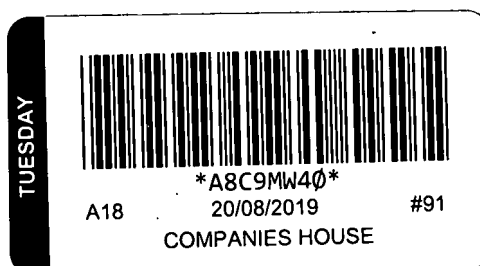


Company Registration No. 06869607 (England and Wales)

AVIVA INVESTORS GR SPV 8 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



AVIVA INVESTORS GR SPV 8 LIMITED

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AVIVA INVESTORS GR SPV 8 LIMITED

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors	Mr B S Hill Mr M Monkhouse Mr C J Urwin Mr G P Mills
Secretary	Mainstay (Secretaries) Limited
Company number	06869607
Registered office	Mainstay Whittington Hall Whittington Road Worcester WR5 2ZX
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Other information	The company is a member of the Aviva plc group of companies (the "Group")

AVIVA INVESTORS GR SPV 8 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities and review of business

The principal activity of the Company is that of investment in ground rent properties. The portfolio has been performing in line with expectation. There have been no significant additions or disposals in the year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B S Hill
Mr M Monkhouse
Mr C J Urwin
Mr G P Mills (Appointed 5 April 2018)

Qualifying third party indemnity provisions

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1st October 2007). The indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Principal risks and uncertainties

The key risks arising in the Company are liquidity, interest rate, operational, credit and market risks which are discussed in more detail below.

Risk management policies

Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva Group ('Aviva').

Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

(i) Liquidity risk

Liquidity risk arises as a result of property assets being inherently illiquid. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

(ii) Interest rate risk

Interest rate risk arises as a result of the Company borrowing from its parent undertaking. Interest rate risk is managed by the Company borrowing at a fixed rate of interest.

AVIVA INVESTORS GR SPV 8 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties (continued)

(iii) Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's investments.

(iv) Credit risk

The Company does not have a significant exposure to credit risk as receivables are mainly short-term trading items and related party receivables. The Company's investments are managed by agents who have responsibility for the prompt collection of amounts due.

(v) Market risk

The Company's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Company.

Employees

The Company has no employees (2017: none).

Post balance sheet events

There are no post balance sheet events.

Future developments

The directors have reviewed the activities of the business for the year and the position as at 31 December 2018. A number of major proposals have been announced by the Government for residential ground rents including the abolition of leasehold houses, setting new ground rents to a peppercorn and a review of the enfranchisement process. We are now in a period of uncertainty in relation to many factors that impact on the residential ground rent investment market. The valuer has reduced their opinion on the value of the residential ground rents to reflect sentiment and uncertainty around future Government actions. Whilst transactional volumes and available evidence has begun to increase, there remains a paucity of comparable transactions and therefore the valuation reflects a greater degree of judgement. The directors have considered the impact as at 31 December 2018 and conclude the fair value of investment properties in the financial statements is appropriate.

Going concern

At the balance sheet date the company had net current liabilities of £7,711,479. This is driven by the intercompany borrowings with the parent of £7,553,637. The directors have received confirmation that Aviva Investors REaLM Ground Rent Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and Aviva Investors Ground Rent Holdco Limited will not seek repayment of part or all of the amount loaned to this company, where to do so would place this company in an insolvent position.

Independent Auditors

It is the intention of the directors to reappoint the auditors under the deemed appointment rules of Section 487 of the Companies Act 2006.

Statement as to disclosure of information to auditors

Each person who was a director of the Company on the date that this report was approved, confirms that:

- (a). so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of this the auditors unaware; and
- (b). each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the 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.

AVIVA INVESTORS GR SPV 8 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

The directors 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006. A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities.

On behalf of the board



Mr G P Mills

Director

Date: 17/04/2019

Independent auditors' report to the members of Aviva Investors GR SPV 8 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors GR SPV 8 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

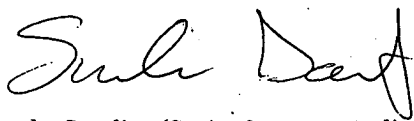
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 April 2019

AVIVA INVESTORS GR SPV 8 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover		801,266	487,352
Administrative expenses		(53,002)	(23,093)
Change in fair value of investment properties	5	(2,392,000)	(1,729,682)
Operating loss	6	(1,643,736)	(1,265,423)
Finance costs	7	(453,218)	(453,218)
Loss before taxation		(2,096,954)	(1,718,641)
Tax on loss	8	285,524	294,046
Loss for the financial year		(1,811,430)	(1,424,595)
Other comprehensive income		-	-
Total comprehensive expense for the year		(1,811,430)	(1,424,595)

Continuing Operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2018 and 31 December 2017 relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements

AVIVA INVESTORS GR SPV 8 LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Investment properties	9		13,607,000		15,999,000
Current assets					
Debtors	10	1,188,131		549,334	
Creditors: amounts falling due within one year					
Intercompany borrowings	11	(7,553,637)		(7,553,637)	
Other creditors	12	(1,345,973)		(881,106)	
		(8,899,610)		(8,434,743)	
Net current liabilities			(7,711,479)		(7,885,409)
Total assets less current liabilities			5,895,521		8,113,591
Provisions for liabilities					
Deferred tax liability	13	(515,724)		(922,364)	
			(515,724)		(922,364)
Net assets			5,379,797		7,191,227
Capital and reserves					
Called up share capital	14		2,962,322		2,962,322
Retained earnings			2,417,475		4,228,905
Total shareholders' funds			5,379,797		7,191,227

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

The financial statements were approved by the board of directors and authorised for issue on 17/04/2019 and are signed on its behalf by:



Mr G P Mills
Director

The notes in pages 10 to 19 form part of these financial statements

AVIVA INVESTORS GR SPV 8 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Retained earnings	Total shareholders' funds
	£	£	£
Balance at 1 January 2017	2,962,322	5,653,500	8,615,822
Total comprehensive expense for the year	-	(1,424,595)	(1,424,595)
Balance at 31 December 2017	2,962,322	4,228,905	7,191,227
Total comprehensive expense for the year	-	(1,811,430)	(1,811,430)
Balance at 31 December 2018	2,962,322	2,417,475	5,379,797

The notes on pages 10 to 19 form part of these financial statements

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Company Information

Aviva Investors GR SPV 8 Limited ("The Company") maintains a portfolio of investment in ground rent properties in the UK.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Mainstay, Whittington Hall, Whittington Road, Worcester, WR5 2ZX.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

3.1 Basis of preparation

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investment properties measured at fair value through profit and loss, in compliance with UK accounting standards including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland, and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within these accounting policies.

3.2 Going concern basis

At the balance sheet date the company had net current liabilities of £7,711,479. This is driven by the intercompany borrowings with the parent of £7,553,637. The directors have received confirmation that Aviva Investors REaLM Ground Rent Limited Partnership intends to support the company to enable it to meet its obligations as they fall due and Aviva Investors Ground Rent Holdco Limited will not seek repayment of part or all of the amount loaned to this company, where to do so would place this company in an insolvent position.

3.3 Turnover

Turnover represents amounts receivable from ground rents and other services, in all cases excluding value added tax, and all in the UK.

Ground rent and other receivables are recognised on an accruals basis in the Statement of Comprehensive Income, over the period to which the income relates.

3.4 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually by reference to a third party valuation report produced by independent appraisers, with any change recognised in the Statement of Comprehensive Income.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Accounting policies

(Continued)

3.5 Loans and borrowings

Loans and borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost with interest being accrued cyclically as defined in the facility agreements. Borrowing costs have been capitalised and are being amortised using the effective interest rate method over the life of the loan. Interest expense associated with loans and borrowings is accounted for on an accruals basis.

3.6 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic Financial Assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

Basic financial liabilities are initially measured at transaction price (including transactions costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make which meet the conditions above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Accounting policies

(Continued)

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments disclosure exemption

The Company has taken advantage of the exemption, under FRS 102, from disclosure of its financial instruments, on the basis that it is a qualifying entity and the Company's financial instruments are disclosed within the consolidated financial statements of its parent entity, Aviva Investors REaLM Ground Rent Limited Partnership.

3.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.8 Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in changes in equity is recognised in the Statement of Changes in Equity and not in the Statement of Comprehensive Income.

3.9 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company has taken advantage of the exemption, under FRS 102, from disclosure of transactions with related parties who are wholly owned within the same Group. The Group includes the Company, its parent undertakings and its fellow subsidiary undertakings.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Accounting policies

(Continued)

3.10 Cash flow statement

The Company has taken advantage of the exemption, under FRS102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company's cash flows are included within the consolidated statement of cash flows of its parent entity, Aviva Investors REaLM Ground Rent Limited Partnership.

3.11 Strategic Report and Directors' report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities. The Directors' report has been prepared with reduced disclosures in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006.

3.12 Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Company's Portfolio. This includes administration, finance and management expenses which are recognised on an accruals basis.

3.13 Interest payable

Interest payable is recognised on an accruals basis.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

Valuation of investment properties

The fair value of the Company's investment properties represents an estimate by independent professional valuers of the open market value of that property as at the balance sheet date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties. Fair value disclosures in relation to investment property are given in Note 9.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Change in fair value of investment properties

	2018 £	2017 £
Change in fair value of investment properties	<u>(2,392,000)</u>	<u>(1,729,682)</u>

6 Operating loss

	2018 £	2017 £
Operating loss		
Fees payable to the company's auditors for the audit of the company's financial statements	<u>10,615</u>	<u>11,161</u>

The Company did not have any employees during the current year or previous year.
The directors received no emoluments for services to the Company for the year (2017: £Nil).

7 Finance costs

	2018 £	2017 £
Loan interest payable to parent undertaking	<u>453,218</u>	<u>453,218</u>

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Tax on loss

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current year	121,116	-
Total UK current tax	<u>121,116</u>	<u>-</u>
Deferred tax		
Deferred tax credit for the year	(406,640)	(294,046)
Total deferred tax	<u>(406,640)</u>	<u>(294,046)</u>
Total tax credit	<u>(285,524)</u>	<u>(294,046)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK.
The difference is explained below:

	2018 £	2017 £
Loss before taxation	<u>(2,096,954)</u>	<u>(1,718,641)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(398,421)	(330,838)
Group relief	(19,972)	(2,125)
Losses (utilised in year)/carried forward	(1,082)	-
Re-measurement of deferred tax - change in UK tax rate	47,840	38,917
Corporate interest restriction	86,111	-
Taxation credit for the year	<u>(285,524)</u>	<u>(294,046)</u>

Finance (No 2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016, which received Royal Assent on 15 September 2016, will further reduce the corporation tax rate to 17% from 1 April 2020.

The reductions in rate from 20% to 19% and then to 17% have been used in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2018.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9 Investment properties

	£
Fair value	
At 1 January 2018	15,999,000
Revaluations	(2,392,000)
At 31 December 2018	<u>13,607,000</u>
Carrying value	
At 31 December 2018	<u>13,607,000</u>
At 31 December 2017	<u>15,999,000</u>

The historical cost of the investment properties as at 31 December 2018 was £10,573,331 (2017: £10,573,331). The investment properties were valued to fair value, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors, as at 31 December 2018 by CBRE Limited, professionally qualified chartered surveyors. The valuer has significant experience in the location and class of the investment property being valued.

Valuation at 31 December is represented by:

	2018 £	2017 £
Valuation of freehold properties	<u>13,607,000</u>	<u>15,999,000</u>

Significant assumptions used in valuation:

The valuations performed by the independent valuer for financial reporting processes have been reviewed by the Fund Manager. Discussions of the valuation processes and results are held between the Fund Manager and the independent valuers at least once every quarter. At each year end, the Fund Manager:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Investment properties are valued by using the investment method which involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent free periods and associated running costs. These capitalisations yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions, being assumptions applied by the valuers and information provided by the General Partner which is derived from the Partnership's financial and property management systems and is subject to the Partnership's overall control environment.

A number of major proposals have been announced by the Government for residential ground rents including the abolition of leasehold houses, setting new ground rents to a peppercorn and a review of the enfranchisement process. We are now in a period of uncertainty in relation to many factors that impact on the residential ground rent investment market. The valuer has reduced their opinion on the value of the residential ground rents to reflect sentiment and uncertainty around future Government actions. Whilst transactional volumes and available evidence has begun to increase, there remains a paucity of comparable transactions and therefore the valuation reflects a greater degree of judgement.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	1,490	14,871
Amounts owed by group undertakings	1,124,141	491,203
Other debtors	62,500	43,260
	<u>1,188,131</u>	<u>549,334</u>

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayments and are payable on demand.

11 Intercompany borrowings

	2018	2017
	£	£
Loan from parent undertaking	<u>7,553,637</u>	<u>7,553,637</u>

The loan from parent undertaking is unsecured, bears interest at 6% per annum and is repayable on demand.

12 Other creditors

	2018	2017
	£	£
Trade creditors	55,557	-
Corporation tax	121,116	-
Other creditors	891,835	562,102
Accruals and deferred income	277,465	319,004
	<u>1,345,973</u>	<u>881,106</u>

13 Deferred taxation

The following are the major deferred tax liabilities recognised by the company and movements thereon:

	Liabilities 2018	Liabilities 2017
	£	£
Balances:		
Revaluation of investment properties	<u>515,724</u>	<u>922,364</u>

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13 Deferred taxation (Continued)

Movements in the year:	£
Liability at 1 January 2018	922,364
Credit to profit or loss	(406,640)
Liability at 31 December 2018	<u>515,724</u>

Deferred tax assets of £nil (2017: £39,895) relating to losses carried forward have not been recognised on the basis that there is not expected to be taxable profits against which to utilise them in the foreseeable future.

Deferred tax assets of £135,096 (2017: £nil) relating to interest disallowed under the Corporate Interest Restriction regime have not been recognised on the basis that it is not expected that tax relief will be available for this restriction in the foreseeable future.

14 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
2,962,322 (2017: 2,962,322) Ordinary shares of £1 each	2,962,322	2,962,322
	<u>2,962,322</u>	<u>2,962,322</u>

15 Operating lease commitments

The company had the following minimum lease receivables under non-cancellable operating leases:

	2018 £	2017 £
Within one year	469,000	464,471
Between two and five years	1,875,999	1,857,882
In over five years	111,440,407	111,762,504
	<u>113,785,406</u>	<u>114,084,857</u>

16 Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2017: £nil).

17 Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.

AVIVA INVESTORS GR SPV 8 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Ultimate parent company

The General Partner of the Aviva Investors REaLM Ground Rent Limited Partnership is the Aviva Investors Ground Rent GP Limited, a company incorporated in Great Britain and registered in England and Wales.

The Company's immediate parent undertaking is the Aviva Investors Ground Rent HoldCo Limited and its ultimate parent undertaking is Aviva Investors REaLM Ground Rent Unit Trust, which is registered in Jersey.

The Aviva Investors REaLM Ground Rent Limited Partnership, which indirectly has 100% interest of the Company, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Aviva Investors REaLM Ground Rent Limited Partnership are available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

AVIVA INVESTORS GR SPV 8 LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2018

	£	2018 £	£	2017 £
Gross rental and ancillary income		801,266		487,352
Administrative expenses				
Professional fees	1,624		-	
Management agent costs	31,929		8,314	
Auditors' remuneration	10,615		11,161	
Irrecoverable VAT	8,834		3,618	
		(53,002)		(23,093)
Exceptional items				
Change in fair value of investment properties	(2,392,000)		(1,729,682)	
Operating loss		(1,643,736)		(1,265,423)
Finance costs				
Loan interest payable to parent undertaking		(453,218)		(453,218)
Net loss before tax		(2,096,954)		(1,718,641)

This page does not form part of the statutory financial statements