

**INHOCO 3107 LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**

**REGISTERED NUMBER**

**05188136**

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**INHOCO 3107 LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**INHOCO 3107 LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JULY 2020**

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<b>DIRECTORS:</b>	Cameron Murray	(appointed 16 October 2020)
	Simon Moscow	(appointed 16 October 2020)
	Nicholas Ireland	(appointed 16 October 2020)
	Richard Marshall	(resigned 16 October 2020)
	Robert Hannigan	(resigned 16 October 2020)
	Mark Watt	(resigned 16 October 2020)

<b>SECRETARY:</b>	SLA Corporate Secretary Limited	(appointed 1 May 2020)
	Aberdeen Asset Management PLC	(resigned 1 May 2020)

<b>REGISTERED OFFICE:</b>	Bow Bells House
	1 Bread Street
	London
	EC4M 9HH

## **INHOCO 3107 LIMITED**

### **DIRECTORS' REPORT**

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The Directors present their annual report and Financial Statements for the year ended 31 July 2020.

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of Inhoco 3107 Limited (registration number 05188136) during the year was property management. The Company is the general partner in Gallions Reach Shopping Park Limited Partnership ("GRLP") and has an investment into Gallions Reach Shopping Park Nominee Ltd ("GRSPNL"). No income was receivable nor expenses payable in respect of the year (2019: £nil) and, accordingly, no statement of comprehensive income or statement of cash flows have been presented for the year.

The Directors do not recommend payment of a dividend (2019: £nil).

#### **INCORPORATION**

The Company was incorporated on 23 July 2004.

#### **DIRECTORS AND THEIR INTERESTS**

The Directors who held office during the year are disclosed on page 1.

As at 31 July 2020, none of the Directors held any interests in the ordinary share capital of the business.


#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those Financial Statements, the Directors are required to :

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent; and
- \* prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply for taking reasonable steps for the prevention and detection of fraud and other irregularities with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on their behalf by :



.....  
Cameron Murray  
Director

20/04/2021

.....  
Date

## **INHOCO 3107 LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS**

During the financial year and preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss and had no cash flows.

### **STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
<b>NON CURRENT ASSETS</b>			
Investment	2	3	3
<b>CURRENT ASSETS</b>			
Debtors	3	2	2
<b>CREDITORS: amounts falling due within one year</b>	4	(3)	(3)
<b>NET ASSETS</b>		<u>2</u>	<u>2</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	2	2
<b>TOTAL SHAREHOLDER FUNDS</b>	6	<u>2</u>	<u>2</u>

For the year ended 31 July 2020, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

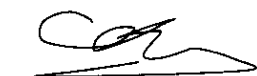
Directors' responsibilities:

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

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board of Directors and signed on their behalf by :



Cameron Murray  
Director

20/04/2021

Date

The notes on pages 4 - 5 form part of the financial statements

## **INHOCO 3107 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

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#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

The Financial Statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006.

##### **Related party disclosures**

There were no related party transactions during the year.

#### **2 NON CURRENT ASSETS**

Inhoco 3107 Limited has an investment of £1 in GRLP and an investment of £2 in GRSPNL.

#### **3 DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amount due from shareholders	<u>2</u>	<u>2</u>

#### **4 CREDITORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amount due to GRSPNL	2	2
Amount due to GRLP	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

#### **5 SHARE CAPITAL**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1000 Ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
Ordinary shares at £1 each	<u>2</u>	<u>2</u>

**INHOCO 3107 LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020****6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	2020	2019
	£	£
Opening/closing shareholder funds	<u>2</u>	<u>2</u>

**7 CONTROLLING PARTY**

At the year end there is no controlling party. The Company is jointly owned by Standard Life Assurance Limited and JTC Fund Solutions (Jersey) Limited as trustee of Aberdeen Standard UK Retail Park Trust, following the issue of one ordinary share on 22 June 2017.

**8 SUBSEQUENT EVENTS**

On the 17 February 2021, JTC Fund Solutions (Jersey) Limited as trustee of Aberdeen Standard UK Retail Park Trust transferred its holding to Standard Life Assurance Limited. Effective from the 17 February 2021, Standard Life Assurance Limited is the controlling party.

**GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**LIMITED PARTNERSHIP NO. LP011462**

THESE PARTNERSHIP  
ACCOUNTS FORM  
PART OF THE ACCOUNTS  
OF COMPANY  
No. 05188136



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## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

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## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Partnership Information**

<b>Operator</b>	Standard Life Investments (Corporate Funds) Limited 1 George Street Edinburgh EH2 2LL	
<b>Directors of the Operator</b>	D E Thomas	(resigned 9 December 2019)
	A S Acheson	(resigned 9 December 2019)
	S L A McIntyre	(resigned 9 December 2019)
	J S Watson	(resigned 26 April 2019)
	S Campbell	(resigned 20 June 2019)
	M A Kwiatkowski	
	A Donaldson	(appointed 17 December 2019)
	G R Marshall	(appointed 6 January 2020)
	A W Mitchell	(appointed 15 May 2020)
<b>Secretary of the Operator</b>	H Kidd	
<b>General Partner</b>	Inhoco 3107 Limited Bow Bells House 1 Bread Street London EC4M 9HH	
<b>Directors of the General Partner</b>	M B Watt	
	R M Hannigan	
	P Alonzi	(resigned 6 December 2019)
	R G Marshall	(appointed 6 December 2019)
<b>Limited Partner</b>	Gallions Reach Shopping Park Unit Trust Intertrust Fund Services (Jersey) Limited 44 Esplanade St Helier Jersey JE4 9WG	
<b>Independent Auditor</b>	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG	

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Partnership Information (continued)**

<b>Solicitors</b>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
<b>Principal Banker</b>	Citibank Europe plc Citigroup Centre 25 Canada Square Canary Wharf London E14 5LB
<b>Property Valuer</b>	Cushman & Wakefield 125 Old Broad Street London EC2N 1AR
<b>Investment Manager</b>	Standard Life Investments (Corporate Funds) Limited 1 George Street Edinburgh EH2 2LL
<b>Depository</b>	Citibank Europe plc Citigroup Centre 25 Canada Square Canary Wharf London E14 5LB

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Operator's Report**

The Operator, Standard Life Investments (Corporate Funds) Limited, presents the report and audited Financial Statements of Gallions Reach Shopping Park Limited Partnership ("the Partnership") for year ended 31 March 2020.

### **Structure and duration of the Partnership**

The Partnership was established as a Limited Partnership under the Limited Partnership Act 1907 on 18 July 2006. The Partnership is managed by its General Partner, Inhoco 3107 Limited. Inhoco 3107 Limited has in turn appointed Standard Life Investments (Corporate Funds) Limited ("SLICF") as Operator to the Partnership, and has delegated full conduct of the business of the Partnership and all powers, duties and responsibilities vested in the General Partner to the Operator.

Under the provisions of the Limited Partnership Agreement the Partnership was extended until 31 July 2030 following a resolution of the sole limited partner dated 22 June 2017.

### **Partners and their Interests**

The Partners at 31 March 2020 were as follows:

<i>Partner Name</i>	<i>Category</i>	<i>Admission Date</i>
Inhoco 3107 Limited	General Partner	25 August 2006
Gallions Reach Shopping Park Unit Trust	Limited Partner	25 August 2006

Individual Partners' interests are detailed in the Statement of Changes in Net Assets Attributable to Partners.

### **Independent Auditor**

KPMG LLP have been reappointed as auditors for the year ended 31 March 2020.

### **Disclosure of information to auditors**

So far as the Directors of the Operator are aware, there is no relevant audit information of which the Partnership's auditors are unaware, and each Director of the Operator has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

### **Statement of operator's responsibilities in respect of the Strategic Report, the Operator's Report and the financial statements**

The operator is responsible for preparing the Strategic Report, the Operator's Report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the operator to prepare 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 operator has elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Operator's Report (continued)

#### Statement of Operator's Responsibilities in Respect of the Financial Statements (continued)

Under company law the operator must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the operator is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 operator is 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 partnership and to prevent and detect fraud and other irregularities.



Gary Marshall  
Director of Standard Life Investments (Corporate Funds) Limited

31 July 2020

Date

Signed on behalf of Gallions Reach Shopping Park Limited Partnership by the Operator, Standard Life Investments (Corporate Funds) Limited.

# **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

## **Strategic Report**

The Operator presents its strategic report of the Partnership for the year ended 31 March 2020.

### **Review of the business**

#### **Enhanced business review**

The Partnership's principal activity during the year was the management, development and letting of an investment property, namely Gallions Reach Shopping Park, Beckton, London.

#### **The impact of uncertainties due to the UK exiting the European Union**

Although some progress has been made in Brexit negotiations, uncertainty around the ultimate economic impact continues to affect sentiment towards UK commercial real estate. We envisage a period of lower capital growth over the short term, with income expected to be the main driver of returns over the period. The degree of income risk from potential tenant default or the ability to maintain income at lease events will be key to performance.

### **Results**

The results for the year are set out in the Statement of Comprehensive Income on page 15. The decrease in assets attributable to the Partners for the year was £13,381,445 (2019: £14,904,025) and the total distribution payable to the Partners in the year was £2,948,512 (2019: £3,500,166).

### **Key performance indicators**

The Partnership produced a total return of negative 13.65% for the 12 months to 31 March 2020 against a total return of negative 9.73% for the Retail Warehouse Sub-sector of the MSCI (formerly IPD) monthly index.

### **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:

#### **Property values**

Conditions in the UK property market represent uncertainties in the operating environment, rather than risks that can be managed. However, there are also opportunities to enhance the asset value by obtaining planning consent for future alternative use development opportunities.

#### **Planning and development**

Work is on-going to prepare a planning application for submission in late 2020. The application will seek consent for town centre uses (mainly residential) on currently undeveloped parts of the site. This is intended to create additional value, as well as establishing a precedent for future strategic development across the whole site.

#### **Tenant relationships**

In light of the current COVID-19 environment, there are on-going rent payment discussions with a number of the park tenants. Many tenants are seeking deferred payment terms or rent holidays and consideration is being given to assist tenants where appropriate. There is likely to be instances of future tenant default or failure and some contracted rent may have to be written off. The Partnership will also suffer a rental shortfall and incur additional expense should units become vacant. The retail letting remains weak.

#### **Going concern**

The Financial Statements have been prepared on a going concern basis following the sole partner's resolution to extend the Limited Partnership Agreement until 31 July 2030. Under the provisions of the Limited Partnership Agreement, the Partnership can be extended or terminated at any time by Partner resolution.

The General Partner has also examined significant areas of possible financial risk up to 31 July 2021, including the impact of the COVID-19 crisis. The COVID-19 crisis is expected to impact the Partnership through a reduction in rental income and investment property valuation. The impact of reductions in rental income would be mitigated through a reduction in distributions to investors. As at 30 May 2020 the fund had cash balances of approximately £3.7 million.

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Strategic Report (continued)

#### Going concern (continued)

The General Partner has prepared a going concern assessment which reflects the expected impact of COVID-19, including reasonably possible downside scenarios. This includes a severe but plausible downside scenario, taking into account specific tenant risks, which considers significantly reduced net income through to September 2020 and equates to an overall 50% reduction of rental income over the period. The assessment indicates that the Partnership has sufficient cash resources to meet its liabilities as they fall due until at least 31 July 2021.

#### COVID-19

There has been huge disruption and exceptional circumstances in global markets, including the UK commercial property market, as COVID-19 (Coronavirus) spreads. As a result of this disruption and exceptional circumstances, the March 2020 valuation (£58,840,000) provided by the Partnership's valuers (Cushman & Wakefield) was subject to a 'material valuation uncertainty' qualification as follows:

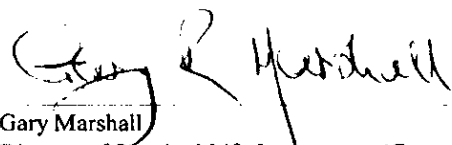
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

The valuation as at 31 March 2020 is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this Property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. This clause is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties, in a professional manner that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case.

On behalf of Board of the Operator, Standard Life Investments (Corporate Funds) Limited



Gary Marshall  
Director of Standard Life Investments (Corporate Funds) Limited

31 July 2020

Date

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Alternative Investment Fund Managers Directive Report (Unaudited)**

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 Partnerships assets and monitoring the Partnerships 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 Gallions Reach Shopping Park, Beckton, London.

The Partnership's registered address is Bow Bells House, 1 Bread Street, London, EC4M 9HH

### **Leverage**

There have been no changes to the maximum leverage allowed in the period. The Partnership's maximum and average actual leverage levels at 31 March 2020 are shown below:

<b>Leverage Exposure</b>	<b>Gross method</b>	<b>Commitment method</b>
Maximum limit	300%	200%
Actual	100%	100%

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 (2019: £nil).

### **Liquidity Risk Management**

Under the terms of the Limited Partnership Agreement, the Partnership will continue until 31 July 2030 although it can be extended or terminated at any time by Partner resolution.



## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Alternative Investment Fund Managers Directive Report (Unaudited) (continued)**

#### **Remuneration Policy**

The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Standard Life Aberdeen. It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the Standard Life Aberdeen group of companies ("SLA").

The AIFM, Standard Life Investments Corporate Funds Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen 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 applies to SLI Corporate Funds Limited and the Alternative Investment Funds (AIFs) it manages. This policy is available on request.

#### **Remuneration Principles**

SLA 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 SLA. 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 SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA'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 SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, 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 Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of Standard Life Aberdeen is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("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.

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Alternative Investment Fund Managers Directive Report (Unaudited) (continued)**

#### **Conflicts of interest**

The Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA 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 SLA'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 Standard Life Aberdeen to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration

#### **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. Standard Life Aberdeen 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:**

Standard Life Aberdeen'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 Standard Life Aberdeen'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, SLA may offer a cash allowance in lieu of any pension arrangement.

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Alternative Investment Fund Managers Directive Report (Unaudited) (continued)**

#### **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 SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.

#### **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**

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

SLA 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). SLA'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.

**GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**  
**Alternative Investment Fund Managers Directive Report (Unaudited) (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 'Identified Staff' of SLI Corporate Funds Limited are those employees who could have a material impact on the risk profile of SLI Corporate Funds Limited or the AIFs it manages, including Gallions Reach Shopping Park Limited Partnership. This broadly includes senior management, risk takers 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 2019 to 31 December 2019 inclusive.

<b>Gallions Reach reporting period:</b> <b>01/01/19 – 31/12/19</b>	<b>Headcount</b>	<b>Total remuneration</b> <b>£'000</b>	<b>AIF or UCITS proportion</b> <b>£'000<sup>4</sup></b>
"SLI (CF)" staff <sup>1</sup>	80	8,523	95
of which :			
Fixed remuneration		5,907	66
Variable remuneration		2,616	29
Carried interest		nil	
"SLI (CF)" 'Identified Staff' <sup>2</sup>	130	2,660	30
of which :			
Senior management <sup>3</sup>	16	256	3
Other 'Identified Staff'	114	2,404	27

<sup>1</sup> As there are a number of individuals indirectly and directly employed by SLI Corporate Funds Limited this figure represents an apportioned amount of SLA's total remuneration fixed and variable pay, apportioned to the relevant AIF on an AUM basis, plus any carried interest paid by the AIF. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

<sup>2</sup> The Identified Staff disclosure represents total compensation of those staff of the AIFM who are fully or partly involved in the activities of the AIFM, apportioned to the estimated time relevant to the AIFM, based on their time in role during the reporting period and the AIFM's proportion of SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for SLI Corporate Funds Limited as an AIFM was 6.06%.

<sup>3</sup> Senior management are defined in this table as AIFM Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

<sup>4</sup> This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the AIF allocated on an AUM basis.

## **Independent Auditor's Report to the Members of Gallions Reach Shopping Park Limited Partnership**

### **Opinion**

We have audited the financial statements of Gallions Reach Shopping Park Limited Partnership ("the qualifying partnership") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Net Assets, Statement of Changes in Net Assets Attributable to Partners, Statement of Cash Flows, and related notes, including the accounting policies in note 2.

#### **In our opinion the financial statements:**

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

#### **Emphasis of matter – uncertain valuation of investment property**

We draw attention to note 7 to the financial statements which states that the independent external valuations of investment properties at the reporting date are reported on the basis of 'material valuation uncertainty' due to the potential economic effect of the Covid-19 pandemic. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case. Our opinion is not modified in respect of this matter.

#### **Going concern**

The operator has prepared the financial statements on the going concern basis as they do not intend to liquidate the qualifying partnership or to cease its operations, and as they have concluded that the qualifying partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the operator's conclusions, we considered the inherent risks to the qualifying partnership's business model and analysed how those risks might affect the qualifying partnership's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the qualifying partnership will continue in operation.

## **Independent Auditor Report to the Members of Gallions Reach Shopping Park Limited Partnership (continued)**

### **Other Information**

The operator is responsible for the Other Information, which comprises the Strategic Report, the Operator's Report and the Alternative Investment Fund Managers Directive Report. 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 Strategic Report and the Operator's 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

### **Operator's responsibilities**

As explained more fully in the their statement set out on pages 3-4, the Operator 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.

### **Auditor's responsibilities**

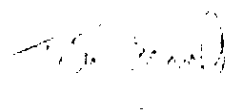
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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](http://www.frc.org.uk/auditorsresponsibilities)

## **Independent Auditor Report to the Members of Gallions Reach Shopping Park Limited Partnership (continued)**

### **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.



**Hugh Harvie (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
**Saltire Court**  
**20 Castle Terrace**  
**Edinburgh**  
**EH1 2EG**  
**31 July 2020**

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Statement of Comprehensive Income for the year ended 31 March 2020

	Note	2020 £	2019 £
Rental income		4,367,236	4,784,421
Service charge income		1,119,124	1,148,683
Unrealised loss arising on adjustment to fair value of investment property	7	(13,381,445)	(14,904,025)
Operator fees	3	(339,052)	(426,439)
Void costs		(562,595)	(475,906)
Valuer's fee	3	(10,900)	(10,900)
Auditor's fee		(17,950)	(17,950)
Depository fee	3	(25,000)	(25,000)
Legal fees		(41,306)	(21,414)
Marketing contributions		(194,233)	(193,286)
Bad debts and movement in trade receivable provision		(99,498)	4,624
Service charge expenditure recovered		(1,119,124)	(1,148,683)
Other direct property costs		(163,907)	(160,787)
<b>Operating loss</b>		<b>(10,468,650)</b>	<b>(11,446,662)</b>
Interest receivable		35,717	42,803
<b>Loss for the year</b>		<b>(10,432,933)</b>	<b>(11,403,859)</b>
Distributions	14	(2,948,512)	(3,500,166)
<b>Decrease in net assets attributable to partners</b>		<b>(13,381,445)</b>	<b>(14,904,025)</b>

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 19 to 35 form an integral part of these Financial Statements.

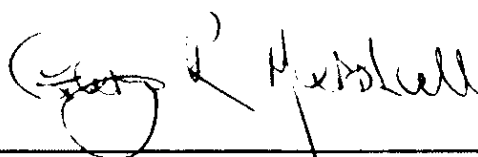


# GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

## Statement of Net Assets as at 31 March 2020

	Note	2020 £	2019 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Freehold investment property	7	56,859,588	70,166,502
<b>Current assets</b>			
Trade and other receivables	8	3,433,812	2,446,295
Cash and cash equivalents	9	4,943,031	5,533,259
		<u>8,376,843</u>	<u>7,979,554</u>
<b>Total assets</b>		<u>65,236,431</u>	<u>78,146,056</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(1,208,211)	(909,960)
Distributions due to partners	14	(976,357)	(802,788)
		<u>(2,184,568)</u>	<u>(1,712,748)</u>
<b>Total liabilities</b>		<u>(2,184,568)</u>	<u>(1,712,748)</u>
<b>Net assets attributable to Partners</b>		<u>63,051,863</u>	<u>76,433,308</u>
<b>Net assets attributable to Partners analysed as:</b>			
Partners' capital	15	220,087,678	220,087,678
Reserves	16	(157,035,815)	(143,654,370)
		<u>63,051,863</u>	<u>76,433,308</u>

The Directors of the Operator confirm that they have complied with the above requirements in preparing the Financial Statements.

  
 Gary Marshall  
 Director of Standard Life Investments (Corporate Funds) Limited

31 JULY 2020

Date

The notes on pages 19 to 35 form an integral part of these Financial Statements.

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

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

	Inhoco 3107 Limited	Gallions Reach Shopping Park Unit Trust	Total
	£	£	£
<b>Partners' capital balance at 1 April 2019 / 31 March 2020</b>	1	220,087,677	220,087,678
<b>Reserves</b>			
Opening balance at 1 April 2019	-	(143,654,370)	(143,654,370)
Unrealised loss arising on adjustment to fair value of investment property	-	(13,381,445)	(13,381,445)
<b>Balance at 31 March 2020</b>	-	(157,035,815)	(157,035,815)
<b>Net assets attributable to Partners at 31 March 2020</b>	1	63,051,862	63,051,863

### Statement of Changes in Net Assets Attributable to Partners for the year ended 31 March 2019

	Inhoco 3107 Limited	Gallions Reach Shopping Park Unit Trust	Total
	£	£	£
<b>Partners' capital balance at 1 April 2018 / 31 March 2019</b>	1	220,087,677	220,087,678
<b>Reserves</b>			
Opening balance at 1 April 2018	-	(128,750,345)	(128,750,345)
Unrealised loss arising on adjustment to fair value of investment property	-	(14,904,025)	(14,904,025)
<b>Balance at 31 March 2019</b>	-	(143,654,370)	(143,654,370)
<b>Net assets attributable to Partners at 31 March 2019</b>	1	76,433,307	76,433,308

The notes on pages 19 to 35 form an integral part of these Financial Statements.

# **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

## **Statement of Cash Flows for the year ended 31 March 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	2,223,529	1,991,388
<b>Cash flows from investing activities</b>			
Capital expenditure	7	(74,531)	(962,429)
Interest received		35,717	42,803
Net cash used in investing activities		<u>(38,814)</u>	<u>(919,626)</u>
<b>Cash flows from financing activities</b>			
Distributions	14	(2,774,943)	(3,410,609)
<b>Net decrease in cash and cash equivalents</b>		<b>(590,228)</b>	<b>(2,338,847)</b>
Cash and cash equivalents at beginning of the year		<u>5,533,259</u>	<u>7,872,106</u>
<b>Cash and cash equivalents at end of year</b>	9	<u><u>4,943,031</u></u>	<u><u>5,533,259</u></u>

The notes on pages 19 to 35 form an integral part of these Financial Statements.

# **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

## **Notes to the Financial Statements for the year ended 31 March 2020**

### **1 GENERAL INFORMATION**

Gallions Reach Shopping Park Limited Partnership ("the Partnership") is an English Limited Partnership which carries on the business of property investment in the United Kingdom. The General Partner to the Partnership is Inhoco 3107 Limited and the Operator is Standard Life Investments (Corporate Funds) Limited.

These audited Financial Statements have been approved for issue by the Board of the Operator on 30 July 2020.

The registered address of the Operator is 1 George Street, Edinburgh EH2 2LL.

### **2 ACCOUNTING POLICIES**

#### **Basis of preparation**

The audited Financial Statements of the Partnership have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"), the Limited Partnership Agreement and the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulation 2008. The audited 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 IFRS issued by the IASB as endorsed by the EU 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 5.

#### **Going concern**

The Financial Statements have been prepared on a going concern basis following the sole partner's resolution to extend the Limited Partnership Agreement until 31 July 2030. Under the provisions of the Limited Partnership Agreement, the Partnership can be extended or terminated at any time by Partner resolution.

The General Partner has also examined significant areas of possible financial risk up to 31 March 2021, including the impact of the COVID-19 crisis. The COVID-19 crisis is expected to impact the Partnership through a reduction in rental income and investment property valuation. The impact of reductions in rental income would be mitigated through a reduction in distributions to investors. As at 31 May 2020 the fund had cash balances of approximately £3.7 million.

The General Partner has prepared a going concern assessment which reflects the expected impact of COVID-19, including reasonably possible downside scenarios. This includes a severe but plausible downside scenario, taking into account specific tenant risks, which considers significantly reduced net income through to September 2020 and equates to an overall 50% reduction of rental income over the period. The assessment indicates that the Partnership has sufficient cash resources to meet its liabilities as they fall due until at least 31 March 2021.

#### **New and amended standards and interpretations adopted by the Partnership**

The Partnership has applied IFRS 16 from 1 April 2019. A number of other new standards were also effective from 1 April 2019 but they had no effect on the Partnership's Financial Statements.

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Notes to the Financial Statements for the year ended 31 March 2020**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **IFRS 16 Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Partnership has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Partnership adopted the modified retrospective approach and has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Partnership has performed a review and confirmed the presence of no leases where the Partnership acts as a lessee, and the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Partnership.

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Partnership leases out its investment property and has classified these leases as operating leases. The Partnership is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for any sub-leases of which there are none.

##### **Early adoption of standards**

The Partnership did not early adopt any new or amended standards in the year ended 31 March 2020.

##### **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 receivable in the Statement of Net Assets. The valuation of investment properties is reduced by the total of the unamortised lease incentive balances. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of profit and loss arising at disposal.

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Notes to the Financial Statements for the year ended 31 March 2020**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **Revenue recognition (Continued)**

###### **b) Rental income (continued)**

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) Property disposals**

Where revenue is obtained by the sale of properties, it is recognised when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchanges, revenues are recognised when these conditions are satisfied.

###### **d) Other income**

Following the application of IFRS15, the Partnership is now classified as the principal in its contract with their managing agent. Service charges billed to tenants by the managing agent are therefore recognised gross..

##### **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**

The Partnership itself is not subject to UK tax. No provision has been made in the Financial Statements for any taxation obligations of the General Partner and the Limited Partner. All Partners are individually responsible for reporting their share of the Partnership's gains/losses for taxation purposes.

##### **Freehold investment properties**

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. Fair value is based upon the market valuations of the property as provided by Cushman and Wakefield ("C&W"), a firm of independent chartered surveyors, at the Statement of Net Assets date, adjusted to account for unamortised tenant lease incentives.

For the purposes of these financial statements, in order to avoid 'double counting', the assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives

# **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

## **Notes to the Financial Statements for the year ended 31 March 2020**

### **2 ACCOUNTING POLICIES (CONTINUED)**

#### **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.

#### **Property acquisitions**

Acquisitions of investment properties are considered to have taken place on exchange of contracts unless there are significant conditions attached. For conditional property exchanges, acquisitions are recognised only when these conditions are satisfied.

#### **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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account, and the amount of the loss is 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 receivables are subject to the expected credit loss model. The Partnership applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of the tenants over a period of 12 months before 31 March 2020 and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward looking information would include :

- Changes in economic, regulatory, technological and environmental factors (such as industry outlook, GDP, employment and politics).
- External market indicators; and
- Tenant base

#### **Trade payables**

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

#### **Distributions**

Distributions to Partners are allocated and paid in accordance with the Limited Partnership Agreement dated 25 August 2006. The Limited Partnership Agreement was extended by partner resolution on 5 June 2015, 27 April 2016 and on 22 June 2017.

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 3 FEES

##### Operator's fee

On 19 July 2006, Standard Life Investments (Corporate Funds) Limited ("the Operator") 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 the annual rate of 0.5% of the total gross asset value of the Partnership's assets, payable quarterly in arrears. Total fees charged in the year were £339,052 (2019: £426,439). The amount due and payable at the year end amounted to £81,322 excluding VAT (2019: £96,346 excluding VAT).

##### Valuer's fee

C&W ("the Valuer") are appointed as the Partnership's valuer and are entitled to a fixed annual fee of £10,900 (2019: £10,900) per annum. Total fees charged in the year were £10,900 (2019: £10,900). The amount due and payable at the year end amounted to £2,725 excluding VAT (2019: £5,450 excluding VAT).

##### Depositary 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 (previously Citibank International Limited) as its Depositary. The Depositary is entitled to a fee of £25,000 per annum. Total fees charged in the year were £25,000 (2019: £25,000). The amount due and payable at the year end amounted to £12,500 excluding VAT (2019: £6,250 excluding VAT).

#### 4 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 March 2020	Other financial assets at amortised cost £	Other financial liabilities at amortised cost £
<b>Financial assets</b>		
Trade and other receivables	3,391,205	-
Cash and cash equivalents	4,943,031	-
<b>Financial liabilities</b>		
Trade and other payables	-	401,492
Distributions due to partners	-	976,357
As at 31 March 2019	Other financial assets at amortised cost £	Other financial liabilities at amortised cost £
<b>Financial assets</b>		
Trade and other receivables	2,382,964	-
Cash and cash equivalents	5,533,259	-
<b>Financial liabilities</b>		
Trade and other payables	-	195,038
Distributions due to partners	-	802,788

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



## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 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 £1,296,690 (2019: £357,324).

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. As at 31 March 2020, £4,028,938 (2019 : £4,843,222) was invested in the Aberdeen Liquidity Fund (Lux) Sterling Fund and £914,093 (2019: £690,037) was held with Citibank. The Aberdeen Liquidity Fund (Lux) Sterling Fund is a money market fund which offers same day liquidity and has obtained an Aaa-mf money market fund rating from Moody's, therefore the risk of default is considered minimal. 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).

##### 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 and liabilities is presented below.

	2020	2019
	£	£
<b>Financial assets - maturity within one year</b>		
Trade and other receivables	3,391,205	2,382,964
Cash and cash equivalents	4,943,031	5,533,259
	<u>8,334,236</u>	<u>7,916,223</u>
<b>Financial liabilities - maturity within one year</b>		
Trade and other payables	401,492	195,038
Distributions due to partners	976,357	802,788
	<u>1,377,849</u>	<u>997,826</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.

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 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.

##### 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. There is considered to be no fair value interest rate risk in regard to cash and cash equivalents.

At 31 March 2020, 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 £49,430 lower/higher (2019: £55,333 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 Partnership's financial instruments to which an interest rate applies:

As at 31 March 2020	Variable Rate £	Weighted average interest rate
Cash and cash equivalents	914,093	0.000%
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	4,028,938	0.820%

As at 31 March 2019	Variable Rate £	Weighted average interest rate
Cash and cash equivalents	690,037	0.000%
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	4,843,222	0.747%*

\* the weighted average interest reflects both the investment in the Sterling Liquidity Fund and Aberdeen Liquidity Fund (Lux) Sterling Fund during the year (see note 6 for further details).

#### 4.1 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).

# GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

## Notes to the Financial Statements for the year ended 31 March 2020

### 4.1 FAIR VALUE RISK (CONTINUED)

(b) Fair value hierarchy for financial assets and liabilities measured at amortised cost in the Statement of Net Assets

31 March 2020	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
<b>Financial assets</b>				
Trade and other receivables	-	3,391,205	-	3,391,205
Cash and cash equivalents	4,943,031	-	-	4,943,031
	4,943,031	3,391,205	-	8,334,236
<b>Financial liabilities</b>				
Trade and other payables	-	401,492	-	401,492
Distributions due to partners	-	976,357	-	976,357
	-	1,377,849	-	1,377,849

31 March 2019	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
<b>Financial assets</b>				
Trade and other receivables	-	2,382,964	-	2,382,964
Cash and cash equivalents	5,533,259	-	-	5,533,259
	5,533,259	2,382,964	-	7,916,223
<b>Financial liabilities</b>				
Trade and other payables	-	195,038	-	195,038
Distributions due to partners	-	802,788	-	802,788
	-	997,826	-	997,826

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.

### 5 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.

The material valuation uncertainty has increased the estimation uncertainty involved in the property valuation as at the 31 March 2020. Please refer to page 6 (COVID-19)

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Notes to the Financial Statements for the year ended 31 March 2020**

#### **5 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)**

##### **Fair value of investment properties**

In determining the fair value of its investment property the Partnership uses the market value for existing use as provided by its appointed independent valuer C&W adjusted for tenant lease incentives. 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 March 2020.

#### **6 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 note 14 to the Financial Statements.

##### **Limited Partner**

The Limited Partner is disclosed in the Operator's Report on page 3. Gallions Reach Shopping Park Unit Trust ("GRUT"), the Limited Partner, is a closed ended Jersey unit trust which is managed by Aberdeen Standard (Jersey) Limited ("ASJL") and owned 50% by Standard Life Assurance Limited ("SLAL"), and 50% by Aberdeen Standard UK Retail Park Trust ("ASRPT"). ASRPT is a closed ended Jersey unit trust also managed by ASJL. ASJL is a company owned by Standard Life Investments Limited ("SLIL"). SLIL's ultimate parent company is Standard Life Aberdeen plc.

##### **General Partner**

The General Partner of the Partnership is Inhoco 3107 Limited. Following the issue of one ordinary share on 22 June 2017, Inhoco 3107 Limited is jointly owned by Standard Life Assurance Limited and JTC Fund Solutions (Jersey) Limited as trustee of Aberdeen Standard UK Retail Park Trust. On 31 August 2018, SLAL's ultimate parent undertaking changed from Standard Life Aberdeen plc to Phoenix Group Holdings following the sale of the Standard Life Assurance Limited business.

##### **Operator**

SLICF acts as Operator to the Partnership. Transactions with the Operator in the year are detailed in note 3.

##### **Cash placed with related parties**

As at 31 March 2020, £4,028,938 (2019: £4,843,222) 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 £35,717 respectively (2019: £17,436 on the Aberdeen Liquidity Fund (Lux) Sterling Fund and £25,367 on the Sterling Liquidity Fund). This represents an average return of 0.89% respectively (2019: 0.85% on the Aberdeen Liquidity Fund (Lux) Sterling Fund and 0.66% on the Sterling Liquidity Fund).

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 7 FREEHOLD INVESTMENT PROPERTY

	2020 £	2019 £
Fair value at 1 April	72,140,000	85,050,000
Capital expenditure	74,531	962,429
Unrealised loss arising on adjustment to fair value of investment property	(13,381,445)	(14,904,025)
Movement in lease incentives - rent free adjustments	27,638	1,051,598
Movement in lease incentives - contributions	(20,724)	(20,002)
Fair value at 31 March	<u>58,840,000</u>	<u>72,140,000</u>
Lease incentives - rent free adjustments	(1,937,805)	(1,910,167)
Lease incentives - contributions	(42,607)	(63,331)
Carrying value at 31 March	<u>56,859,588</u>	<u>70,166,502</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 £58,840,000 (2019: £72,140,000), however an adjustment has been made for lease incentive receivable of £1,980,412 (2019: £1,973,498) to arrive at the carrying value of £56,859,588 (2019: £70,166,502).

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, C&W consider that they can attach less weight to previous market evidence for comparable purposes, to fully inform opinions of value. Indeed, the current response to COVID 19 means that C&W are faced with an unprecedented set of circumstances on which to base a judgement. C&W valuations are therefore reported on the basis of 'material valuation uncertainty' as set out in VPGA 10 of the RICS Valuation Global Standards. Consequently, less certainty and a higher degree of caution should be attached to C&W valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, C&W recommend the valuations of these properties are kept under frequent review. Caution is advised when relying on this valuation.

#### Commitments

The Partnership has entered into agreements that will incur future costs of approximately £0.2m (2019: £0.1m).

#### (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 Trust's property from a market participants' perspective.

In the UK, valuations are completed in accordance with the Royal Institution of Chartered Surveyors ("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.

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.

## **GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP**

### **Notes to the Financial Statements for the year ended 31 March 2020**

#### **7 FREEHOLD INVESTMENT PROPERTY (CONTINUED)**

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

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 properties being valued. The valuation is in accordance with the Royal Institution of Chartered Surveyors ("RICS") requirements on disclosure for Regulated Purpose Valuations (as set out in the current edition of the RICS Valuation - UK National Supplement published by the Royal Institution of Chartered Surveyors), which is incorporated in the RICS Valuation - Global Standards (RICS Red Book). 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 monthly basis. The Investment Manager meets with the valuer on a monthly basis to ensure the valuer is aware of all relevant information for the valuation and any change in the investment over the month.

At each financial year end, the Investment Manager:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer to understand the assumptions used in the report.

The valuation is then reported to the Board of the Operator for their review and final approval for adoption within the Financial Statements.

##### **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.

##### **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 Investment Property.

# CALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

## Notes to the Financial Statements for the year ended 31 March 2020

### 7 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

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

As at 31 March 2020	Fair value £	Valuation technique	Key unobservable input	Value
Investment property	55,410,000	Income capitalisation	Net initial yield	6.00%
			Reversionary yield	8.16%
			Equivalent yield	7.96%
			Estimated rental value per square metre	£167.19
	3,430,000	Development appraisal	Equivalent yield	5.38%
			Estimated rental value per square metre commercial	£214.66
			Estimated rental value per square metre residential unit sales rate	£5,649.00
			Construction cost per square metre	£2,080.00
			Profit on cost	20.00%

# GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

Notes to the Financial Statements for the year ended 31 March 2020

## 7 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

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

As at 31 March 2019	Fair value £	Valuation technique	Key unobservable input	Value
Investment property	68,710,000	Income capitalisation	Net initial yield	5.31%
			Reversionary yield	7.10%
			Equivalent yield	6.98%
			Estimated rental value per square metre	£180.36
	3,430,000	Development appraisal	Equivalent yield	7.62%
			Estimated rental value per square metre commercial	£214.66
			Estimated rental value per square metre residential unit	£525.00
			Construction cost per square metre	£1,076.00
			Profit on cost	20.00%

(b) Fair value hierarchy for assets measured at fair value in the Statement of Net Assets

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

31 March 2020	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
Investment property	-	-	58,840,000	58,840,000

31 March 2019	Fair value hierarchy			Total £
	Level 1 £	Level 2 £	Level 3 £	
Investment property	-	-	72,140,000	72,140,000

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



# GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

## Notes to the Financial Statements for the year ended 31 March 2020

### 7 FREEHOLD INVESTMENT PROPERTY (CONTINUED)

#### (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 portfolio of investment property at the Statement of Net Assets date are:

	2020 £	2019 £
<b><u>Income capitalisation</u></b>		
ERV p.a.	4,838,234	5,219,200
Area square metre	28,938	28,938
Average ERV per square metre	167.19	180.36
<b><u>Development appraisal</u></b>		
ERV per square metre - commercial	214.66	214.66
ERV per square metre - residential unit sales rate	5,649.00	525.00
Construction cost per square metre	2,080.00	1,076.00
	2020 %	2019 %
<b><u>Income capitalisation</u></b>		
Net initial yield	6.00	5.31
Reversionary yield	8.16	7.10
Equivalent yield	7.96	6.98
<b><u>Development appraisal</u></b>		
Equivalent yield	5.38	7.62
Profit on cost	20.00	20.00

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

	2020 £	2019 £
<b><u>Income capitalisation</u></b>		
Increase in equivalent yield of 25 bps	(1,741,000)	(2,440,000)
Decrease in equivalent yield of 25 bps	1,855,000	2,630,000
Increase in rental rates of 5% (ERV)	2,138,000	2,630,000
Decrease in rental rates of 5% (ERV)	(2,014,000)	(2,510,000)
<b><u>Development appraisal</u></b>		
Increase in equivalent yield of 25 bps	(1,534,000)	(380,000)
Decrease in equivalent yield of 25 bps	1,690,000	420,000
Increase in rental rates of 5% (ERV)	1,357,000	330,000
Decrease in rental rates of 5% (ERV)	(1,357,000)	(330,000)

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)

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 8 TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Trade receivables	1,349,451	357,324
Less: provision for impairment of trade receivables	(52,761)	-
Net trade receivables	1,296,690	357,324
Lease incentives - rent free adjustments	1,937,805	1,910,167
Lease incentives - contributions	42,607	63,331
Other receivables	156,710	115,473
	3,433,812	2,446,295

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.

The trade receivables above 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 2). Movement in the balance considered to be impaired has been recognised in the Statement of Comprehensive Income.

As of 31 March 2020, trade receivables of £1,349,451 (2019: £357,324) were past due but not impaired.

As of 31 March 2020, trade receivables of £52,761 (2019: £nil) were impaired and provided for.

The ageing of these receivables is as follows:

	2020 £	2019 £
0 to 3 months	1,296,141	357,324
3 to 6 months	549	-
	1,296,690	357,324

The impairment losses recognised during the year are net of a credit of £nil (2019: £nil) relating to the recovery of amounts previously written off as uncollectible.

Amounts written off during the year totalled £41,985 (2019: £93).

#### 9 CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash held at bank	914,093	690,037
Cash invested in Aberdeen Liquidity Fund (Lux) Sterling Fund	4,028,938	4,843,222
	4,943,031	5,533,259

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

### Notes to the Financial Statements for the year ended 31 March 2020

#### 10 TRADE AND OTHER PAYABLES

	2020 £	2019 £
Deferred rental income	806,719	714,922
VAT payable	266,350	34,790
Operator fee payable	81,322	96,346
Other accruals	51,925	29,649
Trade creditors	1,895	34,253
	<u>1,208,211</u>	<u>909,960</u>

#### 11 LESSOR ANALYSIS

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

	2020 £	2019 £
Less than one year	4,091,991	3,779,858
Between one and five years	12,175,210	12,963,270
Over five years	7,200,119	9,016,663
Total	<u>23,467,320</u>	<u>25,759,791</u>

The largest single tenant or connected tenant(s) at the year end accounts for 9.64% (2019: 9.64%) of the passing rent.

#### 12 SERVICE CHARGE

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

The table below is a summary of the service charge during the year. The table shows the service charge expenditure incurred by the tenants for the 12 months to 31 March 2020, the amount billed to tenants based on the service charge budget and the amount paid by the Partnership in relation to void units over the year. The table also shows the balancing service charge due to tenants as at the year end.

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

	2020 £	2019 £
Total service charge expenditure incurred	<u>1,343,030</u>	<u>1,432,493</u>
Total service charge billed to tenants	981,680	1,034,311
Service charge due from tenants	<u>137,444</u>	<u>114,372</u>
	1,119,124	1,148,683
Service charge billed to the Partnership in respect of void units	<u>223,906</u>	<u>283,810</u>
	<u>1,343,030</u>	<u>1,432,493</u>

## GALLIONS REACH SHOPPING PARK LIMITED PARTNERSHIP

Notes to the Financial Statements for the year ended 31 March 2020

### 13 CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Decrease in net assets attributable to Partners	(13,381,445)	(14,904,025)
Movement in trade and other receivables	(987,517)	(1,270,874)
Movement in trade and other payables	298,251	(195,101)
Distributions	2,948,512	3,500,166
Interest receivable	(35,717)	(42,803)
Unrealised loss arising on adjustment to fair value of investment property	13,381,445	14,904,025
Cash generated from operations	<u>2,223,529</u>	<u>1,991,388</u>

### 14 DISTRIBUTIONS

A breakdown of the distributions in the Statement of Comprehensive Income is as follows:

Gallions Reach Shopping Park Unit Trust	2020 £	2019 £
Quarter ending 30 June	804,514	787,263
Quarter ending 30 September	626,567	817,914
Quarter ending 31 December	541,074	1,094,156
Quarter ending 31 March - accrual	<u>976,357</u>	<u>802,788</u>
	2,948,512	3,502,121
Difference in prior year's accrued distribution	-	(1,955)
Distributions per the Statement of Comprehensive Income	<u>2,948,512</u>	<u>3,500,166</u>

### 15 PARTNERS' CAPITAL

	2020 £	2019 £
Opening/closing balance	<u>220,087,678</u>	<u>220,087,678</u>

### 16 RESERVES

	2020 £	2019 £
Opening balance	(143,654,370)	(128,750,345)
Decrease in net assets attributable to Partners	<u>(13,381,445)</u>	<u>(14,904,025)</u>
Closing balance	<u>(157,035,815)</u>	<u>(143,654,370)</u>