# NBKC WHITEHAWK PARTNERS I LLP

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018

## NBKC WHITEHAWK PARTNERS I LLP

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## NBKC WHITEHAWK PARTNERS I LLP

## GENERAL INFORMATION

| | |
|---|---|
| **LLP Registered number** | OC420171 |
| **Registered address** | 105 Wigmore Street<br>London<br>W1U 1QY<br>United Kingdom |
| **Designated Members** | NBKC Whitehawk Limited<br>NBKC Whitehawk Euro Properties I Limited<br>Revcap (NBKC) I Limited |
| **Administrative Member** | **Directors of the Administrative member** |
| NBKC Whitehawk Limited<br>105 Wigmore Street<br>London<br>W1U 1QY<br>United Kingdom | Andrew Pettit (Appointed 30 November 2017)<br>Charles Howard (Appointed 30 November 2017)<br>Nilmani Gautam (Appointed 18 December 2017)<br>Nabil Maroof (Appointed 18 December 2017)<br>Hazem Rasbeih (Appointed 18 December 2017) |
| **Secretary of the Administrative Member** | |
| Alter Domus Secretarial Services Limited<br>3rd Floor, 37 Esplanade<br>St Helier<br>Jersey JE1 1AD<br>Channel Islands | (Appointed 30 November 2017) |

**Administrator**

Alter Domus (Jersey) Limited
3rd Floor, 37 Esplanade
St Helier
Jersey JE1 1AD
Channel Islands

**Independent Auditor**

Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

## NBKC WHITEHAWK PARTNERS I LLP

## REPORT OF THE DESIGNATED MEMBERS

The Designated Members present their report and the audited consolidated financial statements for NBKC Whitehawk Partners I LLP (the "Partnership") and its subsidiaries (together the "Group") for the period from 1 December 2017 to 31 December 2018.

### Incorporation

The Partnership was registered in England and Wales on 1 December 2017 under the Limited Liability Partnerships Act 2000 with registration number OC420171.

### Activities

The Partnership and its subsidiaries have been established to hold a portfolio of real estate assets.

### Summary of results for the period

The net asset value of the Group as at 31 December 2018 was EUR 48,139,725.

The total comprehensive income for the period was EUR 18,829,084.

The total commitment of the Designated Members to the Partnership, comprising loan and capital commitment is EUR 32,105,623.

The cumulative amount of capital and loan contributions and repayments of the Designated Members as at 31 December 2018 was EUR 29,310,641.

### Going concern

The financial statements have been prepared on a going concern basis. Having considered the Group's current and future commitments, the Designated Members believe that the Group has adequate resources to continue in operational existence for the foreseeable future from the date these financial statements were approved.

### Disclosure of information to auditors

So far as the Designated Members are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Members and the Partnership's auditor, each Member has taken all steps that they are obliged to take as a Member in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

### Independent Auditor

Ernst & Young LLP were appointed as auditors on 2 April 2019 and have indicated their willingness to continue in office.

## REPORT OF THE DESIGNATED MEMBERS (CONTINUED)

**Statement of Designated Members' responsibilities in respect of the Financial Statements**

The Designated Members are responsible for preparing the Report of the Designated Members and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Designated Members to prepare financial statements for each financial period. Under that law, the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under company law, as applied to limited liability partnerships, the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the limited liability partnership for that period.

In preparing the financial statements, the Designated Members are required to:

- selected suitable accounting policies and apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;

- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Director:**
**Mr Charles Howard**
**NBKC Whitehawk Limited**
**as Designated Member of NBKC Whitehawk Partners I LLP**
**Date:**

1 6 OCT 2019

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NBKC WHITEHAWK PARTNERS I LIMITED LIABILITY PARTNERSHIP ('LLP')

## Opinion

We have audited the financial statements of NBKC Whitehawk Partners I LLP for the period from 1 December 2017 to 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Net Assets Attributable to Partners, the Partnership Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and limited liability partnership's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

## 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 below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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 the other information, we are required to report that fact.

# INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF NBKC WHITEHAWK PARTNERS I LLP (CONTINUED)

## Other information - (continued)
We have nothing to report in this regard.

## Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of members
As explained more fully in the Statement of Designated Members' responsibilities in respect of the Financial Statements set out on page 3, the members 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 members 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 members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership 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 https://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 OCT 2019

## NBKC WHITEHAWK PARTNERS I LLP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018

| | Notes | 1 Dec 17 to 31 Dec 18 EUR |
|---|---|---|
| Revenue | 12 | 4,201,705 |
| **TOTAL INCOME** | | 4,201,705 |
| Property costs | | (1,132,192) |
| **OPERATING INCOME** | | 3,069,513 |
| **UNREALISED GAINS** | | |
| Unrealised gain on investment properties | 5 | 17,794,798 |
| **TOTAL UNREALISED GAINS** | | 17,794,798 |
| **EXPENSES** | | |
| Advisory fees | | (690,062) |
| Legal & professional fees | | (109,618) |
| Accounting and other taxation fees | | (243,114) |
| Administration fees | | (43,713) |
| Audit fees | | (77,551) |
| Establishment fees | | (11,000) |
| Bank charges | | (6,895) |
| Other expenses | | (114,651) |
| **TOTAL EXPENSES** | | (1,296,604) |
| **NET PROFIT** | | 19,567,707 |
| Finance costs | 13 | (738,623) |
| **NET FINANCE COSTS** | | (738,623) |
| **PROFIT FOR THE PERIOD BEFORE TAXATION** | | 18,829,084 |
| Taxation | 14 | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | 18,829,084 |

The notes on pages 11 to 30 form part of these audited consolidated financial statements

## NBKC WHITEHAWK PARTNERS I LLP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2018

| | Notes | 31 Dec 18 |
|---|---|---|
| | | EUR |
| **ASSETS** | | |
| Investment properties | 5 | 99,000,000 |
| Trade and other receivables | 7 | 395,014 |
| Cash and cash equivalents | | 1,695,276 |
| **TOTAL ASSETS** | | **101,090,290** |
| **LIABILITIES** | | |
| Loans and borrowings | 8 | (52,000,000) |
| Trade and other payables | 11 | (950,565) |
| **TOTAL LIABILITIES** | | **(52,950,565)** |
| **TOTAL NET ASSETS ATTRIBUTABLE TO MEMBERS** | | **48,139,725** |
| Represented by: | | |
| Members' capital contributions - classified as a liability | | 360 |
| Members' loan contributions - classified as a liability | | 29,310,281 |
| Retained earnings attributable to members - classified as a liability | | 18,829,084 |
| | | **48,139,725** |

The consolidated financial statements on pages 6 to 30 were approved and authorised for issue by the Board of Directors of NBKC Whitehawk Limited on 16th October 2019 and were signed on its behalf by:

**Director:**
**Mr Charles Howard**
**NBKC Whitehawk Limited**
**as Designated Member of NBKC Whitehawk Partners I LLP**

**LLP Registered number**
**OC420171**

The notes on pages 11 to 30 form part of these audited consolidated financial statements

## NBKC WHITEHAWK PARTNERS I LLP

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018

| | Capital contributions | Loan contributions | Retained earnings | Total |
|---|---|---|---|---|
| | **EUR** | **EUR** | **EUR** | **EUR** |
| **Balance at 1 December 2017** | - | - | - | - |
| Capital contributions | 360 | - | - | 360 |
| Loan contributions | - | 32,105,263 | - | 32,105,263 |
| Repayment of loan contributions | - | (2,794,982) | | (2,794,982) |
| Total comprehensive income for the period | - | - | 18,829,084 | 18,829,084 |
| **Balance at 31 December 2018** | 360 | 29,310,281 | 18,829,084 | **48,139,725** |

The notes on pages 11 to 30 form part of these audited consolidated financial statements

## NBKC WHITEHAWK PARTNERS I LLP

## PARTNERSHIP STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2018

| | Notes | 31 Dec 18 |
|---|---|---|
| | | EUR |
| **ASSETS** | | |
| Investment in subsidiaries | 16 | 68,000 |
| Trade and other receivables | 17 | 30,465,654 |
| Cash and cash equivalents | | 626,068 |
| **TOTAL ASSETS** | | **31,159,722** |
| **LIABILITIES** | | |
| Trade and other payables | 18 | (693,358) |
| **TOTAL LIABILITIES** | | **(693,358)** |
| **TOTAL NET ASSETS ATTRIBUTABLE TO MEMBERS** | | **30,466,364** |
| Represented by: | | |
| Members' capital contributions - classified as a liability | | 360 |
| Members' loan contributions - classified as a liability | | 29,310,281 |
| Retained earnings attributable to members - classified as a liability | | 1,155,723 |
| | | **30,466,364** |

The consolidated financial statements on pages 6 to 30 were approved and authorised for issue by the Board of Directors of NBKC Whitehawk Limited on 16th October 2019 and were signed on its behalf by:

**Director:**
**Mr Charles Howard**
**NBKC Whitehawk Limited**
**as Designated Member of NBKC Whitehawk Partners I LLP**

**LLP Registered number**
**OC420171**

The notes on pages 11 to 30 form part of these audited consolidated financial statements

## NBKC WHITEHAWK PARTNERS I LLP

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018

| | 1 Dec 17 to 31 Dec 18 |
|---|---|
| | EUR |
| **CASH FLOWS GENERATED FROM OPERATING ACTIVITIES** | |
| Profit for the period before taxation | 18,829,084 |
| **ADJUSTMENTS MADE TO RECONCILE PROFIT FOR THE PERIOD BEFORE TAXATION TO NET CASH GENERATED FROM OPERATING ACTIVITIES** | |
| Unrealised gain from fair value adjustment on investment properties | (17,794,798) |
| | (17,794,798) |
| Increase in trade and other receivables | (395,014) |
| Increase in trade and other payables | 950,565 |
| | 555,551 |
| Finance costs | 738,623 |
| Taxation paid | - |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | 2,328,460 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of investment properties | (81,205,202) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (81,205,202) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Capital contributions received | 360 |
| Loan contributions received | 32,105,263 |
| Repayment of loan contributions | (2,794,982) |
| Proceeds from loan | 52,000,000 |
| Finance costs paid | (738,623) |
| **NET CASH GENERATED FROM FINANCING ACTIVITIES** | 80,572,018 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD** | 1,695,276 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | - |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 1,695,276 |

The notes on pages 11 to 30 form part of these audited consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 DECEMBER 2017 TO 31 DECEMBER 2018

## 1. ORGANISATION AND BUSINESS PURPOSE

NBKC Whitehawk Partners I LLP (the "Parent" or the "Partnership") was registered as a limited liability partnership in England and Wales with registered number OC420171 on 1 December 2017 in accordance with the terms of the Limited Liability Partnership Agreement (the "LLPA"). The Partnership and its subsidiaries (together the "Group") have been established to hold a portfolio of real estate assets.

The total commitment of the Designated Members to the Partnership, comprising loan and capital commitment is EUR 32,105,623.

NBKC Whitehawk Euro Properties I Limited contributed EUR 30,500,000 and Revcap (NBKC) I Limited contributed EUR 1,605,263.

The cumulative amount of capital and loan contributions and repayments of the Designated Members as at 31 December 2018 was EUR 29,310,641.

The Administrative Member of the Partnership is NBKC Whitehawk Limited.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). The consolidated financial statements of the Group have been prepared on an historical cost basis, except for investment properties which are valued at fair value through profit or loss, and are stated in Euros.

The accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Going concern

The financial statements have been prepared on a going concern basis. Having considered the Group's current and future commitments, the Designated Members believe that the Group has adequate resources to continue in operational existence for the foreseeable future from the date these financial statements were approved.

### Income and statement of cash flow

The Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. The acquisition of investment properties is disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

The Partnership has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own income statement in these financial statements. The Partnership's profit for the period was €1,155,723.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management considers that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### Standards, interpretations and amendments

***New standards and amendments adopted by the Partnership***

The Partnership has adopted the requirements of IFRS 9: Financial Instruments and IFRS 15: Revenue from contracts with customers. The standards are mandatorily effective for periods beginning on or after 1 January 2018. Refer to the accounting policy described in Note 2.6.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

***New standards and amendments issued but not yet adopted by the Partnership***

The Designated Members' assessment of the impact of these new standards is set out below:

IFRS 16 'Leases' will replace IAS 17 and is effective from annual reporting periods beginning on or after 1 January 2019. The standard is not expected to have a significant effect on the financial statements of the Partnership.

The Designated Members are conducting an assessment of the impact of the applicable new standards and amendments that are either not yet permitted to be adopted, or are not yet mandatory and have not yet been adopted by the Partnership and the extent of other adjustments, if any, on the overall financial statements of the Partnership.

All other new standards and amendments have no bearing on the operating activities and disclosures of the Partnership, and consequently have not been listed.

### 2.2 Basis of consolidation

The consolidated financial statements of the Group include all activities of the Partnership and its subsidiaries for the period ended 31 December 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.2 Basis of consolidation - (continued)

Subsidiaries are defined as holding entities in which the Partnership, directly or indirectly, has a controlling interest and are consolidated from the date of which control is transferred to the Partnership and cease to be consolidated from the date on which control is transferred out of the Partnership. The subsidiaries may have differing accounting principles to the Partnership and, where necessary, the accounts of these underlying entitles have been adjusted or reclassified on consolidation to be consistent with the accounting principles of the Partnership.

The cost of investment in the subsidiaries is eliminated against the Partnership's share of equity in the subsidiaries. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

### 2.3 Foreign currency translation

#### Functional and presentational currency

Items included in the Partnership's consolidated financial statements are measured using the currency of the primary economic environment in which it and its subsidiaries operates. As all calls and distributions will be made in Euros this is considered to be the functional currency of the Partnership and presentational currency of the Group.

#### Transactions and balances

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within finance costs and finance income respectively. All foreign exchange gains and losses are presented net in the consolidated statement of comprehensive income.

### 2.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as an investment property.

Investment properties reported in these financial statements is valued using the following methods:

i) measured initially at its cost, including related transaction costs and, where appropriate, borrowing costs; and

ii) revalued annually by an independent valuer with appropriate qualifications and carried at fair value.

The fair value of investment property reflects, amongst other things, rental income from current leases and other assumptions market participations would make when pricing the property under current market conditions.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.4 Investment properties (continued)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the consolidated statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

Changes in fair values are recognised in the consolidated statement of comprehensive income. Investment properties are derecognised when they have been disposed.

When the Group disposes of a property at fair value in an arm's length transaction, the profit or loss is calculated by comparing net proceeds to the carrying value. This is recognised in the consolidated statement of comprehensive income on completion of the sale.

### 2.5 Fair value measurement of investment properties

The Group measures the investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal of the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The valuation of investment property by valuers engaged by the Group who are independently appointed and have the relevant professional qualifications and with recent experience in the location and category of the investment property being valued. Further information in relation to the valuers is provided in Note 5.

### 2.6 Financial instruments

#### i) Classification

The Group has adopted the requirements of IFRS 9 as noted in 2.1 above. In accordance with IFRS 9, the Partnership classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.6 Financial instruments (continued)

***Financial assets***

The Partnership classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

**Financial assets measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Included in this category are trade and other receivables which are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents comprises of cash at bank and short term deposits with an original maturity of three months or less.

**Financial assets at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

There are no financial assets measured at FVPL.

***Financial liabilities***

**Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Partnership includes in this category trade and other payables and loans and borrowings which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. They are are derecognised when the obligation under the liability is discharged or cancelled or expires.

**Financial liabilities at fair value through profit or loss (FVPL)**

A financial liability is measured at FVPL if it meets the definition of held for trading.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.6 Financial instruments (continued)

**ii) Recognition**

The Partnership recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

**(iii) Initial measurement**

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

**(iv) Subsequent measurement**

After initial measurement, the Partnership measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL within profit and loss. Interest and dividends earned or paid on these instruments are recorded separately in profit and loss.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process. Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

**(v) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Partnership has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Partnership has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Partnership has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Partnership's continuing involvement in the asset. In that case, the Partnership also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Partnership has retained. The Partnership derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.6 Financial instruments (continued)

***Classification of financial instruments issued by the LLP***

In accordance with IFRS 9, financial instruments issued by the LLP are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the LLP to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the LLP; and

(b) where the instrument will or may be settled in the LLP's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the LLP's own equity instruments or is a derivative that will be settled by the LLP's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

***Members' participating interest***

Members' participating interests are classified as liability in the statement of financial position.

### 2.7 Impairment

The Group assesses on a forward looking basis the expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and interest receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Loans to subsidiaries that are documented as repayable on demand but in substance provide long term finance, fall within the scope of IFRS 9. These loans do not qualify for the simplified approach therefore the full impairment model has been applied. As per IFRS 9, a loan has a low credit risk if it has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term might, but will not necessarily, reduce the ability of the borrower to fulfill its obligations. The Partnership has assessed that the credit risk of these loans as at 31 December 2018 is low due to the following considerations:

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.7 Impairment - (continued)

- Low risk of default given the net asset position of the subsidiaries as at 31 December 2018;
- The Administrative Member does not expect there to be adverse changes in economic and business conditions during the loan repayment period which would reduce the ability of the subsidiaries to repay the loans;
- The Partnership does not intend to recall these loans in the next 12 months neither is there any legal obligation to do so;
- Subsidiaries are in a strong position to negotiate favourable debt arrangements, should they require cash to repay the loans; and
- Subsidiaries have assets that could be sold to finance the repayment of the loan amounts, should they be recalled.

Based on the above analysis, the Partnership concluded that the expected credit loss from these loans is insignificant and therefore no impairment was provided in the Partnership Statement of Financial Position.

### 2.8 Taxation

The Partnership and the German subsidiaries are tax transparent and not liable to taxation.

### 2.9 Revenue recognition

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

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

Service and management charges are recognised under IFRS 15 in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission received rather than gross income charged is recorded as revenue, as this represents the transaction price for the service provided to the customer by the Group.

### 2.10 Interest income and expense

Interest income and expense are recognised within 'finance income' and 'finance costs' the consolidated statement of comprehensive income using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

## 2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 2.11 Expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in the consolidated statement of comprehensive income in the period in which they are incurred (on an accruals basis).

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Partnership is exposed to a number of risks arising from the various financial instruments it holds. The main risks to which the Partnership is exposed are: credit risk, liquidity risk and market risk (which includes foreign currency risk and interest risk). The risk management policies employed by the Partnership to manage these risks are discussed below:

**Credit risk**

The Group's expected future cash flows are exposed to credit risk through financing activities, based on the risk of non-performance by counter-parties to financial instruments. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, and rental guarantees. It is the Group's policy to enter into financial instruments with reputable counterparties.

Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review. The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, but the Group does not monitor the credit quality of receivables on an ongoing basis.

The Group has policies that limit the amount of credit exposure to any financial institution. Limits on the level of credit risk by category and territory are approved quarterly by the board of directors. The utilisation of credit limits is regularly monitored.

The Administrative Member manages the risk of defaulting investors by putting in adequate controls in place to monitor that all capital call monies are received in a timely manner. The Administrative Member believes that there is no further risk of defaulting investors.

The Company's financial assets subject to the expected credit loss (ECL) model within IFRS 9 are tenant receivables, amounts receivable from the property manager and loans receivable from the Group's subsidiaries.

The Administrative Member reviews the impairment of financial assets regularly. For this period, a loss allowance has not been provided as all receivables are expected to be received within one year. There has been no indication during the current period that would point to expected credit losses during the next 12 month for the receivables presented at the reporting date. The IFRS 9 ECL model will be reconsidered in future periods based on observed loss rates over the expected life of the receivables adjusted for forward-looking estimates.

## 3. FINANCIAL RISK MANAGEMENT - (CONTINUED)

### 3.1 Financial risk factors - (continued)

**Credit risk (continued)**

The maximum exposure to credit risk as at 31 December is the carrying amount of the financial assets set out below:

| | 2018 EUR |
|---|---|
| Trade and other receivables | 395,014 |
| Cash and cash equivalents | 1,695,276 |
| | 2,090,290 |

As at 31 December, the assets held by the Group over 90 days have a provision for doubtful debts created. Below is the aging of trade and other receivables:

| | 2018 EUR |
|---|---|
| **Past due but not impaired:** | |
| Less than 60 days overdue | 395,014 |
| 60 to 90 days overdue | - |
| **Total past due but not impaired** | 395,014 |
| Over 90 days | - |
| **Amounts not past due** | - |

Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

**Market risks**

Market risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

**i. Foreign exchange risk**

The Group has no significant exposure to foreign exchange risk as substantially all assets and liabilities are held in the same currency as the reporting currency.

## 3. FINANCIAL RISK MANAGEMENT - (CONTINUED)

### 3.1 Financial risk factors - (continued)

#### ii. Interest rate risk

Interest rate risk is the risk that the fair value for future cash flows arising from financial instruments will fluctuate because of changes in market interest rates.

The Partnership is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Partnership's exposure is limited to the cash and cash equivalents and borrowings as the other financial assets and liabilities do not receive or pay interest.

Interest income from cash deposits may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Partnership seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income.

The following table analyses the interest rate composition of the Partnership's net assets categorised by maturity dates:

| 31 December 2018 | Up to 1 year EUR | 1 to 5 years EUR | Non-interest bearing EUR | Total EUR |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Investment properties | - | - | 99,000,000 | 99,000,000 |
| Trade and other receivables | - | - | 395,014 | 395,014 |
| Cash and cash equivalents | 1,695,276 | - | - | 1,695,276 |
| **TOTAL ASSETS** | 1,695,276 | - | 99,395,014 | 101,090,290 |
| **LIABILITIES** | | | | |
| Loans and borrowings | - | (52,000,000) | - | (52,000,000) |
| Trade and other payables | - | - | (950,565) | (950,565) |
| **TOTAL LIABILITIES** | - | (52,000,000) | (950,565) | (52,950,565) |
| **Net assets attributable to the Members** | 1,695,276 | (52,000,000) | 98,444,449 | 48,139,725 |

As at 31 December 2018, the Designated Members consider that a 0.5% movement in market interest rates is reasonably possible, based on historical and current market conditions.

An increase or decrease of 0.5% in the interest rate for the cash and cash equivalent, with other variables held constant, would result in an insignificant movement on the net asset value of the Partnership.

An increase or decrease in the interest rate for borrowing, with other variables held constant, would result in an insignificant movement on the net asset value of the Partnership as all interest rates have been fixed by the Designated Members. This analysis assumes that all other variables remain constant.

## 3. FINANCIAL RISK MANAGEMENT - (CONTINUED)

### 3.1 Financial risk factors - (continued)

**iii. Liquidity risk**

Liquidity risk is the current or prospective risk arising from the Group's inability to meet its liabilities and obligations as they come due without incurring unacceptable losses.

The Designated Members monitor cash availability and current liabilities to mitigate and manage liquidity risk.

The table below summarises the maturity profile of the Group's financial assets and liabilities at 31 December 2018 based on contractual payments:

| 31 December 2018 | Demand and up to 12 months EUR | More than 12 months EUR | No maturity date EUR | Total EUR |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 1,695,276 | - | - | **1,695,276** |
| Trade and other receivables | 395,014 | - | - | **395,014** |
| **Liabilities** | | | | |
| Loans and borrowings | - | 52,000,000 | - | **52,000,000** |
| Trade and other payables | 950,565 | - | - | **950,565** |
| Members' capital contributions | - | - | 360 | **360** |
| Members' loan contributions | - | - | 29,310,281 | **29,310,281** |
| Retained earnings attributable to members | - | - | 18,829,084 | **18,829,084** |

The Designated Members' capital and loan contributions, as well as the retained earnings attributable to members, are classified as a liability, not as equity in the financial statements. Under the terms of the LLPA, the Designated Members are not entitled to demand the repayment of their contributions or be repaid, other than in accordance with the provisions of the LLPA. The LLPA requires the Partnership to repay the contributions through quarterly distributions to the extent there is sufficient cash available, or upon termination of the Partnership. The LLPA also states that the Partnership shall not make any distributions, including repaying the contributions, which would render the Partnership insolvent.

**Capital risk management**

The Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for Partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Partnership.

The Designated Members monitors capital on the basis of the value of the net assets attributable to the Partners.

## 3. FINANCIAL RISK MANAGEMENT - (CONTINUED)

### 3.1 Financial risk factors - (continued)

**Real estate risk**

There is a risk that the Group becomes overexposed to either geographical location or real estate sector, such as changes in the real estate market conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; the quality of property available for investment; the lack of recoverability of service charges and other expenditure and to control the cost of these items; the risk that one or more tenants may be unable to meet their obligations; inability to lease existing or new real estate on favourable terms and the potential illiquidity of property investments, particularly in times of economic downturn. The Designated members monitor the investments made and ensure that the Group's investments are within the investment guidelines as set out in the LLPA.

Although rental damage and losses arising from natural disasters, fire, floods, etc. are normally and sufficiently covered by the insurance policies taken out for each real estate asset, the value of a real estate asset may be affected in the long term by such events in a non-quantifiable manner. The Designated members ensures that all properties are adequately insured.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Designated Members make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Valuation of Investment property*
The fair value of investment property is determined by the Group's assigned individual valuers using recognised techniques; the Discounted Cash Flow ("DCF") method and Income Capitalisation method. Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

*Assessment of expected credit losses on loans receivable from subsidiaries of the Partnership*
As per IFRS 9, the Designated Members must consider whether an impairment adjustment is required in the Statement of Financial Position, based on whether the loans have low credit risk by considering the following factors; whether the borrower has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term might, but will not necessarily, reduce the ability of the borrower to fulfill its obligations. The full asssessment is set out in Note 2.7.

## 5. INVESTMENT PROPERTIES

| | 2018<br>EUR |
|---|---|
| Additions | 81,205,202 |
| Unrealised gain on investment properties | 17,794,798 |
| **Total investment properties at fair value** | **99,000,000** |

Investment properties comprise commercial properties that are leased to third parties. The valuation has been performed by Jones Lang LaSalle SE ("JLL"), an external valuer, based in Germany.

The investment property valuation contains a number of assumptions which the historic cost price was based upon. The assumptions on which historic cost has been based upon include, but are not limited to, matters such as the tenure and tenancy details for the property, structural condition of the property, prevailing market yields and comparable market transactions. These assumptions are market standard and are in accordance with the Royal Institution of Chartered Surveyors Valuation Professional Standards.

Changes to fair values are recognised as gains or losses in profit or loss and included in 'Unrealised gain on investment properties' and reflect the write off of capitalised acquisition costs. All gains are unrealised.

The Group's investment properties are recognised at level 3 of the fair value hierarchy as follows:

| | 2018<br>EUR |
|---|---|
| Level 1 | - |
| Level 2 | - |
| Level 3 | 99,000,000 |
| Total | 99,000,000 |

**Fair value hierarchy:**
Level 1: fair values derived from quoted prices in active markets for identical assets/liabilities.
Level 2: fair values derived from observable inputs other than quoted prices.
Level 3: fair values derived from valuation techniques that include inputs that are not based on observable data.

There were no transfers between the levels during the year.

The fair value of investment property is determined by the Group's assigned individual valuers using recognised techniques. These techniques comprise both the Discounted Cash Flow ("DCF") method and Income Capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

## 5. INVESTMENT PROPERTIES - (CONTINUED)

**Valuation process for Level 3 valuations**
Valuations are ultimately the responsibility of the Designated Members of the Group.

The valuation for the investment property is performed at the year end by the external valuers using a full valuation method.

The Designated Members will review the property valuations in light of the advice received and expected outcomes. In providing its advice to the Designated members, the Investment Advisor interrogates the valuation data received, verifies the major inputs and cross checks with local geographic market conditions.

On an annual basis, after the above checks have been performed, the Designated members will discuss and interrogate the major assumptions used in the valuations, with an emphasis on the more significant investments and variances, and may request that alternative valuation methods are applied if felt to be necessary.

There were no changes in valuation technique during the year.

**Quantitative information of significant unobservable inputs - Level 3**

| Investment property by location | 2018 EUR | Valuation technique | Unobservable input | Range |
|---|---|---|---|---|
| Germany | 99,000,000 | Discounted cash flows | Capitalisation rate | 5.1% - 5.3% |

## 6. FAIR VALUE MEASUREMENT

At 31 December 2018, the Group does not have financial assets and liabilities held at fair value, however under IFRS 13 fair value disclosures are required for financial instruments held at amortised cost. The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

| | | Fair value measurement using | | |
|---|---|---|---|---|
| | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| **Financial assets** | **Total EUR** | **(Level 1) EUR** | **(Level 2) EUR** | **(Level 3) EUR** |
| Trade and other receivables | 395,014 | - | 395,014 | - |
| Cash and cash equivalents | 1,695,276 | - | 1,695,276 | - |
| Trade and other payables | (950,565) | - | (950,565) | - |

The fair value of the cash and cash equivalents, receivables and other payables approximates their carrying values due to the short-term maturities of these investments. There have been no transfers between level 1, level 2 and level 3 during the period.

## 7. TRADE AND OTHER RECEIVABLES

| | 2018 EUR |
|---|---|
| Trade receivables | 2,115 |
| Prepayments | 229,912 |
| Amount receivable from related parties | 148,113 |
| Amount receivable from investors | 360 |
| Other receivables | 14,514 |
| | 395,014 |

Trade receivables comprise rental income receivable and tenant deposits. All receivables are short term, interest free amounts that are expected to be received within 60 days.

## 8. LOANS AND BORROWINGS

| | 2018 EUR |
|---|---|
| Secured bank loan | 52,000,000 |
| **Total loans and borrowings** | 52,000,000 |

The Group has also entered into the following fixed rate loans:

| | |
|---|---|
| Lender | |
| Senior loan (EUR) | 52,000,000 |
| Margin per annum | Fixed 1.40% + 0.40% |
| Contract date | 26 March 2018 |
| Length of term | 5 years |
| Total drawn as at 31 December 2018 | 52,000,000 |
| Fair value as at 31 December 2018 | 52,000,000 |
| Capex loan (EUR) | 3,100,000 |
| Margin per annum | 1.85% + EURIBOR |
| Contract date | 26 March 2018 |
| Length of term | 5 years |
| Total drawn as at 31 December 2018 | - |

## 9. LOAN CONTRIBUTIONS FROM MEMBERS

| | 2018 EUR |
|---|---|
| Loan contributions received | 32,105,263 |
| Repayments of loan contributions | (2,794,982) |
| | 29,310,281 |

The loan contributions from members are unsecured, interest free and repayable as a third priority dependant upon profit earned by the Group's subsidiaries in Germany, from quarterly distributions, in accordance with Clause 12.3 of the LLPA.

## 10. LEASES AS LESSOR

The investment properties are let under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

| | 2018 EUR |
|---|---|
| Less than one year | 4,542,250 |
| Between one and five years | 7,557,064 |
| More than five years | 50,634 |
| | 12,149,948 |

During the period, EUR 3,464,830 was recognised as rental income by the Group.

## 11. TRADE AND OTHER PAYABLES

| | 2018 EUR |
|---|---|
| Trade payables | 90,162 |
| Taxes payable | 122,039 |
| Accruals | 118,979 |
| Amounts payable to investors | 422,786 |
| Amounts payable to related parties | 184,377 |
| Other payables | 12,222 |
| | 950,565 |

Accruals includes administration and audit fees payable. The amount payable to investors relates to a distribution not yet paid as at year end. Amounts payable to related parties relate to advisory fees payable. All payables are short term, interest free amounts that are expected to be settled within one year.

## 12. REVENUE

| | 2018 EUR |
|---|---|
| Rental income | 3,464,830 |
| Service charge income | 734,760 |
| Other income | 2,115 |
| | 4,201,705 |

## 13. FINANCE COSTS

| | 2018 EUR |
|---|---|
| Interest expense on long-term debt | 722,800 |
| Interest on current accounts | 15,823 |
| | 738,623 |

## 14. TAXATION

The Partnership and the German subsidiaries are tax transparent and not liable to taxation.

There is no taxation charge for the period from 1 December 2017 to 31 December 2018, as the Group's subsidiaries had no taxable profits.

Reconciliation between tax expense and the product of accounting profit multiplied by the tax rate in the jurisdiction of the Group's subsidiaries is as follows:

| | 2018<br>EUR |
|---|---|
| Group accounting profit before tax | 18,829,084 |
| Tax at the tax rate of the jurisdiction of the Group's subsidiaries - 15.83% | 2,980,644 |
| Tax effect of: | |
| Group income not subject to taxation | (2,980,644) |
| Taxation charge in the consolidated statement of comprehensive income | - |

## 15. RELATED PARTIES

A related party is an entity or individual who exercises significant influence over the Group and the Partnership's activities. Details of the Partnership's subsidiaries as at 31 December 2018 are as follows:

| Subsidiary | Place of incorporation | Principal activity | Partnership % ownership |
|---|---|---|---|
| Portofino Aschheim Sarl | Luxembourg | Investment Holding | 100% |
| Portofino Ottobrunn Sarl | Luxembourg | Investment Holding | 100% |
| Portofino GP GmbH | Germany | Investment Holding | 100% |
| Portofino Aschheim GmbH & Co. KG | Germany | Property Holding | 100% |
| Portofino Ottobrunn GmbH & Co. KG | Germany | Property Holding | 100% |

During the period, the Group had the following transactions with the above related parties:

| 2018 | Total charged<br>EUR | Total paid<br>EUR | Closing balance<br>EUR |
|---|---|---|---|
| Advisory fees payable to NBKC Whitehawk Limited | 1,452,026 | 1,280,270 | 171,756 |

## 15. RELATED PARTIES - continued

During the period, the Partnership paid administration fees on behalf of the following related parties:

| | Total charged EUR | Total paid EUR | Balance payable EUR |
|---|---|---|---|
| NBKC Whitehawk German Properties I Limited | 7,278 | 5,400 | 1,878 |
| NBKC Whitehawk Euro Investments I Limited | 7,278 | 5,400 | 1,878 |
| NBKC Whitehawk Euro Properties I Limited | 7,278 | 5,400 | 1,878 |

During the period, the Partnership has the following outstanding amounts with its related parties:

| | Partnership Only | |
|---|---|---|
| | Receivable EUR | Payable EUR |
| Loans receivable from subsidiaries | 27,821,259 | - |
| Interest receivable from subsidiaries | 1,564,926 | - |
| Advisory and administration fees receivable from related parties | 1,054,420 | - |
| Amount receivable from/dividend payable to investors | 360 | 422,786 |
| Amounts payable to investors | - | 18,000 |
| Advisory fees payable to NBKC Whitehawk Limited | - | 184,377 |
| | 30,440,965 | 625,163 |

The Partnership provided loans to Portofino Aschheim Sarl and Portofino Ottobrunn Sarl in the sum of EUR 16,900,306 and EUR 13,122,590 respectively on 28 March 2018. During the year, Portofino Aschheim Sarl repaid EUR 1,077,517 leaving a remainder of EUR 15,822,789 still payable at 31 December 2018. Portofino Ottobrunn Sarl repaid EUR 1,124,120 leaving a remainder of EUR 11,998,470 still payable at 31 December 2018. They have no fixed repayment date, therefore are treated as repayable on demand and interest is charged at the rate of 7% per annum.

## 16. INVESTMENT IN SUBSIDIARIES

The Partnership has invested in the following entities:

| | Partnership Only 2018 EUR |
|---|---|
| Portofino Aschheim Sarl | 21,500 |
| Portofino Ottobrunn Sarl | 21,500 |
| Portofino GP GmbH | 25,000 |
| | 68,000 |

## 17. TRADE AND OTHER RECEIVABLES

| | Partnership Only 2018 EUR |
|---|---|
| Loans receivable from subsidiaries | 27,821,259 |
| Interest receivable from subsidiaries | 1,564,926 |
| Amount receivable from related parties | 1,054,420 |
| Amount receivable from investors | 360 |
| Other receivables | 24,689 |
| | 30,465,654 |

The Partnership provided loans to Portofino Aschheim Sarl and Portofino Ottobrunn Sarl in the sum of EUR 16,900,306 and EUR 13,122,590 respectively on 28 March 2018. During the year, Portofino Aschheim Sarl repaid EUR 1,077,517 leaving a remainder of EUR 15,822,789 still payable at 31 December 2018. Portofino Ottobrunn Sarl repaid EUR 1,124,120 leaving a remainder of EUR 11,998,470 still payable at 31 December 2018. They have no fixed repayment date, therefore are treated as repayable on demand and interest is charged at the rate of 7% per annum.

Interest receivable relates to interest on the loans receivable from subsidiaries as detailed above.

The Partnership has covered expenses for related parties including; Revcap, NBKC Whitehawk Euro Properties I Limited, NBKC Whitehawk Euro Investment I Limited, NBKC Whitehawk German Properties I Limited and NBKC Whitehawk Limited.

Other receivables are short term, interest free amounts that are repayable on demand.

## 18. TRADE AND OTHER PAYABLES

| | Partnership Only 2018 EUR |
|---|---|
| Accruals | 86,195 |
| Amounts payable to investors | 422,786 |
| Amounts payable to related parties | 184,377 |
| | 693,358 |

Accruals includes administration and audit fees payable. The amount payable to investors relates to a distribution not yet paid as at year end. Amounts payable to related parties relate to advisory fees payable. All payables are short term, interest free amounts that are expected to be settled within one year.

## 19. EVENTS AFTER THE REPORTING DATE

Following the period end, it was agreed to dispose of the property at 31-39 Einsteinring, Aschheim by Portofino Aschheim GmbH & Co. KG for the amount of €53.73 million to an entity based in Luxembourg. The sale was notarised on 30 September 2019 with completion expected in Q4 2019.

Other than the above, there were no material events after the reporting period that have a bearing on the understanding of these consolidated financial statements.