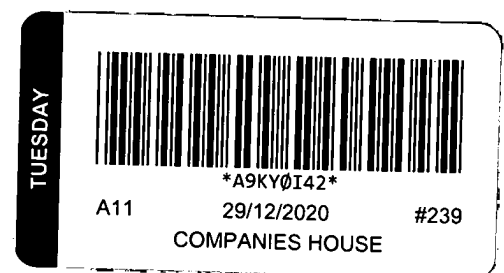

DREOF II EUROPE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



DREOF II EUROPE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S Kakar J Isoda D Boal J Krulick
Registered number	09899667
Registered office	Siguler Guff UK LLP, Brookfield House 4th Floor, 44 Davies Street London W1K 5JA
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor 45 Pall Mall St James's London SW1Y 5JG

DREOF II EUROPE HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The Company invests in pooled investment vehicles (the "Portfolio Funds") managed by investment managers ("Portfolio Managers") and Direct Investments (together with Portfolio Funds, "Portfolio Investments"). Portfolio Investments typically involve direct or indirect equity interests in commercial properties and may also include interests in commercial mortgages and commercial mortgage-backed securities, as well as debt and equity securities of real estate operating companies and real estate investment trusts.

The Company has performed well during the period, earning distributions from investments of \$36.3m.

Principal risks and uncertainties

The Company's Portfolio Investments are subject to the market and credit risk of those financial instruments held. At 31 December 2019, the Company's risk of loss related to any one Portfolio Investment is limited to its investment in or commitment to such Portfolio Investment.

The Company invests in real estate, which, in addition to having exposure to the general market risk factors is also subject to risks incident to the ownership and operation of real estate. Such risks include, but are not limited to: local real estate conditions; the financial condition of tenants and buyers; fluctuations in rental rates, operating expenses, vacancies, and construction costs; the effect of leverage associated with project-level financing; and changes in the tax, real estate, environmental, and zoning laws and regulations.

The rapid spread of the Coronavirus Disease 2019 ("COVID-19") in early 2020, together with the resulting travel and border restrictions, have had a negative effect on the economy and business activity in the United States and around the world. The Company is constantly monitoring the rapidly changing dynamics from the spread of COVID-19. The Company recognises its investments at fair value as detailed in the accounting policies. Due to the spread of COVID-19, the fair value of the Company's investments may be subject to further fluctuation and the Company's performance may be adversely affected.

Financial key performance indicators

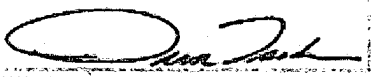
Financial key performance indicators consist of internal rate of return, expense and net investment loss ratios.

Net internal rate of return from inception through December 31, 2019 : 12.91%(2018: 18.12%)

Expense ratio for the year ended December 31, 2019: (6.91%) (2018: (3.42%))

Net investment loss ratio for the year ended December 31, 2019: 6.91% (2018: 3.42%)

This report was approved by the board and signed on its behalf.



J Isoda
Director

Date: 12/22/2020

DREOF II EUROPE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to \$2,197,356 (2018 - \$9,335,979).

During the year dividends of \$5,453,749 (2018 - \$12,909,768) were declared.

Directors

The directors who served during the year were:

S Kakar
J Isoda
D Boal
J Krulick

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

DREOF II EUROPE HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reporting currency

The financial information in these financial statements is denominated in US Dollars.

The equivalent sterling conversion rates were:

- At 31 December 2019 £1:\$1.327, average for the period £1:\$1.2769
- At 31 December 2018 £1:\$1.2759, average for the period £1:\$1.3348

Future developments

The directors aim to maintain the management policies currently in place. No significant changes are anticipated.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

The impact of the Coronavirus pandemic has been assessed in note 21.

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J Isoda
Director

Date: 12/22/2020

DREOF II EUROPE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREOF II EUROPE HOLDINGS LIMITED

Opinion

We have audited the financial statements of DREOF II Europe Holdings Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Emphasis of matter

We draw attention to note 22 to the financial statements, in which the Directors disclose the post balance sheet event in relation to the spread of Coronavirus disease 2019 (COVID-19) and the difficulties of estimating the possible impacts that this situation could have. In particular, there has been an increased volatility in asset prices and exchange rates, rendering the valuation of underlying investments less certain than would otherwise be the case. Our opinion is not modified in respect of this matter

DREOF II EUROPE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREOF II EUROPE HOLDINGS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

DREOF II EUROPE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREOF II EUROPE HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 Auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



Jonathan Franks FCA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

45 Pall Mall
St James's
London
SW1Y 5JG

Date: 23/12/2020

DREOF II EUROPE HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Administrative expenses		(174,316)	107,656
Operating (loss)/profit	4	(174,316)	107,656
Income from fixed assets investments		14,530,049	19,776,407
Interest receivable and similar income	8	200	247,353
Interest payable and expenses	9	(6,603,867)	(7,575,109)
Fair value movements		(5,554,710)	(3,220,328)
Profit before tax		2,197,356	9,335,979
Profit for the financial year		2,197,356	9,335,979
Total comprehensive income for the year		2,197,356	9,335,979

The notes on pages 12 to 21 form part of these financial statements.

DREOF II EUROPE HOLDINGS LIMITED
REGISTERED NUMBER: 09899667

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Fixed assets			
Investments	11	106,309,197	128,875,724
		<u>106,309,197</u>	<u>128,875,724</u>
Current assets			
Debtors: amounts falling due within one year	12	102,549,732	79,466,409
Cash at bank and in hand	13	528,612	9,158
		<u>103,078,344</u>	<u>79,475,567</u>
Creditors: amounts falling due within one year	14	(20,874,250)	(14,283,290)
Net current assets		<u>82,204,094</u>	<u>65,192,277</u>
Total assets less current liabilities		<u>188,513,291</u>	<u>194,068,001</u>
Creditors: amounts falling due after more than one year	15	(52,777,629)	(52,777,629)
Net assets		<u><u>135,735,662</u></u>	<u><u>141,290,372</u></u>
Capital and reserves			
Called up share capital	18	119,147,073	119,147,073
Profit and loss account	19	16,588,589	22,143,299
		<u><u>135,735,662</u></u>	<u><u>141,290,372</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



J Isoda
Director

Date: 12/22/2020

The notes on pages 12 to 21 form part of these financial statements.

DREOF II EUROPE HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital \$	Profit and loss account \$	Total equity \$
At 1 January 2018	117,893,739	25,717,088	143,610,827
Comprehensive income for the year			
Profit for the year	-	9,335,979	9,335,979
Total comprehensive income for the year	-	9,335,979	9,335,979
Dividends: Equity capital	-	(12,909,768)	(12,909,768)
Shares issued during the year	1,253,334	-	1,253,334
Total transactions with owners	1,253,334	(12,909,768)	(11,656,434)
At 1 January 2019	119,147,073	22,143,299	141,290,372
Comprehensive income for the year			
Profit for the year	-	2,197,356	2,197,356
Total comprehensive income for the year	-	2,197,356	2,197,356
Dividends: Equity capital	-	(7,752,066)	(7,752,066)
Total transactions with owners	-	(7,752,066)	(7,752,066)
At 31 December 2019	119,147,073	16,588,589	135,735,662

The notes on pages 12 to 21 form part of these financial statements.

DREOF II EUROPE HOLDINGS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
Cash flows from operating activities		
Profit for the financial year	2,197,356	9,335,979
Adjustments for:		
Interest paid	6,603,867	7,575,109
Interest received	(14,530,249)	(20,023,760)
Decrease in debtors	-	365,913
(Increase) in amounts owed by groups	(23,083,324)	(30,241,543)
(Decrease)/increase in creditors	(12,906)	15,056
Increase/(decrease) in amounts owed to groups	-	(6,996,286)
Net fair value losses recognised in P&L	5,554,710	3,220,318
Realised (gain)/loss on disposal of investments	-	2,609,471
Net cash generated from operating activities	<u>(23,270,546)</u>	<u>(34,139,743)</u>
Cash flows from investing activities		
Purchase of unlisted and other investments	(2,505,044)	(2,312,015)
Sale of unlisted and other investments	20,666,266	10,602,202
Purchase of fixed asset investments	(2,254,426)	(12,903,143)
Sale of fixed asset investments	1,105,021	20,103,696
Interest received	200	247,353
Income from investments	14,530,049	19,776,407
Net cash from investing activities	<u>31,542,066</u>	<u>35,514,500</u>

DREOF II EUROPE HOLDINGS LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
Cash flows from financing activities		
Issue of ordinary shares	-	1,253,334
Other new loans	6,603,867	10,887,281
Dividends paid	(7,752,066)	(12,909,768)
Interest paid	(6,603,867)	(7,575,109)
Net cash used in financing activities	<u>(7,752,066)</u>	<u>(8,344,262)</u>
Net increase/(decrease) in cash and cash equivalents	<u>519,454</u>	<u>(6,969,505)</u>
Cash and cash equivalents at beginning of year	9,158	6,978,663
Cash and cash equivalents at the end of year	<u><u>528,612</u></u>	<u><u>9,158</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	528,612	9,158
	<u><u>528,612</u></u>	<u><u>9,158</u></u>

The notes on pages 12 to 21 form part of these financial statements.

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

DREOF II Europe Holdings Limited is a company incorporated and domiciled in the UK, registered in England and Wales.

Its registered office can be found on the Company Information page.

The principal activity of the company is to hold European real estate investments on behalf of the Siguler Guff Distressed Real Estate Opportunities Fund Group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is US dollars ("USD").

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.3 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings in the period in which it is incurred.

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings in the period in which it is due. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Valuation of investments

Investments in Company shares, are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in profit and loss for the period.

The Company records its Portfolio Fund investments at fair value in accordance with FRS 102. Such values generally represent the Company's share in the net assets of the Portfolio Funds as reported by the respective Portfolio Manager. The directors use the valuations provided by the Portfolio Managers as a basis for the Company's valuations, but are not bound by such valuations.

Direct Investments where market quotations for securities of the same issue are readily available on an exchange are marked-to-market at the closing price on the financial statement date. Direct Investments of debt, equity and other instruments that are not traded on an exchange are generally valued using three midmarket quotations that are provided by third party broker-dealers, when available. Should three midmarket quotations not be available, a third party market pricing aggregation service may be used to value the Direct Investment. The third party market pricing aggregation service averages a collection of quotations provided by third party broker-dealers. Direct Investments for which market quotations are not available per the methods stated above are valued at such estimated fair value as the directors determine in good faith. Such securities are typically valued initially at cost, which approximates fair value, with subsequent adjustments determined by the directors based on the best available information.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgments or estimations are necessarily applied are summarised below.

Valuation of Investments

The Company recognises its Portfolio Fund investments at fair value in accordance with FRS 102. Such values generally represent the Company's share in the net assets of the Portfolio Funds as reported by the respective Portfolio Manager. The directors use the valuations provided by the Portfolio Managers as a basis for the Company's valuations, but are not bound by such valuations. The directors have reviewed information provided by the Portfolio Managers as of 31 December 2019 for each respective Portfolio Fund. After reviewing such information, the Company has valued its investment in each Portfolio Fund using the respective Portfolio Funds' net asset value without any adjustment.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019 \$	2018 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,900	5,700
Exchange differences	148,171	(130,533)

DREOF II EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Auditor's remuneration

	2019 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,900
Fees payable to the Company's auditor and its associates in respect of:	
Taxation compliance services	5,100
All other services	1,150
	<u>6,250</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - \$NIL).

7. Income from investments

	2019 \$	2018 \$
Income from fixed asset investments	14,530,049	19,776,407
	<u>14,530,049</u>	<u>19,776,407</u>

8. Interest receivable

	2019 \$	2018 \$
Other interest receivable	200	247,353
	<u>200</u>	<u>247,353</u>

DREOF II EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Interest payable and similar expenses

	2019 \$	2018 \$
Other loan interest payable	6,603,867	7,575,109
	<u>6,603,867</u>	<u>7,575,109</u>

10. Dividends

	2019 \$	2018 \$
D shares	2,730,454	39,154
E shares	3,325,871	2,727,182
F1 shares	275,565	4,369,282
F2 shares	196,859	3,120,916
H shares	666,964	2,544,572
K shares	556,353	108,662
	<u>7,752,066</u>	<u>12,909,768</u>

11. Fixed asset investments

	Investments in subsidiary companies \$	Unlisted investments \$	Total \$
Cost or valuation			
At 1 January 2019	78,954,431	49,921,293	128,875,724
Additions	2,254,426	2,505,044	4,759,470
Disposals	(1,105,021)	(20,666,266)	(21,771,287)
Revaluations	5,085,668	(10,640,378)	(5,554,710)
At 31 December 2019	<u>85,189,504</u>	<u>21,119,693</u>	<u>106,309,197</u>

DREOF II EUROPE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding
DREOF II UK Meridia Holdings I Limited	100%
DREOF II UK Meridia Holdings II Limited	100%
DREOF II UK Meridia Holdings III Limited	100%
SG-Praxis Real Estate Venture, LP	95%
Union Real Estate, LP	85%
Union Real Estate B, LP	100%

12. Debtors

	2019 \$	2018 \$
Amounts owed by group undertakings	102,543,745	79,460,422
Distributions receivable	5,987	5,987
	<u>102,549,732</u>	<u>79,466,409</u>

13. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and in hand	528,612	9,158
	<u>528,612</u>	<u>9,158</u>

14. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Loans from group companies	20,862,100	14,258,234
Accruals and deferred income	12,150	25,056
	<u>20,874,250</u>	<u>14,283,290</u>

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Creditors: Amounts falling due after more than one year

	2019 \$	2018 \$
Other loans	52,777,629	52,777,629
	<u>52,777,629</u>	<u>52,777,629</u>

The company has issued \$52,777,629 12% loan notes redeemable on 3 February 2026. At the balance sheet date \$52,777,629 remained outstanding, included in other loans due after more than one year. At the balance sheet date, interest totalling \$20,862,100 has been accrued and is included in loans from group companies falling due within one year.

16. Loans

Analysis of the maturity of loans is given below:

	2019 \$	2018 \$
Amounts falling due within one year		
Other loans	20,862,101	14,258,234
Amounts falling due after more than 5 years		
Other loans	52,777,629	52,777,629
	<u>73,639,730</u>	<u>67,035,863</u>

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Financial instruments

	2019 \$	2018 \$
Financial assets		
Financial assets measured at fair value through profit or loss	21,648,305	128,884,882
Financial assets that are debt instruments measured at amortised cost	102,549,733	79,466,409
	<u>124,198,038</u>	<u>208,351,291</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(73,651,880)	(67,060,919)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand, investments in subsidiaries and unlisted investments.

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings and distributions receivable.

Financial liabilities measured at amortised cost comprise debt instruments subscribed to plus interest accruing on these instruments and other creditors.

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
1 (2018 - 1) A1 share of €1.00	1	1
2 (2018 - 2) A2 shares of €1.00 each	2	2
2,665,451 (2018 - 2,665,451) B shares of €1.00 each	2,874,745	2,874,745
3 (2018 - 3) C shares of €1.00 each	5	5
26,389,842 (2018 - 26,389,842) D shares of €1.00 each	29,263,147	29,263,147
3 (2018 - 3) E shares of €1.00 each	3	3
127,304,402 (2018 - 127,304,402) F1 shares of NOK1.00 each	15,154,279	15,154,279
90,931,721 (2018 - 90,931,721) F2 shares of NOK1.00 each	10,824,486	10,824,486
3,584,385 (2018 - 3,584,385) G shares of NOK1.00 each	423,972	423,972
26,405,726 (2018 - 26,405,726) H shares of €1.00 each	35,376,186	35,376,186
12,385,083 (2018 - 12,385,083) I shares of €1.00 each	16,605,717	16,605,717
62,127,120 (2018 - 62,127,120) K shares of NOK1.00 each	7,371,196	7,371,196
1,071,394 (2018 - 1,071,394) L shares of €1.00 each	1,253,334	1,253,334
	<u>119,147,073</u>	<u>119,147,073</u>

19. Reserves

Profit and loss account

The profit and loss account includes all current period retained profits. Of the retained profits, an amount of \$16,588,589 relates to unrealised profits which are not generally available for distribution.

20. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 \$	2018 \$
Contracted for but not provided in these financial statements	14,698,747	17,323,618
	<u>14,698,747</u>	<u>17,323,618</u>

DREOF II EUROPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Related party transactions

During the period, the company was charged interest totalling \$6,603,667 (2018 - \$7,328,531) by its controlling parties, on debt instruments issued during the period. At the balance sheet date \$21,575,209 (2018 - \$40,353,070) was due to the controlling parties.

During the period, income of \$2,102,484 (2018 - \$17,389,084) was received through distributions made by subsidiary entities in which the company has significant control. At the balance sheet date \$nil (2018 - \$nil) was owed to the company in respect of these distributions and \$52,777,629 (2018 - \$52,777,629) loans were outstanding from subsidiary companies.

During the period, income of \$12,427,565 (2018 - \$5,243,362) was received through distributions made by entities in which the company has an investment but does not have significant control. At the balance sheet date \$nil (2018 - \$nil) was owed to the company in respect of these distributions.

During the period, no key management personnel received remuneration from the company.

22. Post balance sheet events

The rapid spread of the Coronavirus Disease 2019 ("COVID-19") in early 2020, has had a significant impact on the global economy due to the interruption or slowdown of supply chains and the substantial increase in economic uncertainty, evidenced by greater volatility in asset prices and exchange rates, and a drop in long-term interest rates.

The consequences of COVID-19 are considered an event after the reporting period that does not require an adjustment in the financial statements.

Although it is not possible to estimate the current and future impacts of the crisis on the Company, there are expected to be consequences for the underlying investments in the form of reduced turnover which in turn will impact the value of the investments held by the Company.

23. Controlling party

The company is jointly controlled by Siguler Guff Distressed Real Estate Opportunities Fund II LP, Siguler Guff Distressed Real Estate Opportunities Fund II (E) LP and Siguler Guff Distressed Real Estate Opportunities Fund II (T) LP. All entities were incorporated in the United States of America.

The directors believe that there is no ultimate controlling party.