Real Estate:UK

FUNDamentals

SESSION 5

INTRODUCTION TO

Fund Financials & Performance

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Agenda

09:00	**Welcome & housekeeping** RE:UK, Rachel Portlock Aztec, Chloe Morris
09:05	**Presentation & Q&A** Darius Tanas, Associate Director, Real Assets Leiden Bherwani, Snr Financial Reporting Manager, Real Assets
10:00 – 10.30	**Networking**

The FUNDamentals Series

Sessions 1–4 available on **RE:UK Website**

Session 1	Introduction to Funds Foundation
Session 2	Introduction to Fund Regulation & Structures
Session 3	Introduction to Fund Taxation
Session 4	Introduction to Fund Terms
Session 5	Introduction to Fund Financials & Performance **(today)**
Session 6	Introduction to Fund Transactions **(Q3 2026)**

Welcome from our sponsors

AZTEC GROUP

Introduction to Fund Financials and Performance

Presented by:
Darius Tanas
Leiden Bherwani

24 June 2026
PGIM Real Estate London

Aztec Group at a glance

A leading alternatives administrator, supporting fund managers across private equity, venture capital, private credit, real estate and infrastructure.

Our global reach, deep sector expertise and alternatives-focused business model enable us to deliver consistent, high-quality service across jurisdictions, helping managers navigate complexity with confidence wherever they operate.

€760+bn
AUA across leading fund jurisdictions

2,300+
employees specialising in alternatives

360+
clients

450
funds across major asset classes

85%
Industry leading staff retention rate

1 in 3
clients have migrated from other administrators

4,600+
entities administered

6 Leading fund jurisdictions

- Jersey
- Guernsey
- UK
- Luxembourg
- US
- Ireland

43+
Net Promoter Score
A market-leading client satisfaction score

About NxtGen

NxtGen is an Aztec Group initiative for early-stage professionals within the private funds industry.

The aim of the group is to provide members with opportunities for networking, creating meaningful connections and supporting professional growth.

Scan to join
Aztec NxtGen LinkedIn

Aztec NxtGen journey so far

May 2024 |
Rooftop drinks – The Madisson

September 2024 |
Breakfast Networking – The Happenstance

December 2024 |
Breakfast networking - Duck & Waffle

March 2025 |
Networking drinks - Oche The Strand

March 2025 |
NxtGen panel event (Luxembourg)

July 2025 |
Breakfast networking - The Wolesley

November 2025 |
Xmas Networking drinks – Little Scarlett Door

March 2026 |
Aztec & Banque de Luxembourg event (Lux)

March 2026 |
Insight Breakfast (Aztec office)

Summer 2026 |
Rooftop drinks – Central London

Introductions

Darius Tanas, FCCA

Aztec - Associate Director – Real Assets

Leiden Bherwani

Aztec - Senior Financial Reporting Manager – Real Assets

Course outline and objectives

- **Understanding real estate fund financial statements and financial performance reports**
- **Net Asset Value and its role in fund performance measurement**
- **Equalisation – concept and application**
- **Internal rate of return (“IRR”) as key performance metric**
- **The impact of leverage on fund performance**
- **How performance is communicated to investors**

At the end of this session, you'll be able to:

- Interpret fund financials and performance
- Apply NAV principles in practice
- Understand high level equalisation mechanics
- Understand IRR as a core return metric
- Understand the strategic role of leverage
- Use investor communication provided by the fund and its administrator

By the end, you’ll be able to read fund financials, NAV, IRR and leverage with confidence – and explain what the numbers mean to investors.

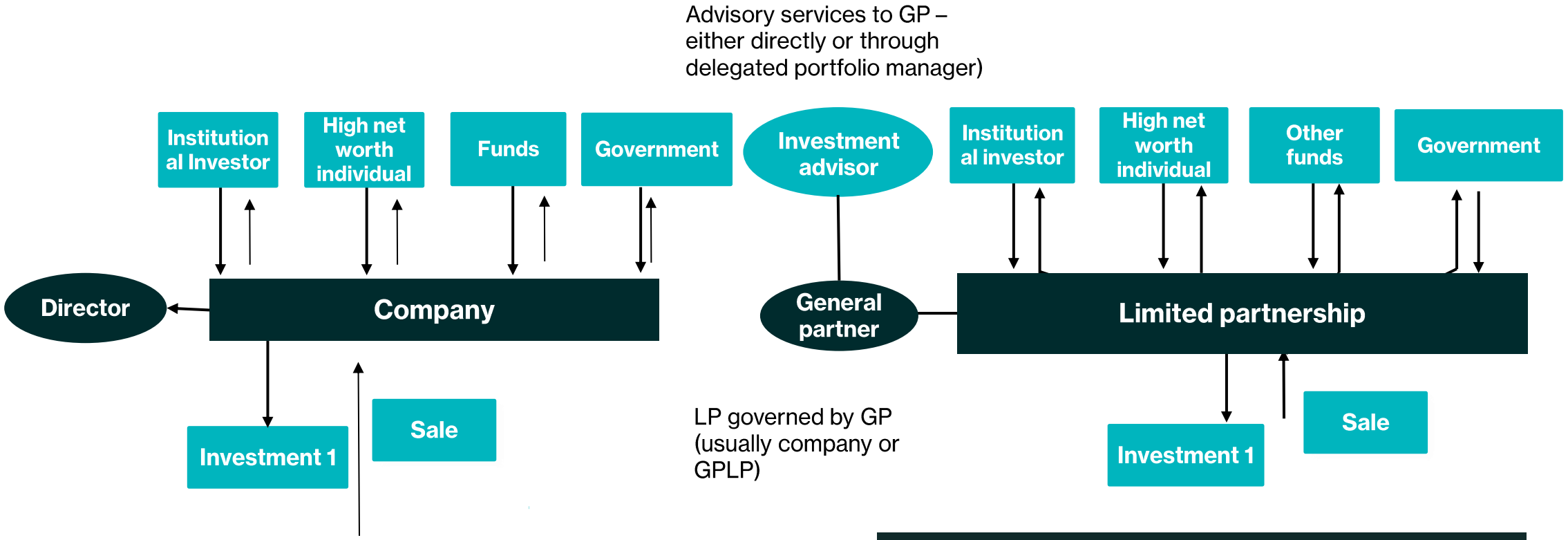
01/06

Understanding real estate fund financial statements and financial performance reports

Fund legal forms

Incorporated v unincorporated

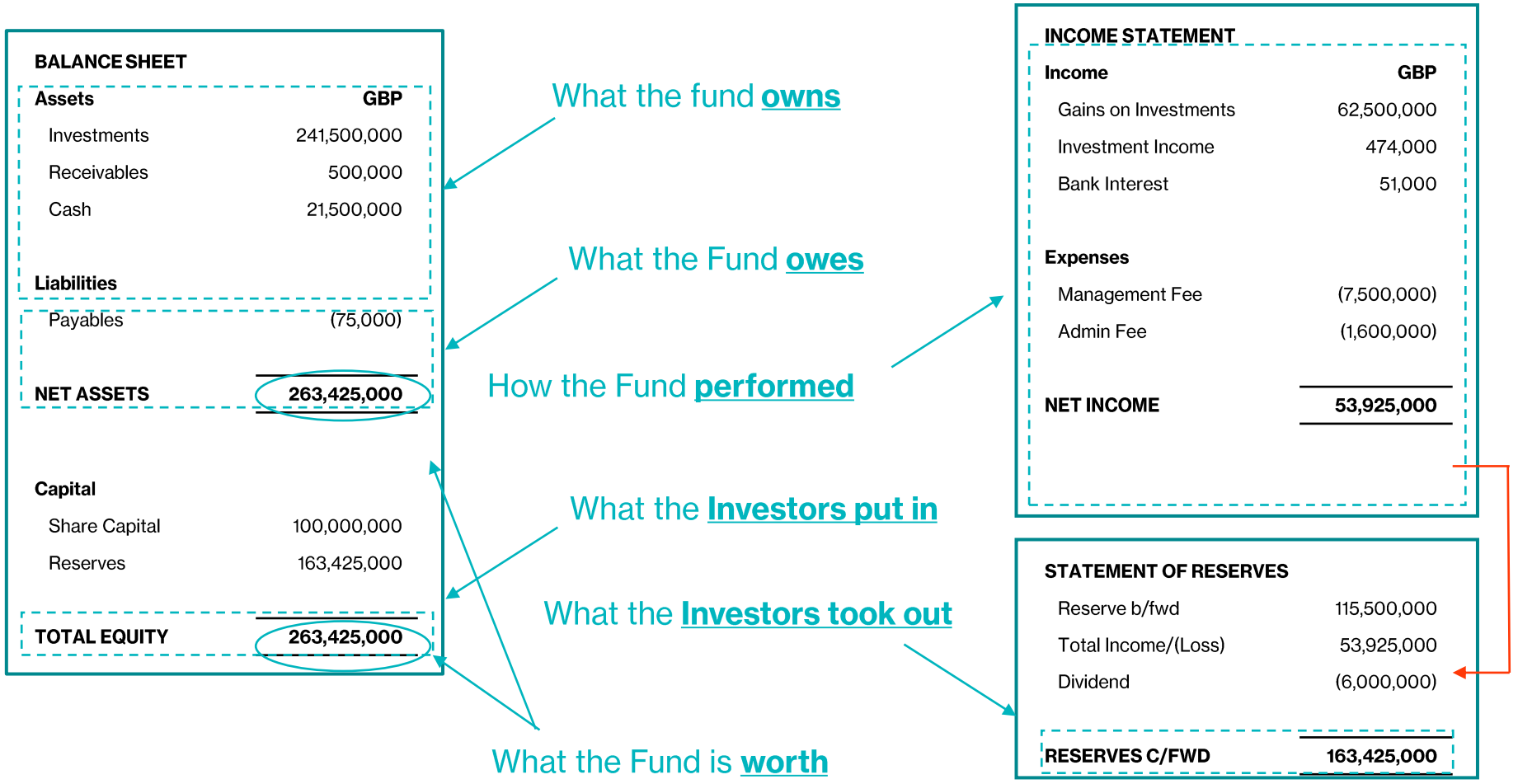
Legal structure determines how financials are presented and interpreted.



Important: legal form will determine the layout and presentation of the financial statements

Takeaway: incorporated vehicles report via directors and is funded by share capital, while an unincorporated partnerships report via the GP and is funded by partners capital/ commitments – the legal form dictates how results are consolidated and presented.

Simplified primary financial statements of a fund



Takeaway: the balance sheet, income statement, statement of reserves and cash flows interlock to show what a fund owns, owes, earns and distributes. Note impact of dincome on reserves as well as issued share capital on reserves, as well.

Primary financial statements of a fund

Basic terms and definitions

Fair presentation 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 Conceptual Framework for Financial Reporting (Conceptual Framework).

Q: Fair presentation of assets and valuation: challenges and things to watch for?

- **Framework divergence**
- **Valuation subjectivity**
- **Methodology inconsistency**
- **Consolidation complexity**
- **Reliance on non-GAAP metrics**

Bottom line: **judgement-heavy valuations rarely compare like-for-like across funds.**

Accounting framework divergence

IFRS vs US GAAP v Local GAAP e.g Lux GAAP

IFRS uses fair value for investment properties, causing volatile earnings, while US GAAP relies on historical cost and depreciation.

Bottom line: IFRS fair value and US GAAP cost can value the same asset very differently – always normalise before comparing funds.

Why important:
Funds are difficult to compare due to different accounting models

Different measurement bases

- IFRS allows fair value model for investment property (IAS 40) with revaluation through P&L
- US GAAP typically applies historical cost (depreciation-based) unless investment company guidance applies
  → drives differences in NAV, earnings volatility and asset values

Classification inconsistencies

- "Investment property" is a defined class under IFRS but not explicitly under US GAAP
  → the same asset may be presented differently across funds

Practical impact

- Investors must rely on other metrics (NAV, IRR drivers) to compare funds
- Complexity increases where funds consolidate entities reporting under different frameworks

Valuation timing and methodology

Why important:

Real estate is inherently illiquid → valuation relies heavily on judgement.

Dependence on **fair value estimates:**

- Reflects **market assumptions at a point in time,** not realised values

Market dislocation risk:

- In periods of low transaction volumes:
  - Valuations may carry **"material uncertainty" caveats**
  - NAV becomes less reliable as there is inherent lack of verifiable inputs

Valuation basis inconsistency:

- External vs internal appraisers
- Frequency differences (quarterly vs annual)

Practical impact:

- Volatility (political, geographical risk) e.g. recent Iran war- impact on assets in the affected region
- Economic risk (interest rates., socio demographic changes impacting long term investments- changing demand and tenant base.
- Data centres on the rise, shopping mall impacted by online shopping.

Bottom line: because real estate is illiquid and fair value rests on judgement, reported NAV can move on assumptions rather than realised value.

Valuation timing and methodology (continued)

Core challenge: Multiple acceptable methodologies with different outputs.

Common approaches:

- **Income (DCF)**
- **Market comparable - requires up-to-date data and is highly subjective.**
- **Cost**

Key issues:

- Different valuers may apply **different weightings or assumptions**
- Sensitivity to small changes (e.g. yield shifts)
- Inconsistent treatment of:
- Development assets vs stabilised assets
- Lease incentives, voids, capex.

Practical impact:

- Reduced comparability between funds
- Potential bias or smoothing in reported performance
- Increased need for disclosure rather than reliance on headline numbers

Bottom line: with several acceptable valuation methods in play, comparability depends on disclosure, not headline numbers.

Valuation timing and methodology (continued)

Consolidation vs Investment entity accounting:

Core challenge: Different accounting treatments materially change how performance is presented.

Consolidation distortions

- Full consolidation of SPVs:
  - Grosses up assets and liabilities
  - **Masks underlying leverage** at fund level.

Control assessment differences

- IFRS uses a single "control" model (power, returns, linkage)
- US GAAP includes ownership models and voting models → Same structure may be consolidated under one framework but not another.

Investment entity exemption (IFRS)

- Subsidiaries measured at fair value through P&L instead of consolidating → Leads to fundamentally different financial statements vs non-investment entities

Practical impact: Investors must "look through" structures to understand asset-level economics

Bottom line: consolidation and investment-entity choices reshape the financials, so investors must look through structures to asset-level economics.

How to assess a real estate fund's financial strength

1. **Net operating income (NOI)** is a key metric for real estate investors and lenders. It evaluates how well specific properties are generating income relative to their operating expenses.

   NOI = Revenue – Operating expenses

2. **Capitalization rate (cap rate)** is the ratio of NOI to the current market or purchase value of a property. Investors use cap rate to gauge the expected return on an investment and to compare different properties or markets.

   Cap rate = Net operating income / Property value

3. **Gross rent multiplier (GRM)** regards the purchase price of a property relative to its gross rental income, which assumes occupancy and full payment. A lower GRM is better; investors may compare this number across properties to decide which one to buy

   GRM = Property price / Gross annual rental income

4. **Operating expense ratio (OER)** contrasts a property's operating expenses with its gross operating income, which includes all revenue streams directly related to the property's primary function. The lower the OER, the better that expenses are being managed, showing higher potential profit.

   OER = (Operating expenses / Gross operating income) x 100

5. **Return on investment (ROI)** shows how efficiently a property uses all invested capital – both cash and borrowed money – to generate profit. The higher the ROI, the more likely it's a good investment opportunity.

   ROI = (Net profit / Total investment) x 100

Together, these five metrics show whether a property is generating efficient, sustainable returns – strong income, disciplined costs and capital that is genuinely working hard.

02/06

Net asset value and its role in fund performance measurement

Net Asset Value

What is Net Asset Value?

Net Asset Value (NAV) represents the **total value** attributable to investors in a Fund or entity **at a specific point in time** and is calculated as:

Total assets less total liabilities, including any accrued income and expenses, measured in accordance with the **applicable financial reporting framework**.

It is the key metric used to assess fund performance and is commonly expressed on a per-unit or per-share basis for investors.

Net Asset Value

What is Net Asset Value?

What the **investors put in**

What the **investors took out**

BALANCE SHEET

Assets	GBP
Investments	241,500,000
Receivables	500,000
Cash	21,500,000
Liabilities	
Payables	(75,000)
NET ASSETS	**263,425,000**
PARTNERS' CAPITAL	**263,425,000**

INCOME STATEMENT

Income	GBP
Gains on investments	62,500,000
Investment income	474,000
Bank interest	51,000
Expenses	
Management fee	(7,500,000)
Admin fee	(1,600,000)
NET PROFIT	**53,925,000**

CAPITAL ACCOUNT

	GBP
Capital b/fwd	215,500,000
Contributions	
Investment	4,000,000
Management fees	1,000,000
Partnership expenses	1,000,000
Distributions	
Return of capital	(4,000,000)
Realised gains	(6,000,000)
Income	(2,000,000)
Net profit/loss	53,925,000
CAPITAL C/FWD	**263,425,000**

Net assets and the capital account reconcile to the same £263,425,000 – that figure is the fund's NAV.

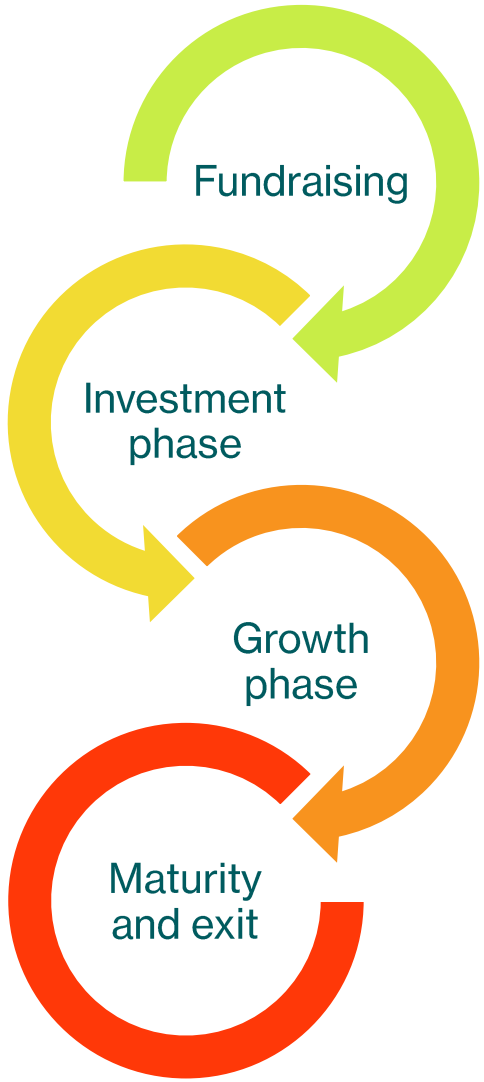
Net Asset Value

Early stage = NAV approximates capital invested

Growth phase = NAV increases from unrealised gains

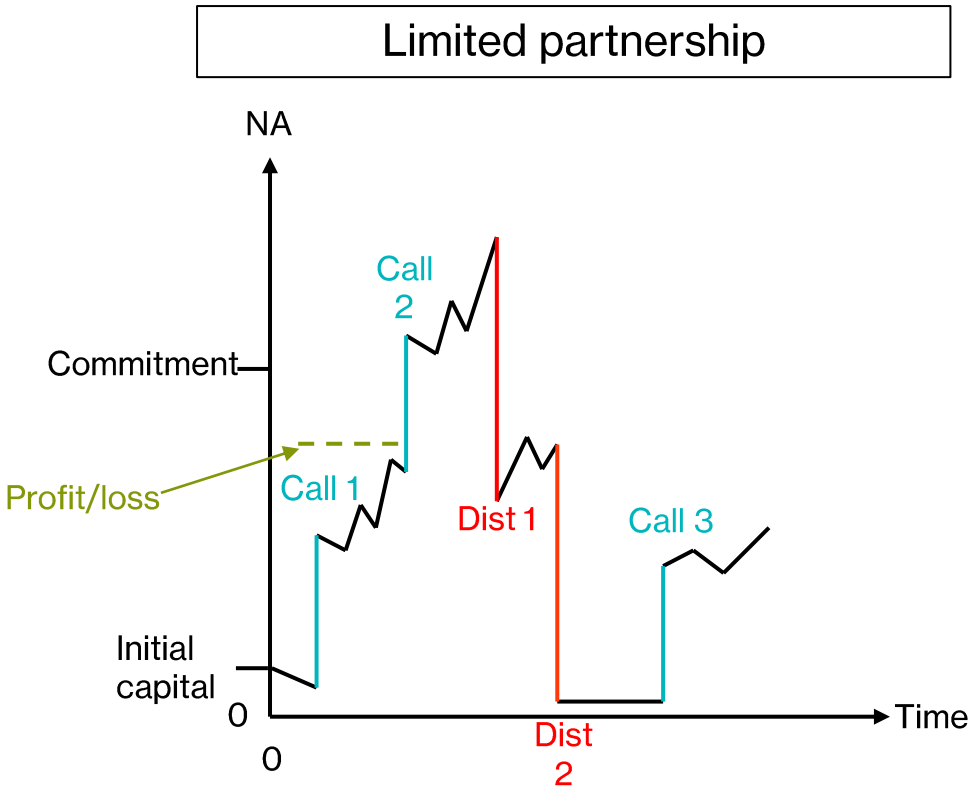
Exit phase = NAV converts into distributions and NAV reduces over time

NAV over the fund lifecycle



Net Asset Value

“NAV is a snapshot, performance is a journey.”



- Continual capital inflows and outflows
- Complicated for investors to understand what happened to Net Asset Value

- **NAV** feeds into performance metrics
  - **IRR** incorporates timings and cashflows
  - **Multiples** combines NAV + distributions

Net Asset Value

+ Transaction cost adjustments
+ Set-up cost adjustments
+ Incentive fee accruals

Net Asset Value

Accounting NAV vs Economic (Adjusted) NAV

Area	Accounting NAV (IFRS/GAAP)	Economic NAV (Adjusted)
Purpose	Financial reporting (statutory accounts)	Reflects true economic value to investors
Basis	Prepared under IFRS / local GAAP rules	Adjusted from accounting NAV for market-based outcomes
Measurement focus	Assets and liabilities recognised per accounting standards	Theoretical exit value at reporting date
Valuation approach	Fair value where applicable within accounting rules	Fair value plus economic adjustments
Transaction costs	Expensed immediately	Often capitalised or adjusted
Setup costs	Usually expensed	Often amortised over fund life
Carried interest / incentive fees	Recognised when criteria met	Accrued based on expected outcome
Debt valuation	Amortised cost or fair value depending on classification	Adjusted to reflect economic/exit value
Investor view	Backward-looking, rules-based	Forward-looking, investor-centric
Consistency	High comparability across entities	More judgement-based
Key limitation	May not reflect realisable investor value	Requires assumptions and judgement

Net Asset Value

Why is Net Asset Value important?

- Core measure of Fund value
- Reflects underlying asset performance
- Key input to performance metrics
- Shows unrealised value
- Supports investor reporting and transparency

Common misconceptions

- ✗ High NAV = Strong cash returns
- ✗ NAV is fully objective
- ✗ NAV equals exit price

03/06

Equalisation: concept and application

The equalisation problem

Fund close and equalisation

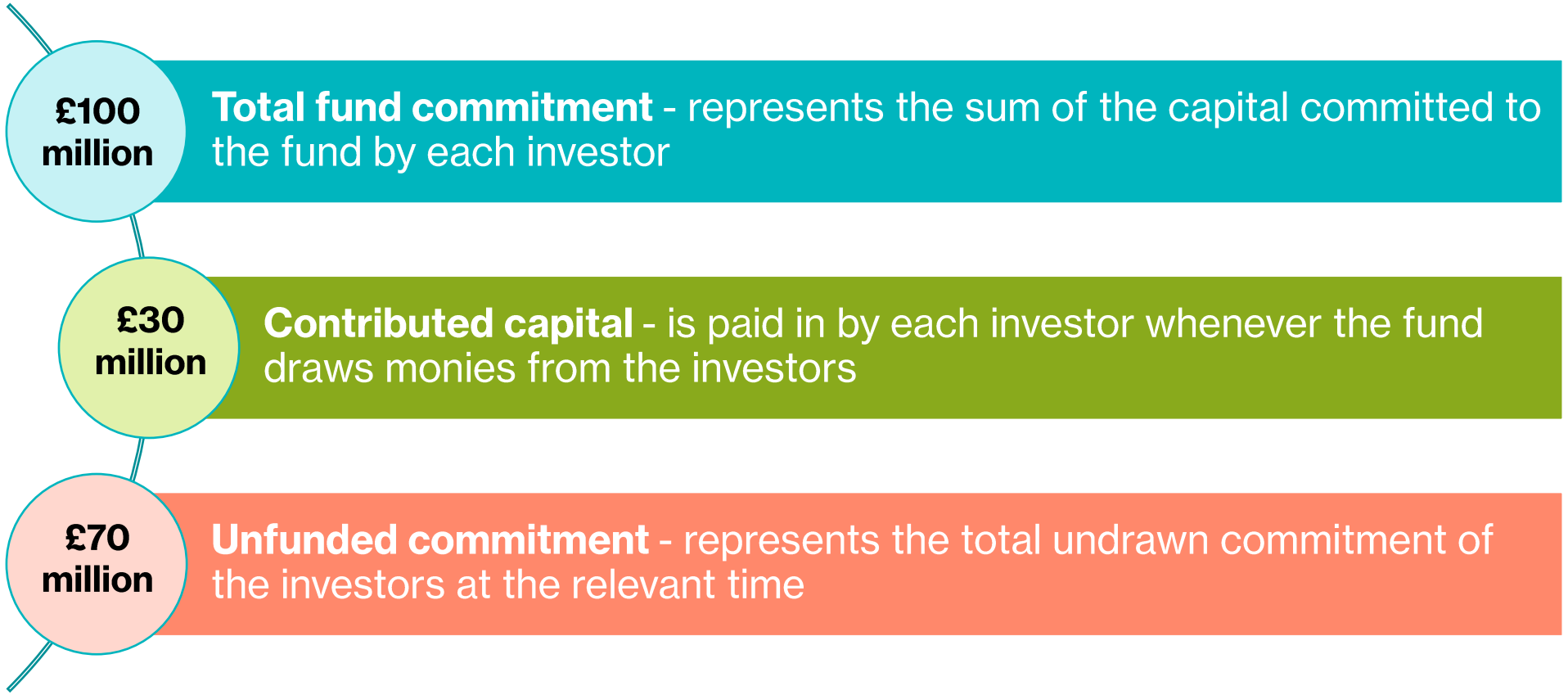
Fund closing – date on which the General partner admits partners to the Fund and/or when one or more existing investors increase their committed capital to the Fund

- **Initial closing** – a.k.a. first closing date is the date on which the first investors are admitted to the Fund;
- **Subsequent closing** – closing date following the initial closing;
- **Final closing date** – a.k.a. final admission date, final date on which additional/subsequent investors are admitted to the fund, or on which increased capital commitments are accepted from existing investors.

Types of investors:

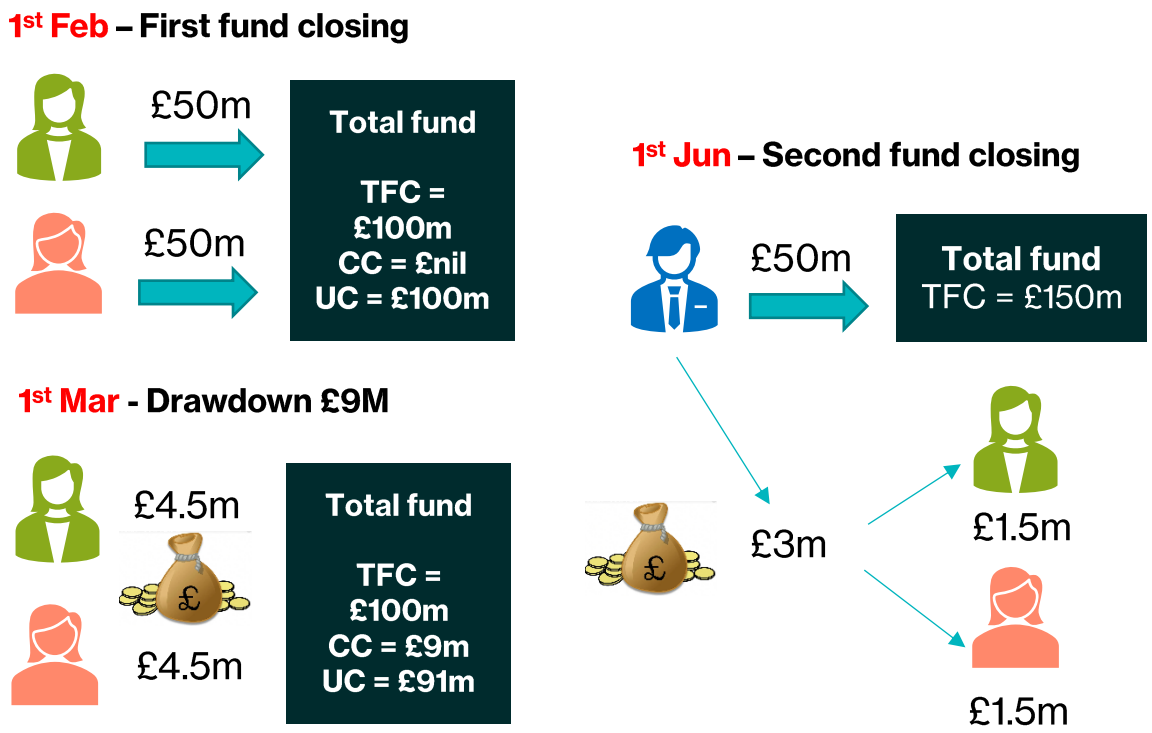
- existing/initial investors
- new/subsequent investors

Fund close and equalisation



Fund close and equalisation

A basic premise of equalisation is to "**true-up** all investors **As if they joined the fund on day one (i.e., first close)**".

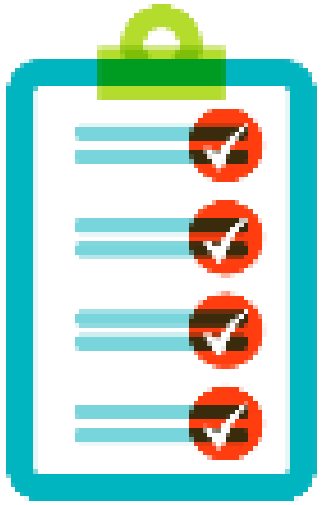


After equalisation

	Committed capital (£)	Contributed capital (£)	Unfunded commitment (£)
	£50mil	£3mil	£47mil
	50mil	3mil	47mil
	50mil	3mil	47mil
Total Fund	**£150mil**	**£9mil**	**£141mil**

Components of equalisation

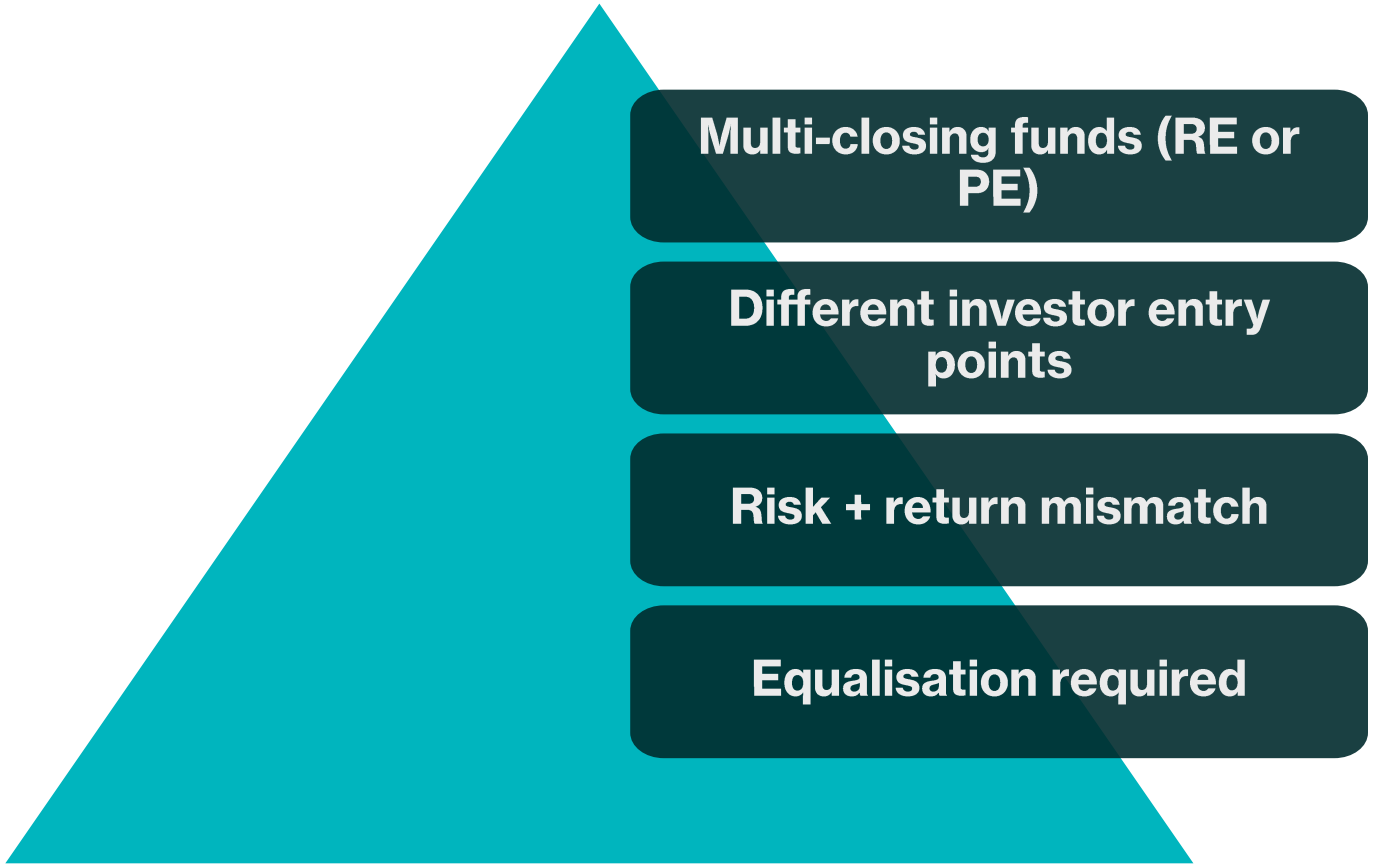
What makes up an equalisation?



- Capital catch-up
- Equalisation premium
- Fee alignment

Investor importance

Why equalisation matters?



Fund close and equalisation

Common challenges and risks in practice

- Misinterpretation of or technical complexity on how to calculate the equalisation per the LPA;
- Incorrect input on how to calculate equalisation;
- Equalisation workings are quite complex or untidy and difficult to review;
- Late receipt of information could lead to workings prepared in a rush; and
- Lack of audit trail.

Fund close and equalisation

Practical considerations

Read the LPA

Build clear templates

Agree on approach well-ahead of first closing

04/06

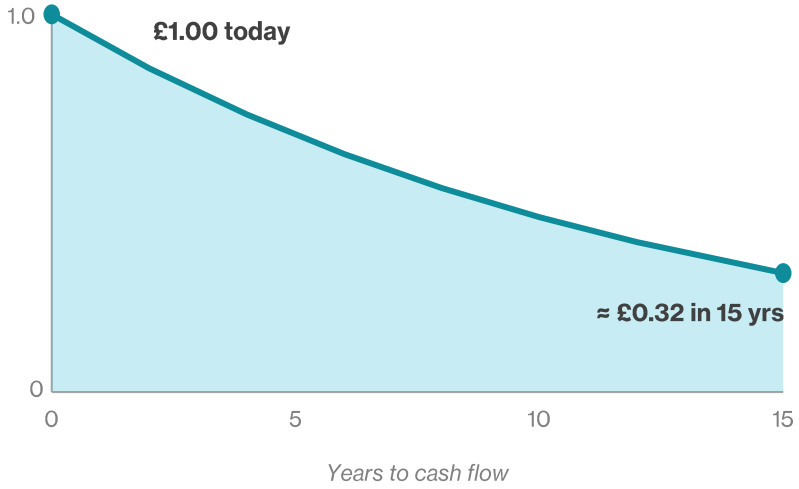
Internal rate of return (“IRR”) as key performance metric

Key concepts

- Time value of money
- Net Present value
- IRR

Time value for money

Discount factor: present value of £1 at 8%



A pound due in 15 years is worth only about £0.32 today at 8% — so the discount rate, not just the cash flow, decides whether a deal really creates value.

Getting the discount rate right

Discount each cash flow at a risk-adjusted required return - not one blended rate!

- **Build the rate:** risk-free + equity & illiquidity premia, reconciled to fund WACC and the LP hurdle
- **Match the basis:** nominal cash flows with nominal rates, real to real; use the forward curve, not a flat future rate
- **Convexity:** PV moves non-linearly with rate and timing - small rate moves reprice back-ended exits sharply

Time value for money

Why it matters in real estate funds
Real estate investments involve:

- **Large upfront capital** – be mindful of the impact of inflation, opportunity costs and price risks eroding future values (headwinds)
- **Long holding periods** – prolonged interest rate exposure
- **Large back-ended returns (exit driven)**

Timing of cash flows is **as important as total return**

How it is applied in practice
Requirement to discount future cash flows to present value impact core metrics of:

- **NPV** → value created today from future cash flow
- **IRR** → annualised return factoring in the timing of returns

Key insight: earlier cash flows are more valuable and lower-risk, while later returns are more uncertain and assumption-driven.

Net present value

Net present value represents the value today of future cash flows that an investment is expected to generate over its life.

Why it matters in real estate funds
Real estate returns are inherently long-dated and unevenly distributed, combining recurring rental income earned across the holding period with a single, often substantial, lump sum realised on exit.

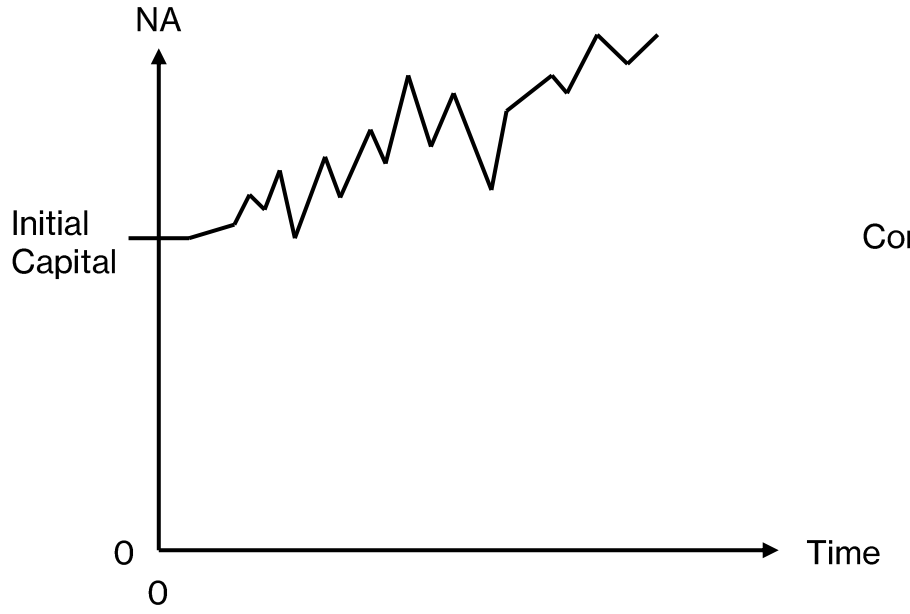
Net present value addresses this directly: it expresses the total value a project is expected to create in today's terms,

A positive net present value - indicates that the project is expected to create value over and above the return hurdle
A negative net present value - signals that the investment would destroy value and fail to compensate investors for the capital committed and the risk borne.

Ultimately, net present value answers a single, decision-critical question: is this investment creating value today, once the timing and risk of its cash flows have been fully taken into account?

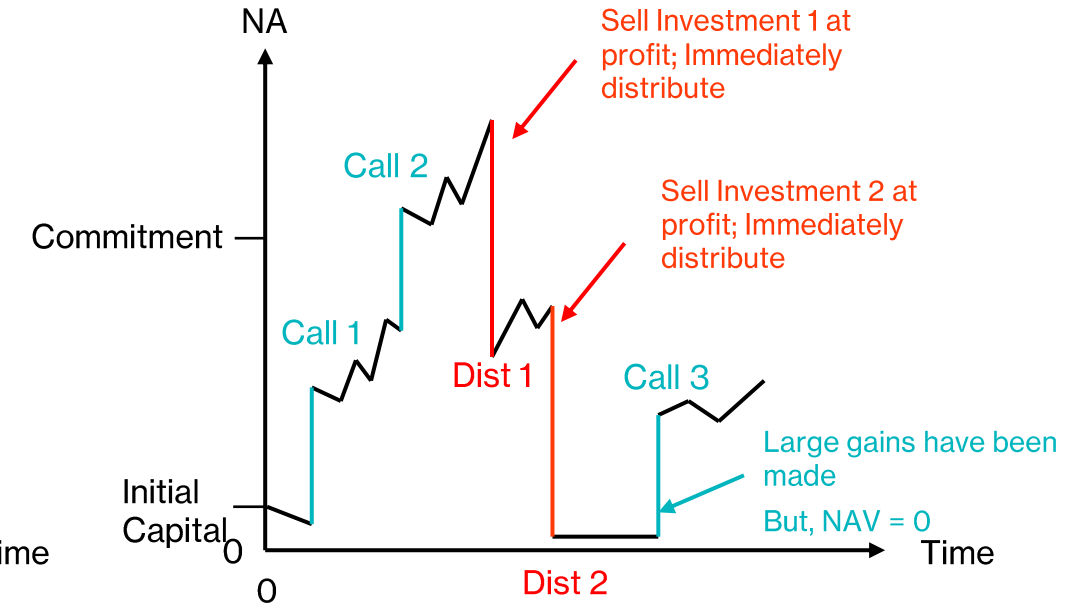
Appraising fund performance

Companies & Hedge funds



- Share capital/units contributed at outset
- Minimal capital movements
- Movement in NAV reflects performance

Limited partnerships



- Continual capital inflows and outflows
- Cannot use a NAV to appraise a Limited partnership

Investment decision tools – Internal rate of return

"IRR is simply the rate at which the present value of all future cash flows equals the initial investment — the annualised return on capital over the life of the deal."

How IRR is calculated
Based on the **full cash flow profile over time**:

- Initial investment (negative)
- Periodic cash flows (income / capex)
- Exit proceeds

IRR = **the discount rate where NPV = 0**

IRR is essential, but it's not the answer on its own – it's a model output driven by assumptions on timing, exit and cash flows. The real skill is understanding what's behind the number.

Investment decision tools – Internal rate of return

Worked example – simple real estate deal

- Year 0: **-£100,000**
- Years 1–2: **£30,000, £40,000**
- Year 3: **£50,000 + £60,000 sale**

Step 1 – Plug into the formula

$$0 = -100{,}000 + \frac{30{,}000}{(1+IRR)^1} + \frac{40{,}000}{(1+IRR)^2} + \frac{110{,}000}{(1+IRR)^3}$$

Step 2 – Solve for IRR → IRR ≈ 18%

Interpretation
This investment generates ~18% annual return over its life
That accounts for:

- how much cash you receive
- when you receive it

Key insight

- Cash comes earlier → IRR increases
- Cash is delayed → IRR falls

...even if the total profit is the same

IRR is the discount rate that makes all future cash flows equal today's investment – two deals can earn the same profit, but the one that pays you earlier has the higher IRR.

In the commercial real estate (CRE) industry, the target IRR on a property investment tends to be set around 15% to 20%.

Investment decision tools – Internal rate of return

IRR vs NPV vs Equity multiple
Real Estate Fund Performance Metrics – Comparison

Metric	Measures	Strength	Limitation
IRR	Annualised return (%)	Accounts for **timing of cash flows.** Shows how fast capital grows	Sensitive to assumptions and timing
NPV	Value created (£)	Shows **absolute value creation.** Shows how much value is created	Requires selecting a discount rate
Equity multiple	Total return (x)	Simple measure of **total profit.** Shows how much money you get back	Ignores timing of returns

"IRR tells you the speed of return, equity multiple tells you the size of return, and NPV tells you whether you're actually creating value — together they give the full picture."

Key takeaway: No single metric is sufficient – strong decisions require all three.

05/06

The impact of leverage on fund performance

The impact of leverage on fund performance

What is leverage?

- Use of **debt financing** to acquire assets or cover fund operating costs without drawing investor funds – at fund level (RCF, PIK notes, secured on commitments) or at asset level (secured on the asset).
- Reduces equity required → increases asset exposure and the opportunity for enhanced returns versus an unleveraged deal.

Impact on returns

Upside – enhances equity returns when asset performance exceeds cost of debt

- Smaller equity base → higher IRR / equity yield
- Same asset performance → amplified investor returns
- Lower equity invested → higher % return when value rises

Impact on risk

Amplifies losses when performance weakens

- Losses magnified when the asset underperforms
- Higher risk of equity erosion in downturns

Increases financial risk – debt introduces:

- Interest rate risk; refinancing risk and cost
- Cash flow pressure from fixed payments

Impact on fund strategy

- Enables larger / institutional assets and diversification
- Requires careful LTV management and risk control

Leverage is a multiplier – it amplifies returns and losses alike, so disciplined LTV and risk control decide whether it helps or hurts.

The impact of leverage on fund performance

Worked example – same asset, with and without leverage

Unlevered (no debt)
- Property value: **£10m → £11m (+10%)**
- Equity invested: **£10m**
- Profit: **£1m**
- Return: **10%**

Levered (60% debt)
- Equity invested: **£4m** • Debt: **£6m**
- Value after growth: **£11m**
- Debt repaid £6m → equity value: **£5m**
- Profit: **£1m** • Return: **25%**

If value falls 10% (£10m → £9m): **unlevered −10%, levered −25%** – the same maths in reverse.

The asset rises the same 10% either way – leverage lifts the equity return from 10% to 25%, but the same amplification works in reverse on the downside.

The impact of leverage on fund performance

Key leverage metric: LTV

What is LTV in Real Estate?
LTV, or Loan-to-Value ratio, is a key metric in real estate investing and lending. It expresses the ratio of a loan to the value of an asset purchased. LTV helps lenders assess the risk of a loan. A higher LTV typically signifies a riskier investment, as it indicates that more money has been borrowed relative to the property's value.
To calculate LTV:

$$LTV = \frac{\text{Loan Amount}}{\text{Property Value}} * 100$$

For instance, on a property with a fair-market value of $5M, if an investor borrows $4M, the LTV would be:

LTV=$4M ÷ $5M = 80%

A **lower LTV** typically indicates a safer cushion against market fluctuations, while a higher LTV might mean higher potential returns accompanied by higher risk.

Low LTV means more equity cushion and lower risk; high LTV chases bigger returns but magnifies losses just as fast when values fall.

The impact of leverage on fund performance

Key leverage metric: LTC

Loan-to-Cost (LTC) is another crucial metric, especially when comparing it to LTV. While LTV focuses on the appraised value of a property, LTC is centered on the total project cost.

$$LTC = \frac{\text{Loan Amount}}{\text{Total Project Cost}} * 100$$

In new construction or significant renovation projects, the total project cost encompasses not only the property's purchase price but also construction, labor, and other associated costs.

Therefore, LTC often provides a clearer picture of the loan amount relative to the entire investment in these scenarios.

LTC measures the loan against total project cost, not just appraised value – the sharper lens for development and value-add deals.

The impact of leverage on fund performance

Key leverage metric: DSCR

Debt Service Coverage Ratio (DSCR)

Measures ability to service debt from operating income.

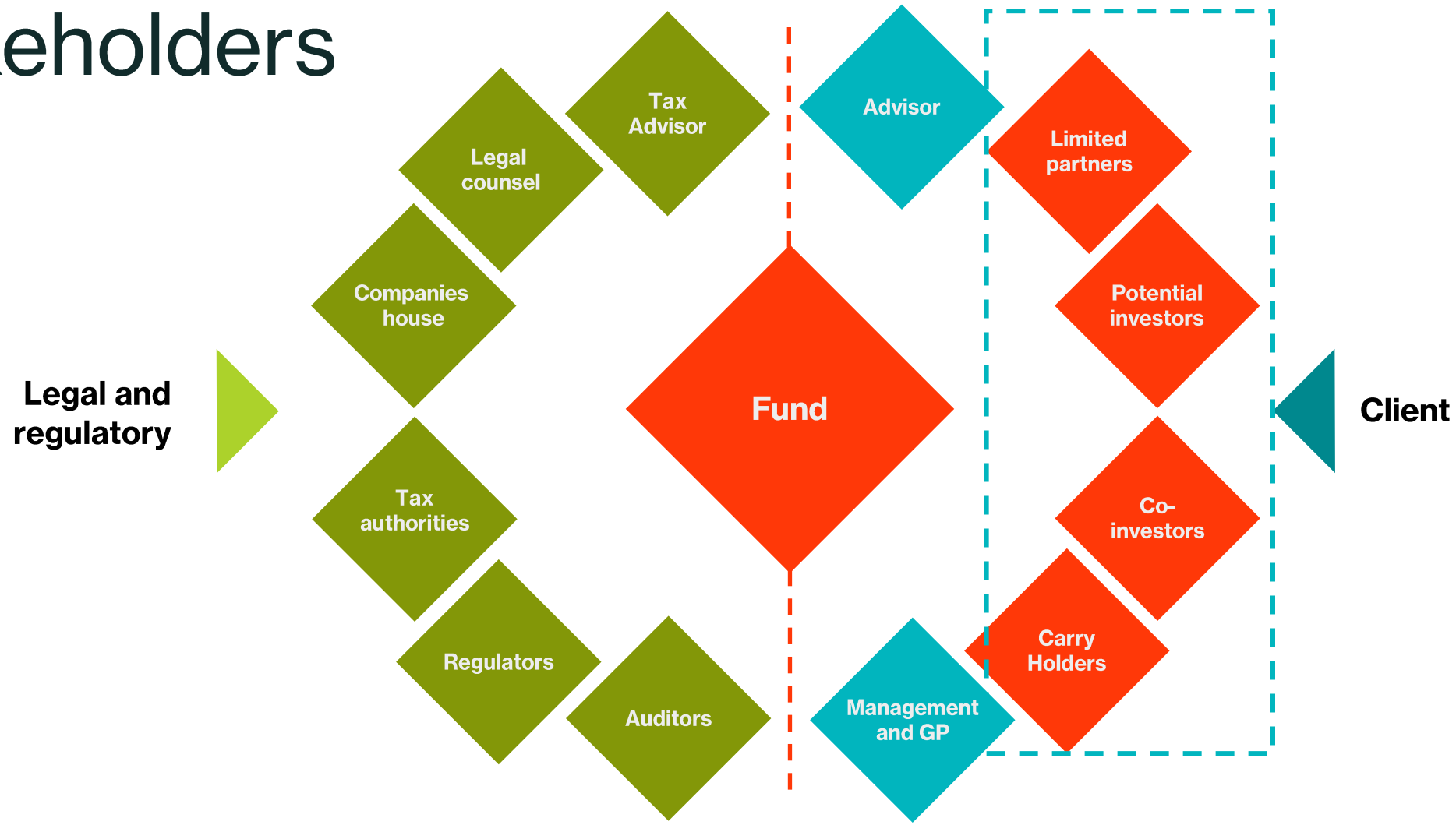
In the case of commercial real estate lending, the ratio can be expressed as **DSCR = NOI / Total Debt Service**, where NOI is the familiar Net Operating Income figure (Effective Gross Income less Operating Expenses)

A debt service coverage ratio of greater than 1 indicates that property cash flows are sufficient to service the loan, however most commercial lenders require a significantly higher minimum DSCR in order to originate a loan, typically in the range of 1.15-1.35.

06/06

How performance is communicated to investors

Fund information stakeholders



Core investor reports

Investor reporting requirements are governed by the LPA

Different reports, one purpose – show investors how their capital is performing clearly enough that they never have to ask.

Capital account statement - sample

One statement tells the whole story: £2.35m committed, £1.36m drawn, £1.15m NAV – exactly what the investor owns today.

ABC LP

Individual Capital Account Statement

For the period: Inception to 31 December 2025

Investor Name

	Inception to 30 September 2025 EUR	1 October to 31 December 2025 EUR	Inception to 31 December 2025 EUR
Committed capital	2,350,000	2,350,000	2,350,000
Unfunded capital	1,472,692	989,023	989,023
Drawdowns	877,308	1,360,977	1,360,977
Distributions	-	-	-
	877,308	1,360,977	1,360,977

	Inception to 30 September 2025 EUR	1 October to 31 December 2025 EUR	Inception to 31 December 2025 EUR
Balance brought forward	-	**684,791**	-
Total contributions	877,308	483,669	1,360,977
Fund establishment costs	(154,956)	(6,688)	(161,644)
Fund management fee	(14,622)	(8,885)	(23,507)
Fund operating and finance costs	(22,939)	(1,322)	(24,261)
Limited Partner NAV	**684,791**	**1,151,565**	**1,151,565**

Limited Partner Summary

As at 31 December 2025	Total Partnership EUR	Limited Partner's Share EUR	Limited Partner %
Commitment	22,350,000	2,350,000	10.51%
Total drawdowns to date	12,943,758	1,360,977	10.51%
Undrawn commitment	9,406,242	989,023	10.51%

Investor distribution notice - sample

AZTEC GROUP

To: [Investor name and details]

CC:

Subscriber: [Investor name and details]

From: ABC LP

RE: ABC LP ("the Fund") - Distribution 001

Date of Notice: 20 November 2025

Settlement Due: 25 November 2025

In accordance with clause 9 of the amended and restated limited partnership agreement dated 17 October 2022, the Fund is distributing £24,400,000.00 in relation to the sale of ABCDE Property. Your portion of the distribution is £451,628.83.

The amount payable by the Fund is £451,628.83

Please refer to the attached schedule for a breakdown of the components of the amount.

Your funds will be wired to:

Date Payable:	**25/11/2025**
Amount Payable:	**£451,628.83**
Beneficiary Bank Name:	MMMM Bank
Beneficiary Bank Address:	XXXXXXXX, London, XXXXX, United Kingdom XXXXXXX
Beneficiary Bank SWIFT:	Bectin Ltd
Beneficiary Account Name:	XX-XX-XX
Beneficiary Account Sort Code:	XXXXXXX
Beneficiary Account Number:	GB44 XXXXXXXXXXXXXX
Beneficiary Account IBAN:	ABC LP - Distribution 001
Reference:	

Should you have any queries regarding the above please do not hesitate to contact the Administrator, Aztec Financial Services (Jersey) Limited, on +44 (0) 1534 836810.

Yours sincerely

DocuSigned by:

Authorised Signatory
For and on behalf of BPS2 GP Limited as general partner of BPS2 LP

The Bright Alternative
Explore: aztec.group

Aztec Financial Services (Jersey) Limited
Aztec Group House, PO Box 730,
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Jersey, JE4 0QH

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E enquiries@aztecgroup.co.uk

Private Equity Fund Services
Real Asset Fund Services
Private Credit Fund Services
Corporate Services
Depositary Services
AIFM Services

Aztec Financial Services (Jersey) Limited is incorporated and registered in Jersey with Company Registration Number: 78047 and is regulated by the Jersey Financial Services Commission.

Capital Call & Distribution Schedule		
2.01 Fund Name		ABC LP
Section A: Fund Level / Cash Flow Information (Fund Local Currency)		
2.02 Issue Date:		20 November 2025
2.03 Due:		25 November 2025
2.04 Fund Local Currency:		GBP
2.06 Fund Size, Including all AIVs (Fund Local Currency):		162,080,000.00
Fund Aggregate Calls / Distributions (Incl. GP's Share)	**Contributions**	**(Distributions)**
2.07 Cumulative Fund Amount (Prior To Current Notice):	154,996,692.00	(0.00)
2.08 Fund Amount (Current Notice)	0.00	(24,400,000.00)
Cumulative Fund Amount (Including Current Notice):	154,996,692.00	(24,400,000.00)
Section B: LP Information (Fund Local Currency)		
2.09 ID Number:		
2.10 Commitment:		3,000,000.00
LP % of Fund (LP Commitment / Fund Size)		1.85%
2.11 LP % of Cap. Account (% used to calc. LP's share of call/dist.)		1.85%
2.12 Unfunded Commitment (Prior to current notice)		130,993.23
2.13 Cumulative Contributions (Prior to current notice)		2,869,006.77
2.14 Cumulative Distributions (Prior to current notice)		0.00
LP Balances / Totals (Fund Local Currency)		
2.19 Unfunded Commitment		
Unfunded Balance (Prior to Current Notice)		130,993.23
Impact on Unfunded Balance (Current Notice)		375,522.08
Unfunded Balance (Including Current Notice)		506,515.31
Aggregate Calls / Distributions	**Contributions**	**(Distributions)**
2.20 Cumulative Amount (Prior To Current Notice):	2,869,006.77	0.00
as a % of Fund Amount	1.85%	0.00%
2.21 Cumulative Amount (Current Notice):	0.00	(451,628.83)
as a % of Fund Amount	0.00%	1.85%
2.22 Cumulative Amount (Including Current Notice):	2,869,006.77	(451,628.83)
as a % of Fund Amount	1.85%	1.85%
2.23 Total Net Amount Called / (Distributed) - Current Notice		**(451,628.83)**

A single asset case study

Initial investment (Day 1)

- Investor equity: £50m
- Debt: £30m
- Property acquisition value: £80m

Reporting date position (31 Dec 2025)

- Property fair value: £90m (£10m uplift)
- Net debt: £30m
- NAV: £60m (£90m-30m)
- NAV increase = £10m (20%)

Capital account statement (CAS)

- Opening equity: £50m
- Unrealised gain: £10m
- Closing NAV: £60m

Quarterly report

- Commentary:
- “NAV increase driven primarily due to yield compression and rental growth.”

A £10m valuation uplift becomes a 20% investor return – and the report’s whole job is to explain why.

Investor communication principles

Transparency

Consistency

Timeliness

Clarity

“At the end of the day, performance is not just what the Fund earns – it’s what the investor understands.”

Key takeaways

1. **Fund financial statements work as a set** – read the balance sheet, income statement and cash flows together to see the whole picture.
2. **Net Asset Value anchors fund performance** – it captures the value attributable to investors at a point in time.
3. **Equalisation puts later investors on the same footing as early ones**, through a true-up at each fund close.

1. **IRR is the core return metric** – it reflects the timing of cash flows, not just their size.
2. **Leverage amplifies equity returns on the way up** – and the same maths works in reverse on the downside.
3. **Investor reports – capital accounts, distribution notices and statements** - translate performance into what investors actually own.

Would you like to know more?

If you have any further questions, please feel free to contact:

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