

J.P. Morgan 8CS Investments (GP) Limited

Registered number: 05684071

Annual report for the year ended 31 December 2013

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J.P. Morgan 8CS Investments (GP) Limited

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J.P. Morgan 8CS Investments (GP) Limited

Company information

Directors

K W McCathern

R A Crombie

Secretary

J.P. Morgan Secretaries (UK) Limited

Registered office

25 Bank Street
Canary Wharf
London
E14 5JP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

J.P. Morgan 8CS Investments (GP) Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of J.P. Morgan 8CS Investments (GP) Limited for the year ended 31 December 2013.

Principal activities

The principal activity of J.P. Morgan 8CS Investments (GP) Limited ("the Company") is to act as general partner to limited partnerships which invest in real estate.

Review of business

The directors consider that the result for the financial year and the financial position at the end of the financial year were satisfactory.

The directors of the Company do not anticipate any changes in the activities of the Company for the foreseeable future.

Results and dividends

The profit on ordinary activities before taxation for the financial year was £6,311 (2012: £5,240) and after taxation £6,311 (2012: £3,957). The accumulated profit for the financial year was £6,311 (2012: £3,957) and has been transferred to reserves.

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The names of the directors who were in office during the year and up to the date of signing the financial statements are listed on page 1.

J.P. Morgan 8CS Investments (GP) Limited

Directors' report for the year ended 31 December 2013

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of the wider group, the Company also manages its risks at a legal entity level.

The principal risks and uncertainties relating to the Group as a whole are discussed within the Group's annual report (which does not form part of this report). Those relating specifically to the Company itself are discussed in the Financial Risk Management section of this report.

Financial risk management

Risk management is an inherent part of the business activities of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group"), of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the board of directors, who in turn delegate to the various sub-committees which are organised in line with the Group risk management policy.

The Company's operations expose it to a variety of financial risks, the most significant of which are credit risk and operational risk.

An overview of the key aspects of risk management and the use of financial instruments is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. annual report.

Credit risk

The Company complies with Group policies which require monthly monitoring and reporting of exposures to all financial institutions. These exposures are subject to a Group concentration limit and are reviewed annually by the relevant risk committees.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a well-controlled operational environment and to monitor and record any control failures.

J.P. Morgan 8CS Investments (GP) Limited

Directors' report for the year ended 31 December 2013

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Liability insurance for directors

As permitted by Section 233 of the Companies Act 2006, the directors of the Company are covered for insurance purposes by the Group's blanket insurance maintained at a consolidated level.

J.P. Morgan 8CS Investments (GP) Limited

Directors' report for the year ended 31 December 2013


Third party indemnities

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co is kept at the registered office of the Company.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the board on 16 July 2014 and signed on its behalf by:



R. A. Clombie

16 July 2014
Date

Director

J.P. Morgan 8CS Investments (GP) Limited

Independent auditors' report to the member of J.P. Morgan 8CS Investments (GP) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by J.P. Morgan 8CS Investments (GP) Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

J.P. Morgan 8CS Investments (GP) Limited

Independent auditors' report to the member of J.P. Morgan 8CS Investments (GP) Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exemptions to report arising from this responsibility.

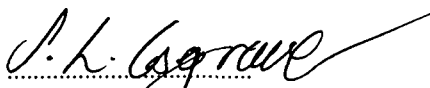
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 16 July 2014

J.P. Morgan 8CS Investments (GP) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	1,911,938	2,017,576
Administrative expenses	3	<u>(1,907,380)</u>	<u>(2,013,576)</u>
Operating profit		4,558	4,000
Interest receivable and similar income	4	<u>1,753</u>	<u>1,240</u>
Profit on ordinary activities before taxation		6,311	5,240
Tax on profit on ordinary activities	5	<u>-</u>	<u>(1,283)</u>
Profit for the financial year	11	<u>6,311</u>	<u>3,957</u>

All amounts relate to continuing operations.

The Company has no recognised gains or losses for the years other than the results above, and therefore no separate statement of total recognised gains and losses has been presented.

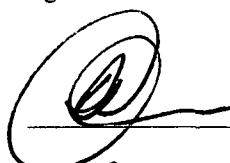
There is no material difference between the results reported above and the results on an unmodified historical cost basis.

J.P. Morgan 8CS Investments (GP) Limited

Balance sheet as at 31 December 2013

	Note	2013 £	2012 £
Current assets			
Debtors	8	1,434,516	434,567
Cash at bank and in hand		<u>10,017</u>	<u>1,070,733</u>
		1,444,533	1,505,300
Creditors: amounts falling due within one year	9	<u>(1,430,625)</u>	<u>(1,497,703)</u>
Net current assets		<u>13,908</u>	<u>7,597</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	<u>13,808</u>	<u>7,497</u>
Total shareholder's funds	12	<u>13,908</u>	<u>7,597</u>

The financial statements on pages 8 to 13 were approved by the board of directors on 19 September 2013 and signed on its behalf by:



R. A. Glombic

Director

Company registered number: 05684071

J.P. Morgan 8CS Investments (GP) Limited

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

In accordance with Financial Reporting Standard ("FRS") 1 (revised 1996) "Cash Flow Statements", the Company has not prepared a cash flow statement since the Company is a wholly owned subsidiary of a parent undertaking which includes a consolidated cash flow statement in its financial statements, which are publicly available.

Related party transactions

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, "Related Party Disclosures", from disclosing transactions with fellow wholly owned subsidiaries of JPMorgan Chase & Co.

Income and expenditure

Income and expenditure are included on an accruals basis.

2 Turnover

Turnover comprises a profit share (General Partner's Share) receivable from 8CS Investments L.P. The Company has only one class of business.

3 Administrative expenses

Auditors' remuneration was £3,917 (2012: £3,917), wholly for audit services. The audit remuneration costs are borne by a fellow subsidiary.

4 Interest receivable and similar income

	2013	2012
	£	£
Other interest receivable	<u>1,753</u>	<u>1,240</u>

J.P. Morgan 8CS Investments (GP) Limited

Notes to the financial statements for the year ended 31 December 2013

5 Tax on profit on ordinary activities

	2013	2012
	£	£
Total current tax	-	1,283

Factors affecting tax charge for year

The tax charge for the year equals differs from the standard rate of corporation tax in the UK of 23% reduced from 24% effective 1 April 2013. The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before taxation	6,311	5,240
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 23.25% (2012: 24.5%)	1,467	1,283
Effect of		
Group relief claimed for no consideration	(1,467)	-
Current tax charge for year	-	1,283

6 Employee information

The employment contracts for all staff are with fellow group undertakings. The staff costs are borne by a fellow subsidiary.

7 Directors' emoluments

The directors received no remuneration in respect of their services to the Company during the year (2012: £nil).

8 Debtors

	2013	2012
	£	£
Prepayments and accrued income	1,434,516	434,567
	<u>1,434,516</u>	<u>434,567</u>

J.P. Morgan 8CS Investments (GP) Limited**Notes to the financial statements for the year ended 31 December 2013****9 Creditors: amounts falling due within one year**

	2013 £	2012 £
Amounts owed to group undertakings	1,430,625	1,495,403
Corporation tax	-	2,300
	<u>1,430,625</u>	<u>1,497,703</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10 Called up share capital

	2013 £	2012 £
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Reconciliation of movement in reserves

	Profit and loss account £
Balance at 1 January 2013	7,497
Profit for the year	<u>6,311</u>
Balance at 31 December 2013	<u>13,808</u>

12 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Shareholder's funds brought forward	7,597	3,640
Profit attributable to the member of the Company	<u>6,311</u>	<u>3,957</u>
Shareholder's funds carried forward	<u>13,908</u>	<u>7,597</u>

J.P. Morgan 8CS Investments (GP) Limited

Notes to the financial statements for the year ended 31 December 2013

13 Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management (UK) Limited.

The parent company of the largest group for which consolidated financial statements are prepared, and whom the directors regard as the ultimate holding company, is JPMorgan Chase & Co. which is incorporated in the United States of America.

The smallest group into which this Company is consolidated is that headed by JPMorgan Asset Management International Limited, registered in England and Wales.

The consolidated financial statements of JPMorgan Chase & Co. and JPMorgan Asset Management International Limited are available to the public and may be obtained from the Company's registered office at:

The Company Secretary
25 Bank Street
Canary Wharf
London
E14 5JP

8CS Investments LP

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2013

8CS Investments LP

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8CS Investments LP

General Information

General Partner: J.P. Morgan 8CS Investments (GP) Limited

Directors of the General Partner: K.W. McCathern
R.A. Crombie

Operator: JPMorgan Asset Management (UK) Limited
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Investment Adviser: JPMorgan Asset Management (UK) Limited

Accountants: JPMorgan Chase Bank, N.A.,
J.P. Morgan House
IFSC
Dublin 1
Ireland

Independent Auditor: Deloitte LLP
66-68 The Esplanade
St Helier
Jersey JE4 8WA
Channel Islands

Legal Adviser: Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

Tax Adviser: Deloitte LLP
Athene Place
66 Shoe Lane
London EC4A 3BQ
United Kingdom

8CS Investments LP

General Partner's Report

The Board of Directors of the General Partner presents their Annual Report and the Consolidated Financial Statements for the year ended 31 December 2013.

Principal activities

8CS Investments LP (the "Fund Partnership") is an English Limited Partnership formed for the purpose of investing in investment properties for rental revenue and capital appreciation.

Business Review

During the year ended 31 December 2013, the Fund Partnership held an investment property, 8 Canada Square, Canary Wharf, London (the "Property") via Project Maple II B.V., a Dutch limited liability company which owns the leasehold interest in the Property. HSBC plc is the sole tenant in this property.

During the year, total distributions amounting to GBP 49,450,000 (2012: GBP 49,300,000) were made to the limited partner.

There are no potential risks or uncertainties, which could have a material impact on the Fund Partnership's long-term performance and could cause actual results to differ materially from expected results. The Fund Partnership's financial risks are detailed in note 3 of the Consolidated Financial Statements.

Statement of General Partner's responsibilities

The General Partner is responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

The Partnership (Accounts) Regulations 2008 requires the General Partner to prepare financial statements for each financial year. Under that law, the General Partner has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). The financial statements are also required by law to be prepared in accordance with the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Fund Partnership's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the General Partner is also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Fund Partnership's financial position and financial performance.

The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Fund Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Fund Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

8CS Investments LP

General Partner's Report (continued)

Going concern

The Fund Partnership meets its day to day working capital requirements by using internally generated cash flows from the long term lease of the investment property. The Fund Partnership has no third party borrowings. Therefore, the current economic conditions create no uncertainty in the foreseeable future.

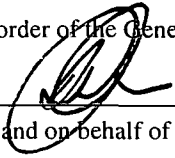
As a consequence, the General Partner believes that the Fund Partnership is well placed to manage its business risks successfully. The General Partner has a reasonable expectation that the Fund Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Auditor

The directors of the General Partner confirm that so far as they are aware, there is no relevant audit information of which the Fund Partnership's auditor is unaware, and they have taken all the steps that they ought to have taken as directors of the General Partner in order to make themselves aware of any relevant audit information and to establish that the Fund Partnership's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor.

By order of the General Partner



For and on behalf of J.P. Morgan 8CS Investments (GP) Limited
Director

25 March 2014
Date

8CS Investments LP

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8CS INVESTMENT LP

We have audited the consolidated financial statements of 8CS Investment LP (the "Qualifying Partnership") for the year ended 31 December 2013, (the "Consolidated Financial Statements") which comprise the Consolidated Balance Sheet, Statement of Profit or Loss and Comprehensive Income, the Consolidated Statement of Changes in Net Assets attributable to Partners, the Consolidated Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is the Limited Partnership Agreement, applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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 applied to Qualifying Partnership by 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 the Qualifying Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the General Partner and auditor

As explained more fully in the Statement of General Partner's Responsibilities, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the General Partner; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Annual Report to identify material inconsistencies with the Consolidated Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

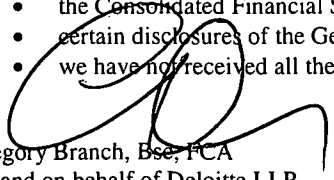
In our opinion the Consolidated Financial Statements:


- give a true and fair view of the state of the Qualifying Partnership's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to Qualifying Partnerships requires us to report to you if, in our opinion:

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


Gregory Branch, BSc, FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Helier
Jersey


 March 2014

8CS Investments LP

Consolidated Balance Sheet As at 31 December 2013

	Notes	31 December 2013 GBP 000	31 December 2012 GBP 000
ASSETS			
Non-current assets			
Investment property	4	975,000	900,000
<i>Total non-current assets</i>		<u>975,000</u>	<u>900,000</u>
Current assets			
Cash and cash equivalents		16,412	13,601
<i>Total current assets</i>		<u>16,412</u>	<u>13,601</u>
Total assets		<u>991,412</u>	<u>913,601</u>
LIABILITIES			
Current liabilities			
Trade and other payables	5	15,274	14,837
Accrued expenses	6	1,612	490
Current income tax liabilities		4,622	2,402
<i>Total current liabilities</i>		<u>21,508</u>	<u>17,729</u>
Total liabilities excluding amounts due to partners		<u>21,508</u>	<u>17,729</u>
Net assets attributable to partners		<u>969,904</u>	<u>895,872</u>
Total liabilities		<u>991,412</u>	<u>913,601</u>

The consolidated financial statements were approved by the General Partner on March 2014 and signed on its behalf by


 Director
 For and on behalf of J.P. Morgan 8CS Investments (GP) Limited

25 March 2014
 Date

The accompanying notes 1 to 16 form an integral part of these consolidated financial statements

8CS Investments LP

Consolidated Statement of Profit or Loss and Comprehensive Income For the year ended 31 December 2013

	Notes	31 December 2013 GBP 000	31 December 2012 GBP 000
Revenue	8	53,738	51,972
Other income	9	-	287
Net change in fair value of investment property	4	75,000	43,900
Realised gain on foreign currency transactions		-	4
		<u>128,738</u>	<u>96,163</u>
General Partner's Share	12	(1,912)	(2,018)
Other operating expenses	10	(344)	(1,906)
Realised loss on foreign currency transactions		(1)	-
		<u>(2,257)</u>	<u>(3,924)</u>
Operating profit		<u>126,481</u>	<u>92,239</u>
Taxation	7	(2,999)	(2,402)
Net profit and total comprehensive income for the year before allocation to the partners		<u>123,482</u>	<u>89,837</u>

The accompanying notes 1 to 16 form an integral part of these consolidated financial statements

8CS Investments LP

Consolidated Statement of Changes in Net Assets Attributable to Partners For the year ended 31 December 2013

	Capital Contributions GBP 000	Advanced Contributions GBP 000	Repayment of Advanced Contributions GBP 000	Sub Total GBP 000	Retained Earnings GBP 000	Grand Total GBP 000
Balance as at 1 January 2012	16	775,316	(92,763)	682,569	172,766	855,335
Distributions	-	-	(49,300)	(49,300)	-	(49,300)
Net profit for the year	-	-	-	-	89,837	89,837
Balance as at 31 December 2012	16	775,316	(142,063)	633,269	262,603	895,872
Balance as at 1 January 2013	16	775,316	(142,063)	633,269	262,603	895,872
Distributions	-	-	(49,450)	(49,450)	-	(49,450)
Net profit for the year	-	-	-	-	123,482	123,482
Balance as at 31 December 2013	16	775,316	(191,513)	583,819	386,085	969,904
Represented by:						
Net assets attributable to Carried Interest Partner's Capital	8	-	-	8	11,814	11,822
Net assets attributable to Limited Partner's Capital	8	775,316	(191,513)	583,811	374,271	958,082
Balance as at 31 December 2013	16	775,316	(191,513)	583,819	386,085	969,904

The accompanying notes 1 to 16 form an integral part of these consolidated financial statements

8CS Investments LP

Consolidated Cash Flow Statement For the year ended 31 December 2013

	Notes	31 December 2013 GBP 000	31 December 2012 GBP 000
Cash flows from operating activities			
Net profit for the year		123,482	89,837
<i>Adjustments in relation to:</i>			
Net change in fair value of investment property	4	(75,000)	(43,900)
Changes in working capital	14	3,779	4,182
<i>Cash generated by operations</i>		<u>52,261</u>	<u>50,119</u>
Cash flows from financing activities			
Income distributions		(49,450)	(49,300)
<i>Net cash used in financing activities</i>		<u>(49,450)</u>	<u>(49,300)</u>
Net increase in cash and cash equivalents		<u>2,811</u>	<u>819</u>
Cash and cash equivalents at the beginning of the year		13,601	12,782
Cash and cash equivalents as at the end of the year		<u>16,412</u>	<u>13,601</u>

The accompanying notes 1 to 16 form an integral part of these consolidated financial statements

8CS Investments LP

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. General information

8CS Investments LP (the "Fund Partnership"), was established by a limited partnership agreement on 23 October 2009. The Fund Partnership has been registered as an English limited partnership under the Limited Partnership Act 1907 on 26 October 2009 with registration number LP13662.

The address of the Fund Partnership's registered office is Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

The Fund Partnership commenced its investment activity in October 2009. The term of the Fund Partnership is the earlier of 25 years from the date of commencement or on the happening of certain events.

J.P. Morgan 8CS Investments (GP) Limited (the "General Partner") shall not make any Commitment to the Fund Partnership but shall be entitled to a General Partner's Share.

JPMorgan Investments Limited (the "Carried Interest Partner") participates in the Fund Partnership and has made a Commitment of GBP 8,000 to the Fund Partnership. The Carried Interest Partner does not pay any part of the General Partner's share or carried interest. Based upon the fair value of the investment property as at 31 December 2013, carried interest of GBP 11.8 million would be due to the Carried Interest Partner on a liquidation basis.

The purpose of the Fund Partnership is to carry on the business of investing, directly or indirectly, in real estate (including portfolios thereof) and real estate related assets and in particular, but without limitation, to identify, research, negotiate, make and monitor the progress of and sell, realise, exchange or distribute investments including the acquisition, development, management, letting, sale and disposal of investments, including shares, debenture and other securities or interests in holding companies, the making and borrowing of loans whether secure or unsecured to and/or holding companies and other persons and the use of leverage through borrowings. The Fund Partnership may execute, sign, seal, deliver and perform all deeds, contracts and other undertakings and engage in all activities and transactions as may in the opinion of JPMorgan Asset Management (UK) Limited (the 'Operator') be necessary or advisable in order to carry out the foregoing purposes.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

A. Basis of preparation

The consolidated financial statements of the Fund Partnership and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and under the requirements of the Companies Act 2006 as applied to qualifying partnerships. The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of the investment property, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the consolidated financial statements are disclosed in note M below.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

A. Basis of preparation (continued)

i. Standards, amendments and interpretations effective 1 January 2013 and adopted by the Fund Partnership

The following new and revised standards and interpretations have been adopted in the current year which may have affected these financial statements. Details of other standards and interpretations adopted that have no effect on these financial statements are set out in section (ii) below.

- *IFRS 10 Consolidated Financial Statements*

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation-Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect the investee's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

IFRS 10 was endorsed by the EU in December 2012 but it is not yet effective. It is effective in the EU for financial periods commencing on or after 1 January 2014. The group has early adopted IFRS 10.

The Fund Partnership owns 100% of the shareholding of 8CS Holdings Sarl which in turn owns 100% of the shareholding of Project Maple II B.V., a Dutch limited liability company which owns the leasehold interest in an investment property.

The General Partner has made an assessment as at the date of initial application of IFRS 10 on 1 January 2013 as to whether the Fund Partnership has control over 8CS Holdings Sarl and whether 8CS Holdings Sarl has control over the Project Maple II B.V. in accordance with the new definition of control and the related guidance set out in IFRS 13. The directors concluded that the Fund Partnership has control over 8CS Holdings Sarl and the 8CS Holdings Sarl in turn has control over Project Maple II B.V. Accordingly, the results of 8CS Holdings Sarl which include those of Project Maple II B.V. have been included in those consolidated financial statements of the Fund Partnership.

The above treatment is the same as in the prior year and as such the adoption of IFRS 10 has not resulted in any changes in the financial statements. Restatement of prior years numbers was as such not necessary.

- *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has had no significant impact on the financial statements.

- *IFRS 13 Fair Value Measurement*

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurements of IFRS 13 apply to both financial instrument and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 17 *Leases*, and measurements that have similarities to fair value but are not fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

A. Basis of preparation (continued)

i. Standards, amendments and interpretations effective 1 January 2013 and adopted by the Fund Partnership

- *IFRS 13 Fair Value Measurement (continued)*

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.

In accordance with these transitional provisions, the Group has not made any new disclosures as required by IFRS 13 for the 2012 comparative period. Please see notes 3 and 4 for the 2013 disclosures. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

- *Amendments to IAS 1 Presentation of Financial Statements*

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income such that items of other comprehensive income are grouped into two categories:

- a) items that will not be reclassified subsequently to profit or loss; and
- b) items that will be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items on other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1 the 'Statement of Comprehensive Income' is renamed 'Statement of Profit or Loss and other Comprehensive Income' and the 'Income Statement' is renamed as the 'Statement of Profit or Loss.'

ii. Standards, amendments and interpretations that are in issue but not effective for the financial year beginning 1 January 2013 and not early adopted

- IFRS 9 - Financial Instruments
- IFRS 10, 12 and IAS 27 (amendments) – Investment Entities
- IAS 32 (amendments) – Offsetting Financial Assets and Financial Liabilities
- IAS 36 (amendments) – Recoverable Amount Disclosures for Non-Financing Assets
- IAS 39 (amendments) – Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 12 – Levies
- Annual Improvements to IFRS

The General Partner does not expect the adoption of the standards, amendments and interpretations that are in issue but not yet effective listed above will have a material impact on the Group's consolidated financial statements in future periods. Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

B. Basis of consolidation

These Consolidated Financial Statements of the Fund Partnership and entities controlled by the Fund Partnership (its subsidiaries) are made up to 31 December each year. Control is achieved when the company:

- has the power over the investee;
- is exposed or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Fund Partnership reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consideration of a subsidiary begins when the Fund Partnership obtains control over the subsidiary and ceases when that control is lost.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income and expenses and cashflows relating to transitions between members of the Group are eliminated on consolidation.

C. Going concern

The Fund Partnership meets its day to day working capital requirements by using internally generated cash flows from the long term lease of the investment property. The Fund Partnership has no third party borrowings. Therefore, the current economic conditions create no uncertainty in the foreseeable future.

As a consequence, the General Partner believes that the Fund Partnership is well placed to manage its business risks successfully. The General Partner has a reasonable expectation that the Fund Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

D. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in GBP, which is the Fund Partnership's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and comprehensive income.

When foreign exchange gains or losses on a non-monetary item are recognised directly in equity, the exchange component of that gain or loss shall be recognised directly in equity. Conversely, when foreign exchange gains or losses on a non-monetary item are recognised directly in the consolidated statement of profit or loss and comprehensive income, the exchange component of that gain or loss shall be recognised in the consolidated statement of profit or loss and comprehensive income.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

D. Foreign currency translation (continued)

(c) Group's entities

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless exchange rates fluctuate significantly during that period, in which case income and expenses are translated at the exchange rates at the dates of the transactions); and
- iii. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

E. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and which is not occupied by the Group is classified as investment property in accordance with IAS 40 'Investment Property'.

Investment property comprises freehold land and freehold buildings held for long-term rental yields and for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of the current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is included into the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Changes in fair values are recorded in the consolidated Statement of profit or loss and comprehensive income.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

F. Leases

A Group company is the lessor.

Operating lease in accordance with SIC interpretation 15 'Operating lease incentives'

Properties leased out under operating leases are included in investment property in the consolidated balance sheet. Lease income is recognised over the term of the lease on a straight-line basis.

G. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less a provision for doubtful accounts. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

H. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short term investments in an active market with original maturities of three months or less and bank overdrafts.

I. Distributions to limited partners

Distributions are made in accordance with the Limited Partnership Agreement dated 10 November 2010. Distributions shall be distributed quarterly or, at the discretion of the Operator, more frequently, after payment of the General Partner's Share, in the following order:

- (i) first, 100% to the Limited Partner until it has received cumulative distributions equal to its Contributions;
- (ii) second, 100% to the Limited Partner until it has received cumulative distributions equal to a preferred return on the amounts distributed above the IRR Hurdle Rate, compounded annually (the Preferred Return);
- (iii) third, 90% to the Limited Partner and 10% to the Carried Interest Partner.

J. Allocation of profits and losses

Net investment income and net realised and changes in unrealised gains are allocated to each partner in accordance with the Limited Partnership Agreement.

The Fund Partnership accounts for carried interest as an appropriation of profit through the capital accounts based on the rules defined in the Limited Partnership Agreement (see note 2 (I)). Where an unrealised revaluation gain is recognised, the gain is allocated between the partners as if the unrealised amount had been realised as at year end. Accordingly, the partners' capital balances will equal the proceeds that each partner would receive if the Fund Partnership was to realise its portfolio as of the year end. Amounts ultimately distributed to the partners may be different given the inherent uncertainties of the fair valuation of the investment portfolio.

As of December 31, 2013, the General Partner has allocated GBP 11.8 million to the Carried Interest Partner. This is calculated and recorded as if the Fund Partnership had realised all assets and settled all liabilities at their reported fair values (GBP 975 million), allocated all gains and losses and distributed the resulting net assets to the Limited Partner and the Carried Interest Partner at year end.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

K. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

L. Revenue and expense recognition

Revenue includes rental income, service charges and management charges from properties, and income from property trading.

Rental Income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Interest income

Interest income is recognised using the effective interest rate method. Interest income (if any) is included in finance income in the consolidated statement of comprehensive income.

Service charges and expenses recoverable from tenants

Service charges, are composed of service charges billed to the tenants net of recoverable service charge expenses incurred by the Group. Service and management charges are recognised in the accounting period in which the services are rendered.

Expenses

Expenses are recognised within the period in which they are incurred and included under other operating expenses in the consolidated income statement.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

M. Use of significant accounting estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses and unrealised gains or losses during the reporting period. Actual results could differ from these estimates.

Estimates and judgments' are continually evaluated and are based on historical experience and other factors. These include expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting 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 discussed below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the most reliable estimate of fair value within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- i. Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- ii. Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- iii. Discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and, when possible, by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(b) Principal assumptions for management's estimation of fair value of investment properties

If information on current or recent prices of investment properties is not available, the fair value of investment properties is determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the Group's provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. Financial risk management

A. Financial risk factors

An investment in the Fund Partnership involves certain risks relating to the Group's structure and to its investment policy. Where possible the Fund Partnership and its advisers will take the necessary actions to mitigate these risks.

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to moderate certain risk exposures (not currently in use).

The Fund Partnership's objective is to seek capital appreciation by investing in real estate and real estate-related assets in the target markets.

3.1 Market risk

(a) Price risk

The Group is exposed to property price and property rental risk. The Group uses local knowledge and experience to minimize these risks.

(b) Cash flow and fair value Interest rate risk

The majority of the Group's assets are non interest bearing.

The Group's interest bearing financial assets and liabilities exposes it to risks associated with effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The following table summarises the Group's exposure to interest rate risk. It includes the Group's assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

At 31 December 2013	Less than 3 months GBP 000	3 months 1 year GBP 000	1 to 5 years GBP 000	Over 5 years GBP 000	Non interest bearing GBP 000	Total GBP 000
ASSETS						
Investment properties	-	-	-	-	975,000	975,000
Cash and cash equivalents	16,412	-	-	-	-	16,412
Total assets	16,412	-	-	-	975,000	991,412
LIABILITIES						
Trade and other payables	-	-	-	-	15,274	15,274
Accrued expenses	-	-	-	-	1,612	1,612
Current income tax liabilities	-	-	-	-	4,622	4,622
Total liabilities (excluding net asset attributable to Partners)	-	-	-	-	21,508	21,508
Net assets attributable to Partners	16,412	-	-	-	953,492	969,904
Total equity and liabilities	16,412	-	-	-	975,000	991,412

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. Financial risk management (continued)

A. Financial risk factors (continued)

3.1 Market risk (continued)

(b) Cash flow and fair value Interest rate risk (continued)

At 31 December 2012	Less than 3 months GBP 000	3 months 1 year GBP 000	1 to 5 years GBP 000	Over 5 years GBP 000	Non interest bearing GBP 000	Total GBP 000
ASSETS						
Investment properties	-	-	-	-	900,000	900,000
Cash and cash equivalents	13,601	-	-	-	-	13,601
Total assets	13,601	-	-	-	900,000	913,601
LIABILITIES						
Trade and other payables	-	-	-	-	14,837	14,837
Accrued expenses	-	-	-	-	490	490
Current income tax liabilities	-	-	-	-	2,402	2,402
Total liabilities (excluding net asset attributable to Partners)	-	-	-	-	17,729	17,729
Net assets attributable to Partners	13,601	-	-	-	882,271	895,872
Total equity and liabilities	13,601	-	-	-	900,000	913,601

As per the table, the majority of the funds assets and liabilities are non-interest bearing. The cash component is held on demand earning a minimal interest return. As such, the Group had no significant interest rate risk exposure in the current and prior years and therefore no sensitivity analysis has been presented.

(c) Foreign exchange risk

The Group may invest in target markets in which the GBP is not the local currency. Where it is appropriate to do so, the Investment Adviser may cause the Group to enter into hedging transactions in relation to the currency risk in connection with an investment. These transactions will not be entered into for speculative purposes.

Where hedging is deemed appropriate to reduce currency risk for the Group, the Operator, or any affiliate of the Operator, acting as investment adviser to the Operator will evaluate and seek to purchase the most cost effective instrument available at the time. In some instances either (i) it may not be cost effective to enter into such transaction or (ii) the anticipated hold period for an investment may be relatively short, in which case this risk arising from such investment will remain and the risk will be taken into account.

It is impossible to reduce currency risk precisely where the magnitude and timing of future cash flows are not known with certainty. Therefore, the Group's policy will serve to reduce, but will not eliminate all the risks of currency or interest rate fluctuations.

The Group had no significant foreign exchange risk exposure in the current and prior years and therefore no sensitivity analysis has been presented.

The Group does not apply hedge accounting as per IAS 39.

On acquisition, the exchange rate risk of each acquisition is reviewed and approved by the Operator. Any changes in the exposure will be discussed with the Investment Adviser and necessary action considered.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. Financial risk management (continued)

A. Financial risk factors (continued)

3.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables.

The Group has a significant concentration of credit risk as it has one tenant. The Investment Adviser together with its local Advisers ensures that rental contracts are made with customers with an appropriate credit history. The Investment Adviser is satisfied that the lessee of the investment property has an appropriate credit history. Excess cash is held in short term cash accounts. Cash transactions are limited to high-credit-quality financial institutions.

As of 31 December 2013, the Group had no credit risk arising from the real estate investments as the Group has not entered into any significant asset disposals. The trade and other receivables outstanding as of that date have been incurred in the normal course of the Group activities.

Management reviews bad debts on a regular basis and believes that there is no significant credit risk to the Group.

3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market conditions.

The Investment Adviser is responsible for managing and reviewing all cash flows arising from the real estate investments through a detailed budgeting process. These reviews are performed based on the annual budget and reviewed throughout the year on a regular basis. The Investment Adviser makes budget recommendations for each real estate investment which are approved by the Operator. The Investment Adviser provides further updates and recommendations for any particular real estate investments to the Operator when required. The Operator will then decide on the appropriate action required.

The table below summarises the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. Financial risk management (continued)

A. Financial risk factors (continued)

3.3 Liquidity risk (continued)

At 31 December 2013	Less than 3 months GBP 000	3 months to 1 year GBP 000	1 to 2 years GBP 000	2 to 5 years GBP 000	Over 5 years GBP 000	Total GBP 000
LIABILITIES						
Trade and other payables	15,274	-	-	-	-	15,274
Accrued expenses	1,612	-	-	-	-	1,612
Current income tax liabilities	4,622	-	-	-	-	4,622
Total liabilities	21,508	-	-	-	-	21,508
At 31 December 2012	Less than 3 months GBP 000	3 months to 1 year GBP 000	1 to 2 years GBP 000	2 to 5 years GBP 000	Over 5 years GBP 000	Total GBP 000
LIABILITIES						
Trade and other payables	14,837	-	-	-	-	14,837
Accrued expenses	490	-	-	-	-	490
Current income tax liabilities	2,402	-	-	-	-	2,402
Total liabilities	17,729	-	-	-	-	17,729

The Group has no significant liquidity risk. There is a significant cash balance to hand. The level of activity and outgoings during the year are low, pre-budgeted and the Investment Adviser reviews this on a regular basis throughout the year.

B Fair value estimation

The Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1

Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted prices included within level that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3

Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs).

The value of the investment property held by the Group has been determined based on the market comparable approach that reflects recent transaction prices for similar properties. As such, it has been classified as a level 3 investment (see note 4).

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. Financial risk management (continued)

C Capital risk management

For the purpose of this section, capital means capital contributions.

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for Partners to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group will normally call additional capital from Partners' commitments.

The Group is not subject to any external imposed capital requirements.

4. Investment property

8 CANADA SQUARE, CANARY WHARF	31 December 2013 GBP 000	31 December 2012 GBP 000
Investment at cost at the beginning of the year	772,500	772,500
Additions	-	-
Investment at cost at the end of the year	772,500	772,500
Net unrealised gain at the beginning of the year	127,500	83,600
Net change in fair value	75,000	43,900
Net unrealised gain at the end of the year	202,500	127,500
Fair value at the end of the year	975,000	900,000

Real Estate Investments by country:

As at 31 December 2013

	Cost of Investment GBP 000	Fair Value GBP 000	Insured Value GBP 000
United Kingdom	772,500	975,000	777,116
	772,500	975,000	777,116

The Group's investment property was revalued at 30 November 2013, by independent professionally qualified valuers, Savills Commercial Limited, who hold a recognised relevant professional qualification and have relevant experience in the location and category of the investment property valued.

The valuation conforms to International Valuation Standards. The valuation was determined based on the market comparable approach that reflects recent transaction prices for similar properties. Given the market comparable approach used in the valuation, it is not relevant to provide a sensitivity analysis on the valuation. More details on the basis of estimation of fair value of the investment property are described in note 2 (M)(a) of these consolidated financial statements. There has been no change to the valuation technique during the year.

In accordance with the Savills Commercial Limited external valuation dated 30 November 2013, GBP 975,000,000 (2012: Savills Commercial Limited valuation of GBP 900,000,000) has been used as the fair value of the investment property for accounting purposes as of 31 December 2013. In the opinion of the Operator, there was no material movement in the fair value of the investment property between the valuation date and the year end.

Under IFRS, investment properties are accounted for at their fair value.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

4. Investment property (continued)

It is noted that this valuation does not take into account any potential tax or other savings that may occur as a result of a sale of shares, which is typically used for large UK transactions due to the high level of SDLT payable. It is therefore the view of the directors of the General Partner that the most likely transaction would be a sale of shares which could result in a potential gross asset value of GBP 1,014,000,000 (2012: Savills Commercial Limited valuation of GBP 935,900,000) due to savings in Stamp Duty Land Tax based on the earlier mentioned Savills valuation report.

The land, on which 8 Canada Square is situated, has a long land lease for a period of 999 years of which 987 years remain; the lease ends in April 3000.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2013 are as follows:

	Level 1 GBP 000	Level 2 GBP 000	Level 3 GBP 000	Total GBP 000
Assets				
Commercial property unit located at 8 Canada Square, Canary Wharf, London E14, United Kingdom	-	-	975,000	975,000
	-	-	975,000	975,000

There were no transfers between levels during the year.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to GBP 53.74 million (2012: GBP 51.97 million).

5. Trade and other payables

	31 December 2013 GBP 000	31 December 2012 GBP 000
Prepaid rental income	13,614	13,182
Purchase price adjustment (see note 10)	1,600	1,600
Other payables	60	55
	<u>15,274</u>	<u>14,837</u>

6. Accrued expenses

	31 December 2013 GBP 000	31 December 2012 GBP 000
Accrued other expenses	17	7
Accrued accounting fees	10	10
Accrued audit fees	37	35
Accrued other professional fees	16	6
Accrued General Partner's Share (see note 12)	1,442	432
Accrued Legal Fees	90	-
	<u>1,612</u>	<u>490</u>

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

7. Taxation

Income Tax

Income taxes are calculated based on the tax rates in the countries where the Group has operations, taking into account tax-exempt income and tax losses carried forward.

The Fund Partnership is income tax transparent for the purposes of UK taxation. Net UK rental profits arising in the Group's subsidiary Project Maple II B.V. are subject to UK income tax at the rate of 20%. Other income arising to Project Maple II B.V. may be subject to Netherlands corporate income tax at the rate 25%.

	31 December 2013 GBP 000	31 December 2012 GBP 000
Tax charge		
Income tax	2,999	2,402
	<u>2,999</u>	<u>2,402</u>

The reconciliation of the current income tax is as follows:

	31 December 2013 GBP 000	31 December 2012 GBP 000
Profit before taxation	<u>126,481</u>	<u>92,239</u>
Expected tax charge at UK standard income tax rate of 20%	25,296	18,448
Effects of:		
Non-taxable net change in fair value of investment property	(15,000)	(8,780)
Non-taxable intra-group interest	(7,968)	(7,989)
Other differences	671	723
Total tax charge	<u>2,999</u>	<u>2,402</u>

No deferred tax asset or liability was recognised on the unrealised gain on the investment property because the sale of the property would not be subject to tax in UK or Netherlands under current legislation.

8. Revenue

	31 December 2013 GBP 000	31 December 2012 GBP 000
Rental income	53,738	51,972
Net rental income	<u>53,738</u>	<u>51,972</u>

The Group's real estate operations include the leasing of 8 Canada Square, Canary Wharf in London, United Kingdom and the current lease agreements expire on 30 May 2027. The current rent is GBP 54,456,433 and increases annually on 31 May by the Retail Price Index, subject to a 2.5% and 6%, floor and cap respectively.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

8. Revenue (continued)

The future minimum operating lease payments receivable under non-cancellable operating lease on the Investment property are as follows:

	31 December 2013 GBP 000	31 December 2012 GBP 000
No later than 1 year	55,254	53,499
Later than 1 year and no later than 5 years	297,695	288,239
Later than 5 years	514,701	572,853
	<u>867,650</u>	<u>914,591</u>

9. Other income

	31 December 2013 GBP 000	31 December 2012 GBP 000
Compensations from tenant for property related costs	-	287
	<u>-</u>	<u>287</u>

10. Other operating expenses

	31 December 2013 GBP 000	31 December 2012 GBP 000
Property expenses	1	2
Audit fees	43	38
Non-audit fees – provision of tax services	45	35
VAT, non recoverable	-	(3)
Legal fees	95	36
Accounting fees	55	55
Survey fees	34	59
Valuation fees	36	36
Administration fee	19	21
Other professional fees	7	20
Other operating expenses	9	7
Exceptional operating item - Purchase price adjustment	-	1,600
	<u>344</u>	<u>1,906</u>

8CS Investments LP

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2013

11. Partners' contributions and commitments

At balance sheet date, the total commitments, undrawn advance commitments and net contributions were as follows:

	31 December 2013 GBP 000	31 December 2012 GBP 000
Total Commitments	780,212	780,212
Advance Contributions	(775,332)	(775,332)
Undrawn Commitments	<u>4,880</u>	<u>4,880</u>
	31 December 2013 GBP 000	31 December 2012 GBP 000
Advance Contributions from the Limited Partner	775,324	775,324
Repayment of Advance Contributions to the Limited Partner	(191,513)	(142,063)
Net Advanced Contributions from the Limited Partner	<u>583,811</u>	<u>633,261</u>

The Carried Interest Partner has a fully drawdown commitment of GBP 8,000 to the Fund Partnership and the Limited Partner has a commitment of GBP 780,203,750.

The Limited Partner's commitment consists of a capital commitment and an advance commitment.

Advanced contributions have been repaid quarterly to the Limited Partner from rental income generated from the investment property. No payments have been made to the Carried Interest Partner.

The capital commitment is equal to 0.001% of the Limited Partner's commitment and GBP 8,000 in respect to the Carried Interest Partner. Each Partner contributed the full amount of its capital commitment on the date on which it was admitted to the Fund Partnership. The Fund Partnership may not return capital contributions until the end of the life of the Fund Partnership.

The advance commitment is equal to 99.999% of the Limited Partner's commitment and nil in respect to the Carried Interest Partner's commitment.

12. 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.

The General Partner, the Operator, the Investment Adviser, the Carried Interest Partner and the Accountants are related parties as they are subsidiaries or affiliates of JPMorgan Chase & Co.

Under the terms of the Limited Partnership Agreement, the Partnership appointed JPMorgan Asset Management (UK) Limited as Operator to provide management services to the Fund Partnership.

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

12. Related party disclosures (continued)

General Partner's Share

In respect of the period commencing on 1 December 2009 and continuing thereafter until 30 June 2012, the General Partner was entitled to receive, in respect of each accounting period, an amount equal to GBP 2,124,375 per annum. Effective from 1 July 2012, the General Partner's share was reduced to GBP 1,911,938 per annum as detailed in the Deed of Amendment dated 16 November 2012.

The General Partner's Share accrues daily and is paid semi annually on 31 March and 30 September in each year. The General Partner's Share shall be pro-rated for periods of less than one full twelve month period.

No General Partner's Share is paid in respect of Commitments made by the Carried Interest Partner.

The movements on the General Partner's Share during the year are as follows:

	31 December 2013 GBP 000	31 December 2012 GBP 000
Accrued General Partner's Share at the beginning of the year	432	538
Charge for the year	1,912	2,018
Paid during the year	(902)	(2,124)
Accrued General Partner's Share at the end of the year (note 6)	<u>1,442</u>	<u>432</u>

Accounting services

The Group has contracted J.P. Morgan Chase Bank, N.A., Dublin, Ireland Branch under the Administration Agreement dated 18 February 2010, for the later to provide accounting services. The Group incurred GBP 40,000 (2012: GBP 40,000) expense relating to these accounting services. The amounts payable at the balance sheet date were GBP 10,000 (2012: GBP 10,000).

Carried Interest

The Carried Interest Partner is entitled to receive carried interest as per the Limited Partnership Agreement (see note 2 (I) for distribution policy). As at 31 December 2013, the General Partner allocated GBP 11.8 million to the Carried Interest Partner. This allocation was calculated and recorded as if the Fund Partnership was to realise its portfolio as of year end.

13. Consolidation scope

Subsidiaries included in the scope of consolidation as at 31 December 2013 and 2012 are listed below;

<i>Name of entity</i>	<i>Registered office</i>	<i>Ownership</i>	<i>Nature of business</i>	<i>Scope of consolidation</i>
8CS Holdings Sarl	Luxembourg	100%	Holding Company	Fully consolidated
Project Maple II B.V.	Netherlands	100%	Investment Company	Fully consolidated

8CS Investments LP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

14. Changes in working capital

	Balance as at 31 December 2013 GBP 000	Balance as at 31 December 2012 GBP 000	Change in working capital GBP 000
VAT Receivable	(1)	-	1
Accounts Receivable	1	-	(1)
Prepaid rental income	13,614	13,182	432
Purchase price adjustment	1,600	1,600	-
Other payables	60	55	5
Accrued other expenses	17	7	10
Accrued other professional fees	16	6	10
Accrued legal fees	90	-	90
Accrued audit fees	37	35	2
Accrued accounting fees	10	10	-
Accrued General Partner's Share	1,442	432	1,010
Accrued income tax	4,622	2,402	2,220
			<u>3,779</u>

	Balance as at 31 December 2012 GBP 000	Balance as at 31 December 2011 GBP 000	Change in working capital GBP 000
Prepaid rental income	13,182	12,727	455
Purchase price adjustment	1,600	-	1,600
Other payables	55	119	(64)
Accrued other expenses	7	-	7
Accrued other professional fees	6	10	(4)
Accrued audit fees	35	35	-
Accrued accounting fees	10	10	-
Accrued General Partner's Share	432	538	(106)
Accrued income tax	2,402	108	2,294
			<u>4,182</u>

15. Ultimate controlling party

In the opinion of the directors of the General Partner, the National Pension Service of Korea is the ultimate controlling party to the Group.

16. Subsequent events

No matter or circumstances of importance have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the subsequent financial periods.