Partners' capital			
Partners' capital		36,001,300	36,001,300
Partners' loan account		119,573,348	119,573,348
Partners' current account		1,945,647	1,945,647
Profit and loss reserve		33,548,766	29,665,629
Revaluation reserve		21,420,996	23,114,583
Net assets attributable to partners		<u>212,490,057</u>	<u>210,300,507</u>

The financial statements on pages 23 to 47 were approved by the General Partner on 08/06/2022 and were signed on its behalf by:


Director of Castlepoint General Partner Limited

08/06/2022
Date

The notes on pages 28 to 47 form an integral part of these Financial Statements.

CASTLEPOINT LP

Statement of Changes in Net Assets Attributable to Partners for the year ended 31 December 2021

	Castlepoint General Partner Ltd £	DV4 Properties Castlepoint Co. Ltd £	Zurich Assurance Ltd £	Standard Life Assurance Ltd £	JTC Fund Solutions (Jersey) Ltd £	DV4 Properties Castlepoint No.2 UK Ltd £	Standard Life Investments (General Partner EPGF) Ltd £	Sackville Tandem Property (GP) Ltd £	Unallocated Reserve £	Total £
Partners' capital balance at 1 January 2021 / 31 December 2021	1,000	10,015,200	7,984,800	5,400,000	12,600,000	100	100	100	-	36,001,300
Loan account balance at 1 January 2021 / 31 December 2021	24	33,265,299	26,521,363	17,935,998	41,850,664	-	-	-	-	119,573,348
Current account balance at 1 January 2021 / 31 December 2021	-	491,137	487,649	290,085	676,776	-	-	-	-	1,945,647
Profit and loss reserve										
Opening balance at 1 January 2021	(30)	(1,974,846)	(1,975,741)	(1,232,160)	(2,733,132)	-	-	-	37,581,538	29,665,629
Preferred profit allocation 2021	589	-	75,119	100,157	-	-	-	-	-	175,865
Profit share allocation	-	3,042,028	2,425,312	1,640,202	3,827,138	-	-	-	481,829	11,416,509
Distribution	(589)	(2,087,411)	(1,752,244)	(1,242,847)	(2,626,146)	-	-	-	-	(7,709,237)
Balance at 31 December 2021	(30)	(1,020,229)	(1,227,554)	(734,648)	(1,532,140)	-	-	-	38,063,367	33,548,766
Revaluation reserve										
Opening balance at 1 January 2021	642	6,430,299	5,126,671	3,467,091	8,089,880	-	-	-	-	23,114,583
Movement in the year	(47)	(471,143)	(375,626)	(254,031)	(592,740)	-	-	-	-	(1,693,587)
Balance at 31 December 2021	595	5,959,156	4,751,045	3,213,060	7,497,140	-	-	-	-	21,420,996
Net assets attributable to Partners at 31 December 2021	1,589	48,710,563	38,517,303	26,104,495	61,092,440	100	100	100	38,063,367	212,490,057

CASTLEPOINT LP

Statement of Changes in Net Assets Attributable to Partners for the year ended 31 December 2020

	Castlepoint General Partner Ltd £	DV4 Properties Castlepoint Co. Ltd £	Zurich Assurance Ltd £	Standard Life Assurance Ltd £	JTC Fund Solutions (Jersey) Ltd £	DV4 Properties Castlepoint No.2 UK Ltd £	Standard Life Investments (General Partner EPGF) Ltd £	Sackville Tandem Property (GP) Ltd £	Unallocated Reserve £	Total £
Partners' capital balance at										
1 January 2020 / 31 December 2020	1,000	10,015,200	7,984,800	5,400,000	12,600,000	100	100	100	-	36,001,300
Loan account balance at										
1 January 2020 / 31 December 2020	24	33,265,299	26,521,363	17,935,998	41,850,664	-	-	-	-	119,573,348
Current account balance at										
1 January 2020 / 31 December 2020	-	491,137	487,649	290,085	676,776	-	-	-	-	1,945,647
Profit and loss reserve										
Opening balance at 1 January 2020	(30)	(1,607,707)	(1,658,747)	(1,002,141)	(2,270,484)	-	-	-	32,280,702	25,741,593
Preferred profit allocation 2020	716	-	88,017	117,356	-	-	-	-	-	206,089
Profit share allocation	-	1,933,724	1,541,696	1,042,626	2,432,794	-	-	-	5,300,836	12,251,676
Distribution	(716)	(2,300,863)	(1,946,707)	(1,390,001)	(2,895,442)	-	-	-	-	(8,533,729)
Balance at 31 December 2020	(30)	(1,974,846)	(1,975,741)	(1,232,160)	(2,733,132)	-	-	-	37,581,538	29,665,629
Revaluation reserve										
Opening balance at 1 January 2020	1,847	18,501,545	14,750,693	9,975,671	23,276,567	-	-	-	-	66,506,323
Movement in the year	(1,205)	(12,071,246)	(9,624,022)	(6,508,580)	(15,186,687)	-	-	-	-	(43,391,740)
Balance at 31 December 2020	642	6,430,299	5,126,671	3,467,091	8,089,880	-	-	-	-	23,114,583
Net assets attributable to Partners at 31 December 2020	1,636	48,227,089	38,144,742	25,861,014	60,484,188	100	100	100	37,581,538	210,300,507

CASTLEPOINT LP

Statement of Cash Flows for the year ended 31 December 2021

		2021	2020
	Note	£	£
Cash flows from operating activities			
Cash generated from operations	12	13,207,981	9,182,564
Cash flows from investing activities			
Capital expenditure	6	(109,039)	(676,665)
Interest received		<u>31,716</u>	<u>131,277</u>
Net cash (used in)/generated from investing activities		(77,323)	(545,388)
Cash flows from financing activities			
Distribution to partners		(7,709,364)	(8,533,989)
Net increase in cash and cash equivalents		5,421,294	103,187
Cash and cash equivalents at beginning of the year		<u>37,041,249</u>	<u>36,938,062</u>
Cash and cash equivalents at end of the year		<u><u>42,462,543</u></u>	<u><u>37,041,249</u></u>

The notes on pages 28 to 47 form an integral part of these Financial Statements.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES

Basis of preparation

The Financial Statements of the Partnership have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Limited Partnership Agreement dated 5 October 2001. The Limited Partnership Agreement was amended and restated on 28 January 2004 and amended by supplemental agreements dated 19 June 2008, 14 October 2010, 20 December 2012, 6 August 2015, 21 December 2015, 27 April 2016, 2 November 2016, 6 June 2017, 31 October 2017, 2 May 2018, 26 July 2018, 15 November 2018, 30 May 2019, 12 December 2019, 17 September 2020, 4 December 2020 and 17 February 2021. The Financial Statements have been prepared under the historical cost convention as modified by the measurement of investment property at fair value.

The preparation of financial statements in conformity with UK-adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 4.

Going concern

The financial statements have been prepared on a going concern basis which the Directors of the General Partner consider to be appropriate for the following reasons.

The Directors of the General Partner have prepared cash flow forecasts for a period of 19 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Partnership will have sufficient funds to meet its liabilities as they fall due for that period.

However, it is noted that the Partnership's term under its Limited Partnership Agreement (the 'Agreement') expired on 30 September 2021. Under the terms of the Agreement, the Operator commenced marketing the Partnership's assets for sale from the 1 October 2021 with the aim of distributing the Partnership's assets once the underlying property was disposed of. As noted in the Subsequent Events disclosure note (note 13), two of the existing Limited Partners have agreed heads of terms to purchase the interests in the Partnership belonging to the other Limited Partners, in addition to the share capital of the General Partner. Prior to the transfer of interest, the term of the Agreement is being extended for a period of three months to facilitate a transfer of the interests with the trade as a going concern. The continuing Limited Partners have indicated to the existing General Partner that they intend to maintain the existing operations in the Partnership and thus continue to operate it as a going concern.

The Directors of the General Partner have considered the ability of the Partnership to remain a going concern and note that, in a potential downside scenario, the extension of the Agreement and the purchase of interest by the two of the existing partners may not take place. Whilst they expect the proposed transaction to complete, because of the risk of non-completion the Directors of the General Partner have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Financial Statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Partnership

A number of new standards were effective from 1 January 2021 but they had no effect on the Company's Financial Statements.

Early adoption of standards

The Partnership did not early adopt any new or amended standards in the year ended 31 December 2021.

Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Partnership operates ("the functional currency"). The Financial Statements are presented in pound sterling which is the Partnership's functional and presentation currency.

Revenue recognition

Revenue is recognised as follows:

a) Bank interest - Bank interest income is recognised on an accruals basis.

b) Rental income - Rental income from operating leases is net of sales taxes and VAT and is recognised on a straight line basis over the lease term. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as an adjustment to rental income. The resulting asset is reflected as a trade receivable in the Statement of Financial Position. The valuation of investment properties is reduced by the total of the unamortised lease incentive balances. If the investment property was disposed any remaining lease incentive balance would be included within the calculation of profit and loss arising at disposal.

Contingent rents, being those payments that are not fixed at the inception of the lease, for example increases arising on rent reviews, are recorded as income in periods when they are earned. Rent reviews which remain outstanding at the period end are recognised as income, based on estimates, when it is reasonable to assume that they will be received.

Surrender premiums received by the Partnership following the break of a lease are recognised as other income to the extent that the Partnership has no financial obligations relating directly to that surrender.

c) Other income - The Partnership receives and will continue to receive £375,000 per quarter in respect of damages for the loss of ability to use the lower group floor areas as retail space for the duration of the rebuild works, this additional income is recognised as a "other income" in the Statement of Comprehensive Income. Total income in respect of damages recognised in the year was £1,500,000 (2020 : £1,500,000).

The Partnership is classified as the principal in its contract with their managing agent, as such service charges billed to tenants by the managing agent are recognised gross. Total service charge income recognised in the year was £2,794,877 (2020 : £2,426,181).

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Expenditure

All expenses are accounted for on an accruals basis and are charged through the Statement of Comprehensive Income. Costs incurred directly in the arranging of new leases and those incurred in renegotiating an existing lease to amend its terms are capitalised and amortised over the average lease length on the property. Incentives paid to new tenants are amortised over the length of the lease being agreed. Surrender premiums payable by the Partnership to tenants following the break of a lease are recognised immediately in the Statement of Comprehensive Income. Service charges not recoverable on vacant units are included in void costs in the Statement of Comprehensive Income.

Taxation

No provision has been made in the Financial Statements for the taxation of the General Partner and the Limited Partners. All partners are individually responsible for reporting their share of the Partnership's income or loss, for taxation purposes.

Freehold investment

The freehold investment property was initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the acquisition of the investment property.

After initial recognition, the freehold investment property is measured at fair value, with movements in the unrealised gains and losses recognised in the Statement of Comprehensive Income as part of profit/(loss) for the year. Fair value is based upon the valuation of the property as provided by Cushman and Wakefield ("C&W"), a firm of independent chartered surveyors, at the Statement of Financial Position date.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

Provisions

Provisions are recognised when the Partnership has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation and the amounts are capable of being reliably estimated.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are considered to be impaired when there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the receivables.

A provision for impairment of trade receivables is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Investment property insurance

The Partnership acts as an agent in respect of insuring its investment property. Insurance is paid for by the Partnership, the cost of which is then recovered from the individual tenants. The insurance paid or the insurance recovered is not reflected in the profit and loss account unless the unit concerned is known to be empty during any part of the year, in which case the non-recoverable cost will be treated as an expense. Any balance not recovered at the year end is classified as a debtor.

Distributions

Distributions to partners are allocated and paid in accordance with the provision of the Limited Partnership Agreement. Allocations of net income and capital receipts are transferred from the profit and loss account to each Partner's current account, the current account is then reduced as the distribution payment is made.

Contingent assets / liabilities

A contingent asset as defined by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity.

A contingent liability as defined by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES (CONTINUED)

Reserves

Partners' Capital, Loan and Current accounts - these represent the initial commitments made by the partners on commencement of the partnership and upon transition from a development to investment property. A distinction has been made historically on account of the limited liability of the partners, however under the terms of the Limited Partnership agreement all commitments are treated *pari passu* and rank behind all other creditors in the event of liquidation. As such, they have been treated equally in the accounts.

The 'Profit and loss Reserve' includes any surplus arising from the net profit on ordinary activities. As noted above, net income and capital receipts are initially allocated to the Partners prior to transfer to the Partners' current account. Such allocations are based on the net cash receipts after deduction of amounts received under the settlement agreement with Kier Group plc. As such, the unallocated reserve represents the amounts claimed under the settlement agreement (being the £15.2m recovered with regards to car park defects and £21.75m on account of damages for a particular loss of income) in addition to timing differences between the accounting profit and cash flows of the Partnership.

The 'Revaluation Reserve' represents any movements in the valuation of freehold investment property. As noted above, movements in the unrealised gains and losses are recognised in the Statement of Comprehensive Income as part of profit/(loss) for the year.

2 FEES

Valuer's fee

C&W ("the valuer") are appointed as the property valuer. The valuer is entitled to a fixed fee of £46,950 p.a. (2020: £46,950). Total fees charged or accrued in the year were £46,950 (2020: £46,950). The amount due and payable at the year end amounted to £11,738 excluding VAT (2020: £23,475 excluding VAT).

Auditor's fee

The auditor is entitled to a fee of £41,013 p.a. (2020: £35,656). Total fees charged or accrued in the year were £43,419 (2020: £35,656) including irrecoverable VAT on the fees borne on behalf of the General Partner. KPMG did not provide any non-audit services in the year (2020: nil).

Operator's fee

On 28 January 2004, Aberdeen Standard Alternative Funds Limited ("the Operator"), formerly known as Standard Life Investments (Corporate Funds) Limited, was appointed as Operator to manage the property assets of the Partnership. Under the terms of the Operator Agreement the Operator is entitled to receive a fee at 0.4% per annum multiplied by the 'mean average value of the property' less 'Standard Life preferred profit share' and 'Zurich preferred profit share'. Total fees charged in the year were £492,444 (2020: £577,003). The amount due and payable at the year end amounted to £127,499 excluding VAT (2020: £274,486 excluding VAT).

Depository fee

With effect from 7 July 2014, the Partnership entered into arrangements to comply with the Alternative Investment Fund Managers Directive ("AIFMD") and appointed Citibank Europe plc as its Depository. The Depository is entitled to a fee of £25,000 per annum. Total fees charged or accrued in the year were £25,000 (2020: £25,000). The amount due and payable at the year end amounted to £12,500 excluding VAT (2020: £12,500 excluding VAT).

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT

The Partnership's activities expose it to various financial risks: credit risk, liquidity risk and market risk (including currency risk, price risk, capital risk, cash flow interest rate risk, fair value interest rate risk and fair value risk).

The financial risks relate to the financial instruments set out by category in the following table:

As at 31 December 2021	Amortised cost £	Other financial liabilities at amortised cost £
Financial assets		
Trade and other receivables	8,033,944	-
Cash and cash equivalents	42,462,543	-
Financial liabilities		
Trade and other payables	-	3,773,698
Distributions due to partners	-	589
As at 31 December 2020	Amortised cost £	Other financial liabilities at amortised cost £
Financial assets		
Trade and other receivables	11,320,805	-
Cash and cash equivalents	37,041,249	-
Financial liabilities		
Trade and other payables	-	6,169,661
Distributions due to partners	-	716

The Partnership's policy for managing the risks associated with these financial instruments is set out below.

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Partnership. In the event of default by an occupational tenant, the Partnership will suffer a rental income shortfall and incur additional related costs. The Operator reviews reports produced by Dun and Bradstreet and other sources to be able to assess the quality of the Partnership's tenants and aims to ensure that there are no excessive concentrations of risk and that the impact of default by a tenant is minimised. The maximum credit risk from the tenant arrears of the Partnership at the financial year end was £2,199,280 (2020: £4,480,512).

With respect to credit risk arising from other financial assets of the Partnership, which comprise cash and cash equivalents, the Partnership's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The credit risk on cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter in realising assets or otherwise raising funds to meet its financial commitments. Investments in property are relatively illiquid, however, the Partnership mitigates the associated risk by regularly monitoring cash flows to ensure that the Partnership is able to meet financial demands as they fall due.

A summary table with the maturities of financial assets is presented below.

	2021 £	2020 £
Financial assets - maturity over one year		
Trade and other receivables	4,298,171	4,719,554
Financial assets - maturity within one year		
Trade and other receivables	3,735,773	6,601,251
Cash and cash equivalents	42,462,543	37,041,249
	46,198,316	43,642,500

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

As at 31 December 2021	Carrying amount	Total	2 months or less	2-12 months
Non-derivative financial liabilities				
VAT Payable	921,507	(921,507)	(921,507)	-
Operator fee payable	127,499	(127,499)	(127,499)	-
Other accruals	199,858	(199,858)	(177,742)	(22,116)
Trade creditors	10,632	(10,632)	(10,632)	-
Other creditors	42,730	(42,730)	(42,730)	-
Retention on building contract	1,533,642	(1,533,642)	-	(1,533,642)
Service Charge creditors	937,830	(937,830)	-	(937,830)
Distributions due to partners	589	(589)	(589)	-
	3,774,287	(3,774,287)	(1,280,699)	(2,493,588)

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2020	Carrying amount	Total	2 months or less	2-12 months
Non-derivative financial liabilities				
VAT Payable	1,179,233	(1,179,233)	(1,179,233)	-
Operator fee payable	274,486	(274,486)	(274,486)	-
Other accruals	127,552	(127,552)	(72,472)	(55,080)
Trade creditors	-	-	-	-
Other creditors	43,453	(43,453)	(43,453)	-
Retention on building contract	2,816,327	(2,816,327)	-	(2,816,327)
Service Charge creditors	1,728,611	(1,728,611)	-	(1,728,611)
Distributions due to partners	716	(716)	(716)	-
	<u>6,170,378</u>	<u>(6,170,378)</u>	<u>(1,570,360)</u>	<u>(4,600,018)</u>

Currency risk

The Partnership is not exposed to foreign currency risk as all financial instruments are denominated in pound sterling, being the functional and presentational currency of the Partnership.

Price risk

The Partnership is not exposed to market price risk with respect to financial instruments.

Capital risk

The Partnership's objectives when managing capital are to safeguard the Partnership's ability to continue as a going concern in order to provide returns for Partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Partnership may return capital to Partners or issue new units.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow and fair value interest rate risk

The Partnership's exposure to interest rate risk relates to the Partnership's cash and cash equivalents. Interest receivable on cash and cash equivalents will be affected by movements in the market rate of interest.

At 31 December 2021, if market rate interest rates had been 100 basis points higher/lower with all other variables held constant, loss for the year would have been £424,625 lower/higher (2020: £370,412 lower/higher), as a result of the higher/lower interest income on cash and cash equivalents.

The following table sets out the carrying amount of the Partnership's financial instruments to which an interest rate applies:

	Variable rate	Weighted average interest rate
As at 31 December 2021	£	rate
Cash on deposit	3,683,271	0.000%
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	38,779,272	0.087%
As at 31 December 2020	£	Weighted average interest rate
Cash on deposit	2,313,693	0.000%
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	34,727,556	0.389%

Fair value risk

(a) Determination of fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, the following fair value hierarchy categorisation has been used:

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 - Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair values measured using inputs that are not based on observable market data (unobservable inputs).

(b) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the financial assets and liabilities are included at an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amount of all financial assets and liabilities measured at amortised cost approximates their fair value.

The following methods and assumptions were used to estimate the fair value:

- trade and other receivables, cash and cash equivalents are the same as fair value due to the short term maturities of these instruments.

- trade and other payables and distributions due to partners are the same as fair value due to the short term maturities of these instruments.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair value of financial assets and liabilities measured at amortised cost (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Partnership's financial assets and liabilities that are carried in the Statement of Financial Position.

	Carrying amount		Fair value	
	2021	2020	2021	2020
	£	£	£	£
Financial assets				
Trade and other receivables	8,033,944	11,320,805	8,033,944	11,320,805
Cash and cash equivalents	42,462,543	37,041,249	42,462,543	37,041,249
	50,496,487	48,362,054	50,496,487	48,362,054
Financial liabilities				
Trade and other payables	3,773,698	6,169,662	3,773,698	6,169,662
Distributions due to partners	589	716	589	716
	3,774,287	6,170,378	3,774,287	6,170,378

(c) Fair value hierarchy for financial assets and liabilities measured at amortised cost

The following table analyses within the fair value hierarchy the Partnership's assets and liabilities (by class) not measured at fair value but for which fair value is disclosed.

31 December 2021	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£	£	£	£
Financial assets				
Trade and other receivables	-	8,033,944	-	8,033,944
Cash and cash equivalents	42,462,543	-	-	42,462,543
	42,462,543	8,033,944	-	50,496,487
Financial liabilities				
Trade and other payables	-	3,773,698	-	3,773,698
Distributions due to partners	-	589	-	589
	-	3,774,287	-	3,774,287

31 December 2020	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£	£	£	£
Financial assets				
Trade and other receivables	-	11,320,805	-	11,320,805
Cash and cash equivalents	37,041,249	-	-	37,041,249
	37,041,249	11,320,805	-	48,362,054
Financial liabilities				
Trade and other payables	-	6,169,662	-	6,169,662
Distributions due to partners	-	716	-	716
	-	6,170,378	-	6,170,378

There were no transfers between levels 1, 2 and 3 during the year (2020: none).

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Notes to the Financial Statements for the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value hierarchy for financial assets and liabilities measured at amortised cost

The assets and liabilities included in the table above are carried at amortised cost; their carrying amount is a reasonable approximation of fair value.

Trade and other receivables include the contractual amounts for settlement of trades and other obligations due to the Partnership.

Trade and other payables and distributions due to partners represent contract amounts and obligations due by the Partnership.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The Partnership makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investment properties

In determining the fair value of its investment property the Partnership uses the fair value for existing use as provided by its appointed independent valuer C&W. The valuation of investment property is inherently difficult due to the individual nature and circumstance of each property. As a result, valuations will not necessarily reflect the actual sales price, even if a sale were to occur shortly after the valuation date. The Operator is of the opinion that the investment property has been disclosed in the Financial Statements at its fair value as at 31 December 2021.

5 RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Movements in Partners' interests are noted in the Statement of Changes in Net Assets Attributable to Partners.

Distributions to Partners' are disclosed in the Statement of Changes in Net Assets Attributable to Partners on pages 24 and 25.

Limited Partner

JTC Fund Solutions (Jersey) Limited on behalf of Standard Life Investments UK Retail Park Trust ("SLIRPT") owns 35% of the Partnership. SLIRPT is a closed ended Jersey unit trust managed by Aberdeen Standard (Jersey) Limited ("ASJ"). ASJ is a company owned by Abridn Investment Management Limited ("AIML"). AIML's ultimate parent company is Abridn plc.

General Partner

The General Partner, Castlepoint General Partner Limited is a wholly owned subsidiary of AIML.

Operator

Aberdeen Standard Alternative Funds Limited acts as Operator to the Partnership. Transactions with the Operator in the year are detailed in note 2.

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Notes to the Financial Statements for the year ended 31 December 2021

5 RELATED PARTY DISCLOSURES (CONTINUED)

Cash placed with related parties

As at 31 December 2021, £38,779,272 (2020: £34,727,556) was invested in the Aberdeen Liquidity Fund (Lux) Sterling Fund, a money market fund which offers same day liquidity and has obtained an Aaa-mf money market fund rating from Moody's. The Aberdeen Liquidity Fund (Lux) Sterling Fund is a sub-fund of Aberdeen Liquidity Fund (Lux), an open-ended investment company that has variable and segregated liability between sub-funds. Aberdeen Asset Management Limited manages the sub-funds of Aberdeen Liquidity Fund (Lux). During the financial year the return earned on the Aberdeen Liquidity Fund (Lux) Sterling Fund was £31,716 (2020: £131,277). This represents an average return of 0.087% (2020:0.389%).

Abrdn Investment Management Limited procured insurance cover for the investment property of the Partnership for the period 16 May 2021 to 15 May 2022. Standard Life Investments Limited earned insurance commission of £59,796 (2020: £55,080) in respect of this insurance.

6 FREEHOLD INVESTMENT PROPERTY

	2021	2020
	£	£
Fair value at 1 January	176,100,000	219,050,000
Capital expenditure	109,039	676,665
Release of historic retention	(1,043,677)	-
Unrealised loss arising on adjustment to fair value of investment property	(1,693,587)	(43,391,740)
Movement in lease incentives - rent free adjustments	(340,021)	(153,172)
Movement in lease incentives - contributions	(81,754)	(81,753)
Fair value at 31 December	<u>173,050,000</u>	<u>176,100,000</u>
Lease incentives - rent free adjustments	(3,698,850)	(4,038,871)
Lease incentives - contributions	(682,893)	(764,647)
Carrying value at 31 December	<u>168,668,257</u>	<u>171,296,482</u>

The investment property was revalued at the year end by C&W on the basis of the fair value for existing use. The fair value for existing use provided by C&W at the year end was £173,050,000 (2020: £176,100,000), however adjustments have been made for lease incentives of £4,381,743 (2020: £4,803,518) to arrive at the carrying value of £168,668,257 (2020: £171,296,482).

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

6 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

(a) Methods and assumptions used to determine fair value of assets

Information on the methods and assumptions used to determine the fair value of investment property is given below:

The investment property is valued by external property valuation experts. The current use is considered the best indicator of the highest and best use of the Partnership's property from a market participants' perspective.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from the asset, future rental income and discount rates applicable to those assets.

Valuations using an income capitalisation method are predominantly based on unobservable inputs and accordingly these assets are categorised as level 3 within the fair value hierarchy.

The valuations were performed by C&W, an accredited independent valuer with a recognised and relevant professional qualification and recent experience in the locations and segments of the investment property being valued. The valuation model is in accordance with the Royal Institution of Chartered Surveyors ("RICS") requirements on disclosure for Regulated Purpose Valuations (RICS Valuation - Professional Standards, March 2012 published by the Royal Institute of Chartered Surveyors). In the UK, valuations are completed in accordance with the RICS valuation standards and predominantly an income capitalisation method is used. Capitalisation involves the conversion of income into a capital sum through the application of an appropriate discount rate. These valuation models are consistent with the principles in IFRS 13.

The Partnership appoints a suitable valuer to undertake a valuation of all the direct real estate investments on a quarterly basis. The Operator meets with the valuer on a quarterly basis to ensure the valuer is aware of all relevant information for the valuation and any change in the investment over the month. The Operator reviews and discusses the draft valuations with the valuer to ensure correct factual assumptions are made.

At each financial year end, the Operator:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report
- holds discussions with the independent valuer

Descriptions and definitions

The table on the following page includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values.

Income capitalisation method

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. The appropriate yield is selected on the basis of the location of the building, its quality, tenant credit quality and lease terms amongst other factors.

Estimated rental value ("ERV")

The rent at which the space could be let in the market conditions prevailing at the date of valuation.

CASTLEPOINT LP

Notes to the Financial Statements for the year ended 31 December 2021

6 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

(a) Methods and assumptions used to determine fair value of assets (continued)

Descriptions and definitions (continued)

Net initial yield

Net initial yield is the annualised rents of a property expressed as a percentage of the property value.

Reversionary yield

Reversionary yield is the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.

Equivalent yield

The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.

The table below presents quantitative information about the significant unobservable inputs for level 3 assets.

As at 31 December 2021	Fair value £	Valuation technique	Key unobservable input	Value
Investment property	173,050,000	Income capitalisation	Net initial yield	6.99%
			Reversionary yield	6.29%
			Equivalent yield	6.35%
			Estimated rental value per square metre	£213.62
As at 31 December 2020	Fair value £	Valuation technique	Key unobservable input	Value
Investment property	176,100,000	Income capitalisation	Net initial yield	6.99%
			Reversionary yield	6.84%
			Equivalent yield	6.65%
			Estimated rental value per square metre	£228.96

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Notes to the Financial Statements for the year ended 31 December 2021

6 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

(b) Fair value hierarchy for assets measured at fair value in the Statement of Financial Position

The table below presents the Partnership's assets measured at fair value by the level of fair value hierarchy.

31 December 2021	Fair value hierarchy			Total £
	Level 1	Level 2	Level 3	
	£	£	£	
Investment property	-	-	173,050,000	173,050,000

31 December 2020	Fair value hierarchy			Total £
	Level 1	Level 2	Level 3	
	£	£	£	
Investment property	-	-	176,100,000	176,100,000

There were no transfers between levels 1, 2 and 3 during the year (2019: none).

(c) Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the Partnership's investment property at the Statement of Financial Position date are:

	2021 £	2020 £
ERV p.a.	12,416,650	13,308,450
Area square metre	58,126	58,126
Average ERV per square metre	213.62	228.96
	2021 %	2020 %
Net initial yield	6.99	6.99
Reversionary yield	6.29	6.84
Equivalent yield	6.35	6.65

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Notes to the Financial Statements for the year ended 31 December 2021

6 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

(c) Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy (continued)

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property and development property.

	2021 £	2020 £
Increase in equivalent yield of 25 bps	(6,700,000)	(6,750,000)
Decrease in rental rates of 5% (ERV)	(6,810,000)	(6,650,000)

Below is a list of how the interrelationships in the sensitivity analysis above can be explained.

In both cases outlined in the sensitivity table the estimated fair value would increase/(decrease) if:

- the ERV is higher/(lower)
- void periods were shorter/(longer)
- the occupancy rate was higher/(lower)
- rent free periods were shorter/(longer)
- the capitalisation rates were lower/(higher)

7 TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Amounts falling due after one year		
Lease incentives - rent free adjustments	3,697,034	4,036,663
Lease incentives - contributions	601,137	682,891
	<u>4,298,171</u>	<u>4,719,554</u>
Amounts falling due within one year		
Trade receivables	1,676,185	4,480,512
Lease incentives - rent free adjustments	1,816	2,208
Lease incentives - contributions	81,756	81,756
Other receivables	1,450,775	1,237,658
Service Charge Debtor	525,241	799,117
	<u>3,735,773</u>	<u>6,601,251</u>

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts.

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Notes to the Financial Statements for the year ended 31 December 2021

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The trade receivables on the previous page refer to rental income receivable from tenants of the investment property. When a new lease is agreed with a tenant the Operator performs various money laundering checks and makes a financial assessment to determine the tenant's ability to fulfil its obligations under the lease agreement for the foreseeable future. The majority of tenants are invoiced for rental income quarterly in advance and will be issued with invoices at least 21 days before the relevant quarter starts. Invoices become due on the first day of the quarter and are considered past due if payment is not received by this date. Other receivables are considered past due when the given terms of credit expire.

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered based on the expected credit loss model (see trade receivables' accounting policy in note 1). Movement in the balance considered to be impaired has been recognised in the Statement of Comprehensive Income.

As of 31 December 2021, trade receivables of £1,676,185 (2020: £4,480,512) were past due but not impaired.

As of 31 December 2021, trade receivables of £1,103,704 (2020: £950,655) were impaired and provided for.

The ageing of these receivables is as follows:

	2021	2020
	£	£
0 to 3 months	762,245	2,976,637
3 to 6 months	460,342	1,017,462
6 to 12 months	26,645	379,313
Over 1 year	426,953	107,100
	<u>1,676,185</u>	<u>4,480,512</u>

The impairment losses recognised during the year included £654,055 of amounts written off in the period (2020: £3,680) and £nil recovered for amounts previously written off as uncollectible (2020: £nil).

Amounts written off during the year totalled £654,055 (2020: overall credit of £3,680).

8 CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash held at bank	3,683,271	2,313,693
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	38,779,272	34,727,556
	<u>42,462,543</u>	<u>37,041,249</u>

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Notes to the Financial Statements for the year ended 31 December 2021

9 TRADE AND OTHER PAYABLES

	2021	2020
	£	£
Deferred rental income	2,900,400	3,187,651
VAT payable	921,507	1,179,233
Operator fee payable	127,499	274,486
Other accruals	199,858	127,552
Trade creditors	10,632	-
Other creditors	42,730	43,453
Retention on building contract	1,533,642	2,816,327
Service Charge Creditors	937,830	1,728,611
	<u>6,674,098</u>	<u>9,357,313</u>

10 LESSOR ANALYSIS

At 31 December the total contractually agreed rental income based on the leases in operation is as follows:

	2021	2020
	£	£
Within one year	12,134,062	12,323,065
Between one and two years	10,763,832	11,847,398
Between two and three years	9,707,262	10,606,845
Between three and four years	8,975,310	9,372,248
Between four and five years	8,721,369	8,707,761
More than five years	13,530,856	21,855,253
Total	<u>63,832,691</u>	<u>74,712,570</u>

The largest single tenant at the year end accounts for 14.7% (2020: 13.6%) of the annual rental income.

11 SERVICE CHARGE

The Operator has appointed Jones Lang Lasalle as managing agents to deal with the service charge on the investment property.

A summary of the service charge during the year is as follows:

	2021	2020
	£	£
Total service charge expenditure incurred	<u>3,046,124</u>	<u>2,615,020</u>
Total service charge billed to tenants	3,000,765	3,075,060
Service charge billed to the Partnership in respect of void units	251,247	188,839
Service charge due to tenants	<u>(205,888)</u>	<u>(648,879)</u>
	<u>3,046,124</u>	<u>2,615,020</u>

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Notes to the Financial Statements for the year ended 31 December 2021

12 CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Loss for the year	9,898,787	(30,933,974)
Increase in trade and other receivables	3,286,861	(4,827,697)
Increase in trade and other payables	(2,683,215)	1,683,772
Release of historic retention	1,043,677	-
Interest receivable	(31,716)	(131,277)
Unrealised loss arising on adjustment to fair value of investment property	1,693,587	43,391,740
Cash generated from operations	13,207,981	9,182,564

13 SUBSEQUENT EVENTS

Sale of Partners' interest

Following the expiry of the Partnership the wind up and liquidation process was commenced by the Manager and Operator acting as Liquidating Trustee. The first stage of the process was the marketing of the asset for sale in the open market which commenced on the 1st October and resulted in the receipt of numerous bids in late December. Included in the parties who came forward were two of the existing Limited Partners who made offers on the basis of both an asset sale and also the acquisition of the interests belonging to the other two Partners

The terms of the offers (including pricing) were the same on both bases and were at a value higher than any other party. As the cleanest proposal was for the Partners to acquire the interests of the outgoing Partners the terms were agreed to and lawyers were instructed to commence the due diligence process and it is anticipated that the transaction completes on 24th June 2022.

Russia - Ukraine

Post the Balance Sheet date, on 24th February 2022, Russia launched a military offensive in Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats.

As at the date of the report the Partnership did not hold any assets in Ukraine or Russia. The Partnership's key suppliers do not have operations pertaining to the Partnership in Ukraine or Russia.

The situation in the region is rapidly evolving and the Partnership and the Manager continue to monitor the situation carefully and will take whatever steps are necessary and in the best interests of the Limited Partners. This includes but is not limited to ensuring that the requirements of all international sanctions are adhered to, managing the asset proactively to best mitigate risk and ensuring that the Manager and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats. At the time of writing, there is not expected to be any significant long term adverse impact from the military operation in Ukraine on the assets, operational activities, processes and procedures of the Partner.

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Notes to the Financial Statements for the year ended 31 December 2021

14 COMMITMENTS AND CONTINGENT LIABILITIES

Following completion of the settlement agreement with the building contractor and their professional indemnity / liability insurers, as part of the monies paid on and post completion of the agreement the Partnership has received the sum of £21.75m on account of damages for a particular loss of income. This loss was a consequence of being unable to use certain areas of the centre due to the nature of the technical solution proposed to rectify the defects at the centre, under the settlement agreement.

The settlement agreement is now unconditional and the works have commenced. Kier have completed phases 1, 2, 3 and 5B which are all open to the public. Reconstruction work is currently underway to complete the last two remaining phases, 4B & 5A, which are being undertaken at the same time in order to accelerate the programme. With the exception of Stage A, all walkway stages are still undergoing reconstruction and the target is to complete all walkway works by December 2022. Nearly all of the Tenant Consents have been agreed or completed apart from a very small number. At present no part of the defective car park is in use by the general public as it has either been rebuilt or is currently undergoing reconstruction.

If the settlement agreement is frustrated, the agreement could unravel, in which case the Partnership would be back in the same position it was in before completion of the settlement agreement, albeit with the works started and partially completed. The contractor has admitted breach of contract and the parties would work together to come up with an alternative solution to work round the issue that had frustrated the settlement agreement, or the Partnership would have to continue the works at its own cost and recover the monies from the Kier and / or their insurers. The sums paid on account of damages would be held on account by the Partnership with regard to its past and future losses and the costs associated with the consequential defects at the centre and their rectification.

Settlement agreements were entered into between Kier Build Limited and Castlepoint LP in May 2014. These agreements represent a set of arrangements by which Kier, backed by its insurers, are to compensate Castlepoint for costs and losses it suffers as a result of the defects and the rebuild works. Accordingly, pursuant to the terms of the settlement agreements, Kier are liable to meet any tenant claims arising due to the defects / rebuild works.

15 ULTIMATE CONTROLLING PARTY

No partner holds more than 50% interest in the Partnership. As previously noted, if a Partner (or Partners) holding in excess of 20% were either unable to find a suitable alternative Limited Partner to purchase their interest in the Partnership, or considered that a higher consideration could be achieved if the property was sold out of the Partnership, that Partner (or Partners) could vote not to extend the Partnership as at the term expiry date. However the Partnership is not considered to be controlled by a single party.