HB REAVIS REAL ESTATE SICAV-SIF

Consolidated Financial Statements
31 December 2014

Contents

The Board of Managers of the General Partner of HB Reavis Real Estate SICAV-SIF (the "Fund") is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 December 2014 of the Fund.

1 Incorporation

The Fund was established in Luxembourg on 25 May 2011 for an unlimited duration and is governed by the Luxembourg law dated 13 February 2007, as amended relating to specialized investment funds and the European Alternative Investment Fund Managers Directive 2011/61/EC ("AIFMD") which has been implemented in Luxembourg by the law of 12 July 0213 on alternative investment fund managers ("AIFM Law").

The Fund is within the scope of the AIFM Law and qualifies as an Alternative Investment Fund ("AIF").

The General Partner of the Fund, HB Reavis Investment Management S.à r.l. (the "General Partner") is a limited liability company organised under the laws of Luxembourg (registration number B 161.176) having its registered office at 20, rue de la Poste, L-2346 Luxembourg.

On the aforementioned date, the General Partner launched the Fund as well as its first Sub Fund named HB Reavis CE REIF (hereafter "Sub Fund A").

The General Partner has appointed Luxembourg Investment Solutions S.A. on 20 August 2014 to act as an Alternative Investment Fund Manager ("Investment Manager", "LIS" or "AIFM") in accordance with the provisions of the AIFM Law. Luxembourg Investment Solutions is a limited liability company organised under the laws of Luxembourg, having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg and authorized by the Luxembourg financial services supervisory authority, Commission de Surveillance du Secteur Financier ("CSSF") to exercise the activity as Alternative Investment Fund Manager in accordance with Chapter 2 of the AIFM Law.

HB Reavis IM Advisor Ltd. has been appointed as the Investment Advisor (the "Investment Advisor") of the Fund and its Sub-Funds. The Investment Advisor advises the Investment Manager, and where applicable the General Partner with regard to strategic asset allocation between the countries and sectors within the real estate, and in respect of appropriate funding strategies regarding expected macro-economics development. The Investment Advisor also provides advisory in respect of searching and identification of the real estate assets to be acquired and/or disposed by the Fund and provides support in the execution of acquisition and disposal transactions, as well as financing arrangements.

CITCO REIF Services (Luxembourg) S.A. has been appointed as the domiciliary agent, registrar and transfer agent as well as administrative agent (the "Central Administrator"). The Central Administrator is responsible for the general administrative functions of the Fund required by Luxembourg law and, as the case may be, for processing the issue and redemption of Shares, the calculation of the Net Asset Value of the Shares of each Sub-Fund in the Fund, and the maintenance of accounting records for the Fund in compliance with the requirements of the AIFM Law.

CITCO Bank Nederland N.V. Luxembourg Branch, with registered office at 20, rue de la Poste, L-2346 Luxembourg has been appointed to provide Depositary services required under Luxembourg law. The Depositary mainly safe keeps the Fund's assets, monitors cash flows, manages Investor's subscription payments and performs Custody of financial instruments.

TPA Horwarth Valuation Services s.r.o., having its registered office at Manesova 917/28, 120 00 Prague 2, Czech Republic, registered with the Commercial Register of the Metropolitan Court in Prague, section C, under number 151055, has been appointed as the external independent valuer (the "External Valuer") of the Fund and its Sub-Funds. The External Valuer shall perform the valuation function for the Fund as External Valuer pursuant to the article 17(4) of the AIFM Law.

Throughout the financial year, all properties owned by the Fund or by its affiliated real estate companies were valued by one independent and well-known valuer; Jones Lang LaSalle, s.r.o., Astoria Palace, Hodzovo namestie 1/A, 811 06 Bratislava, Slovakia ("Independent Valuer").

2 Principal activities of the Fund

While there will be no specific country or real estate segment restrictions posed, the Fund will mainly invest in the Central European region as Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets. The initial Sub-Fund portfolio will provide investments in prime properties only located in Slovakia.

2 Principal activities of the Fund (continued)

The office segment investments are restricted to A-class properties located in central business districts of capital cities in Slovakia, the Czech Republic and Hungary. In Poland however, both, capital and regional cities are eligible for investments in the office segment. The retail segment investments will be made in both capital and regional cities in the entire Central European region. Investments in logistic properties will be restricted to attractive and strategic locations only.

The Sub-Fund seeks to maximize the value via investing in properties which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectonical point of view. The Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

3 Risks and uncertainties

An investment in the Fund involves certain risk factors and considerations relating to the Fund's structure and investment objectives.

3.1. Nature of investments in the Fund

The Fund is not intended for short-term investment and the Fund's investment objective and policy assumes that Shares will be held for an extended period. There can be no assurance that the Fund will achieve its investment objective or that the Investor will receive any return on or of his invested capital. Past performance is not a guarantee of future results.

3.2. Nature of investments in real estate

The investments are subject to the risks incident to the ownership and operation of commercial and multi-family residential real estate, including, but not limited to, risks associated with the general economic climate, local real estate conditions, competition from other real estate companies, the ability of the third party property managers to manage and lease the properties, unavailability of mortgage funds or fluctuations in the interest rates that may render the sale of a property difficult, the financial condition of tenants, buyers and sellers of properties, changes in real estate tax rates, energy prices and other operating expenses, the imposition of rent controls, energy and supply shortages, environmental risk, various uninsured or uninsurable risks, government regulations, fluctuations in interest rates, unemployment, inflation, local recessions or other economic events. These risks, either individually or in combination may cause either a reduction in the income or an increase in operating and other costs, which may materially affect the financial position and returns of specific Fund investments and the Fund generally.

3.2.1. Acquisition Risks

Acquisitions of real estate investments include risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to the standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment.

3.2.2. Abort Costs

The nature of real estate acquisitions and disposals may mean that considerable expense may be incurred without the completion of an acquisition, disposal, financing or leasing of a real estate property. For example, the Fund may incur costs on undertaking due diligence and obtaining environmental and other reports in relation to potential acquisitions that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All such expenses will be payable by the Fund and will reduce the returns that would otherwise be received by an investor.

3.2.3. Insurance Risks

The Fund intends to maintain comprehensive insurance on its real estate property, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles and availability of insurance on commercially reasonable terms and conditions. The Fund will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of properties similar to its real estate property. There are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods and hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received by the Fund, if any, might not be adequate to restore the Fund's investment with respect to the affected property.

3 Risks and uncertainties (continued)

3.2.4. Property Taxes
Real estate property owned by the Fund is likely to be subject to property taxes when acquiring and during ownership of that asset in the country that the asset is held. Such taxes may increase as tax rates change and as the properties are assessed or reassessed by taxation authorities. Also refer to the information set out under the heading "Taxation" in this section and Section: "Tax Status".

3.2.5. Environment Liability
The Fund may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in a property investment held by the Fund. The costs of any required remediation or removal of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the owner's ability to sell or lease the property or to borrow using the property as collateral. Laws and regulations may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of and impose liability for the disturbance of wetlands or the habitats of threatened or endangered species.

Generally, the Fund will obtain environmental audits prior to the acquisition of properties to identify potential sources of contamination for which such properties may be responsible and to assess the status of environmental regulatory compliance. There can be no assurance, however, that such audits will reveal all environmental liabilities relating to an acquired property.

3.2.6. Financial Condition of Tenants
A tenant of acquired properties may experience, from time to time, a downturn in its business which may weaken its financial conditions and result in the failure to make rental payments when due. No assurance can be given that tenants will continue to make rental payments in a timely manner. The failure of tenants to meet rental obligations on the Fund's assets may adversely affect the Fund's operating cash flow and value of its investments.

3.2.7. Use of Valuations and Appraisals
The Fund uses internal and external valuations in several contexts for determining an investment's market value, the Fund's Net Asset Value and Net Asset Value per share. Each of the Fund's real estate properties are valued by a qualified Independent Valuer externally at least once every twelve (12) months as at the end of each financial year and in addition investments may be valued externally before any acquisition or sale although a new valuation is not necessary if the sale of the property takes place within six (6) months after the last valuation thereof. An appraisal or a valuation is only an estimate of value and is not a precise measure of realisable value.

Ultimate realisation of the market value of a real estate asset depends to a great extent on economic and other conditions beyond the control of the General Partner, respectively the Investment Manager. Further, appraised or otherwise determined values do not necessarily represent the price at which a real estate investment would sold since market prices of real estate investments can only be determined by negotiations between a willing buyer and seller. Generally, appraisals will consider the financial aspects of a property; market transactions and the relative yield for an asset measured against alternative investments. Generally, valuations will be based on the discounted cash flows of the Fund's assets, but the income capitalization or replacement cost method may also be used provided that they result in an adequate valuation. If the Fund is to acquire or liquidate a particular real estate investment, the realised value may be more than or less than the appraised value or other valuation of such asset.

3.2.8. Illiquidity of Investments
Although the Fund may, on occasion, acquire securities that trade publicly or that are issued by companies that have another class of securities that trade publicly, it is unlikely that there will be a public market for many of the investments held by the Fund. The direct, non-securitized real estate investments that will be held by the Fund will ordinarily require a substantial period of time to be liquidated in an orderly manner. There can be no assurance that there will be a ready market for each type of the Fund's real estate properties at the time it may be necessary to dispose of the same. There are substantial costs associated with the disposition of such investments, including, inter alia, sales brokerage and legal costs.

3.2.9. Limited Market for Investor interests/restrictions on transfer of Shares
While the Investor will have the right to transfer his Shares to another party provided such party is a Well-Informed Investor and subject to certain other restrictions either pursuant to applicable laws, the articles of association or otherwise, there is not expected to be a liquid, secondary trading market for the Fund's Shares. For these reasons, the Investor will be required to bear the financial risks of their investment until redemption.

3 Risks and uncertainties (continued)

3.2.10. Currency risk
Investments of the Fund may be made in other currencies than the Euro and therefore be subject to currency fluctuations which affect the Net Asset Value of the Fund as defined in section 9 (Net Asset Value) of the Prospectus. Currencies of certain countries may be volatile and therefore may affect the value of securities denominated in such currencies, which means that the Fund's Net Asset Value could decline as a result of changes in the exchange rates between foreign currencies and the Euro. As detailed in the investment policy of the Fund, the currency risk will be mostly hedged, but there is no guarantee that the hedging will be successfully achieved.

3.2.11. Untimely Exits due to Redemptions
The ability of the Investor to redeem his Shares is described in the Prospectus and summarized in the section "Redemption of Shares" below. Where redemptions are permitted, the Investor will be entitled to such redemptions as soon as is practicable in all the circumstances. However redemption requests will be satisfied in any event within three years of the request being made. Accordingly, this may mean that the General Partner may be forced to sell or encumber assets belonging to the Fund earlier than planned and on terms and subject to conditions that are worse than planned or under market value to satisfy such redemption requests, and such action may negatively impact on the performance of the Fund. For the avoidance of doubt, redemptions will be done at the Net Asset Value at the time of the most recent Valuation Day and not at the time the redemption request is received.

3.2.12. Reliance on real estate manager
The Fund's success will depend largely on the services of its officers, employees and agents, and, in part, on the continuing ability of the involved parties to hire and retain knowledgeable personnel. There can be no assurance that the General Partner, respectively the Investment Manager will be able to retain the employees who may be critical to the performance of its obligations or to implement successfully the strategies that the Fund intends to pursue. There can also be no assurance that the strategies that the General Partner wishes to pursue in this regard will result in a profit for the Fund.

3.2.13. Newly Formed Entity
The Fund is a "société d'investissement" à capital variable. There can be no assurance that the General Partner, respectively the Investment Manager will achieve the Fund's investment objective notwithstanding the performance of any or all of the foregoing or their respective affiliates or principals in other transactions including, without limitation, arrangements similar in nature to the Fund. Given the factors as described in this section, there exists a possibility that an investor could suffer a substantial or total loss as a result of an investment in the Fund.

3.2.14. Use of Leverage
The Fund may incur mortgage and other debt (subject to certain limits as outlined in the Prospectus and the articles of association) to finance the acquisition of properties, restructure existing debt, enhance returns and for other operational cash flow requirements. Market fluctuations may decrease the availability and increase the cost of debt finance.

The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, economic downturns or deteriorations in the condition of a real estate investment or its market. If a real estate investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's equity investments in such real estate could be reduced or even eliminated.

3.2.15. Interest Rate and Hedging Risks
The Fund's performance may be affected adversely if it fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rates futures and options on such futures. Should the Fund so elect (and it will be under no obligation to do so), the use of these derivative instruments to hedge a portfolio of investments carries certain risks, including the risks that losses on any hedge position will reduce its earnings and the proceeds available for distribution to the Investor, and indeed, that such losses may exceed the amount invested in such derivative instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on a given Investment.

3.2.16. Distributions
The Fund depends on payments it receives from its subsidiaries, properties or other investments held directly in order to make distributions to the Investor. The timing of and the ability of certain Subsidiaries to make payments may be limited by applicable law and regulations.

3 Risks and uncertainties (continued)

3.2.17. Conflicts of Interest

The corporate relationships between the Fund, the entity at the origin of the Fund, the General Partner, the Investment Manager, the Investment Advisor and their respective affiliates may present conflicts of interest regarding the structuring of transactions, the terms of the investments and other services provided to the Fund by any of its service providers. For example, unless otherwise disclosed in this Prospectus, any such party may promote, manage, advise, sponsor or be otherwise involved in further collective investment schemes. In particular, there could arise conflicts relating to the allocation of investment opportunities between the Fund and other clients of each of these parties. The Fund intends to continue to pursue transactions even where conflict exists. While the General Partner will take steps to alleviate such conflicts of interests, such conflicts will not be eliminated.

In the event that the General Partner and the Investment Manager or the Investment Advisor or any of its officers or employees or Board members or Investment Committee members has in any transaction of the Fund an interest different from the interests of the Fund, such entity/person shall make known to the General Partner and the Investment Manager such conflict of interest in accordance with Luxembourg law and shall not conclude such transaction and such manager's or officer's interest therein shall be reported to the next meeting of the Board of Directors of the General Partner and the Investment Manager. No such instances were reported during 2014.

3.2.18. Lack of diversification

The Fund may diversify its portfolio by investing in one or more real estate property types in accordance with its investment and operating criteria, however, subject to these limits, investments by the Fund may be weighted to certain property types and in certain geographic markets and there can be no guarantees as to the diversification of the Fund's assets. Events that impact a specific Fund investment, a specific property type held by the Fund or a region in which the Fund has assets may have a material impact on the Fund's performance.

3.2.19. Recourse to the Fund's Assets

As a Specialized Investment Fund, the Fund is reserved to Well Informed Investors who must be aware of the risks attaching to the investment in an undertaking for collective investment investing in real estate such as the Fund and accept that they will have recourse only to the Fund's assets as these will exist at any time.

The Fund's assets, including any investments made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund (as opposed to a subsidiary) becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. If a subsidiary (as opposed to the Fund) becomes subject to a liability, parties seeking to have the liability satisfied may only have recourse to that particular subsidiary's assets generally.

3.2.20. Investments in Partnerships and Other Entities

The Fund may make investments in other entities and enter into partnerships or joint ventures with any person (including the General Partner and its affiliates) after ensuring that it can realise the investments within an appropriate period of time and it is in the Fund's best interests to do so. The Fund may co-invest and the assets in relation thereto may not be as liquid as the assets directly held by the Fund in the absence of such co-investment. Generally co-investment will be made at the level of the jointly held subsidiary holding the asset (also referred to above as the property companies). Such investments may involve risks not present in direct property investment, including for example, the possibility that a co-venture or partner of the partnership might become bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or that such co-ventures or partners may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may be liable for actions of its co-ventures or partners. While the General Partner, respectively the Investment Manager and all other involved parties will take all reasonable steps to review the qualifications and previous experience of any proposed co-ventures or partners, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-ventures or partners.

3.2.21. Increased Competition

The Fund will engage in a business that becomes increasingly competitive as more investors enter the market. The decline in the number or size of assets being offered for sale may adversely affect the Fund's ability to achieve its investment objectives. While the General Partner and the Investment Manager believe that attractive investments of the type in which the Fund intends to invest are currently available, there can be no assurance that such investment opportunities will be available or that then available investments will meet the Fund's investment and operating criteria.

3 Risks and uncertainties (continued)

3.2.22. Taxation
An investment in the Fund involves a number of complex tax considerations including taxation of subsidiaries and of distributions and dividends paid across national boundaries. Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Fund to the Investor. No assurance can be given on the actual level of taxation suffered by the Fund. The Investor should consult his own tax adviser on the tax implications for them of investing, holding and disposing of Shares and receiving distributions in respect of Shares in the Fund.

3.2.23. Changes in applicable law
The Fund must comply with various legal requirements, including requirements imposed by the securities laws and companies' laws in various jurisdictions, including Luxembourg. Should any of those laws change over the term of the Fund, the legal requirements to which the Fund and the Investor may be subject could differ materially from current requirements.

3.2.24. Monthly Valuation
The Central Administrator calculates the Net Asset Value per share for the purposes of issues and redemptions on each Regular Valuation Day and Valuation Day prescribed by the Investment Manager. The External Valuer performs monthly review of NAV calculation. In addition, but for information purposes only, the Central Administrator may publish a monthly Net Asset Value per share on such days as it shall prescribe. For the purposes of this monthly Net Asset Value, the General Partner will use the most recent available Net Asset Value calculated on a Valuation Day adjusted to take into account its estimate of accruals of income and expenses and assets and liabilities since such Valuation Day up to the prescribed day.

There is an insignificant difference between the NAV calculated according to IFRS and INREV guidelines.

3.3. Risks associated with the terms and conditions of the Fund

3.3.1. Limitations on the redemption and transfer of Shares
Prospective investors should not invest unless they are prepared to retain their investment until the Fund/Sub-Fund may terminate. Investor Shareholders may not be able to redeem their Shares and there will be no active secondary market for the Shares.

No Investor Shareholder may transfer its Shares in the Fund, including the obligation to meet capital calls, to another existing or prospective investor without the written consent of the General Partner. The Investor Shareholder wishing to transfer interests in the Fund will be responsible for all costs associated with any attempted or realised transfer.

3.3.2. Illiquidity of the fund's investments
The investments of the Fund generally will be long-term and highly illiquid. As a result, the Fund will not have control over when it will have assets to distribute.

3.3.3. Dilution from subsequent closings
Investor Shareholders subscribing for Shares in the Fund at Subsequent Closings will participate in existing investments of the Fund, diluting the interest of existing Investor Shareholders. Although these New Investor Shareholders will contribute their prorata Shares of previously made capital calls (plus an additional amount relating to the cost of money previously contributed by earlier Investor Shareholders), there can be no assurance that this payment will reflect fair value of the Fund's existing investments at the time the new Investor Shareholders subscribe for Shares in the Fund.

3.3.4. Serious consequences for shareholders of their own failure to meet a capital call by the fund
Failure to pay to the Fund any amount required to be paid under a draw down notice is subject to substantial penalties, over which the General Partner has significant discretion, including removal of entitlement to distributions, the entitlement to vote as an Investor Shareholder and accrual of interest on unpaid amounts. In the case of a failure to pay, further sanctions include forced transfer to other Investor Shareholders and redemption by the Fund at a price equal to seventy five per cent (75 %) of the lesser of funded Commitments and the Net Asset Value of the Shares which may not be received until the end of the term of a Fund.

3.3.5. Failure by other investor shareholders to meet a capital call of the fund
Failure by an Investor Shareholder to meet a capital call could result in the Fund defaulting on a funding obligation to an investment or reduce the number of investments the Fund may make.

3.3.6. Investor shareholders bear the cost of all fees and expenses
In addition to the General Partner Fees, Investor Shareholders will also pay other expenses of the Fund including abort fees, introduction and transaction fees, and third party advisers' fees. This may result in a higher expense for Investor Shareholders than if Investor Shareholders invested directly in the underlying assets of the Fund.

3 Risks and uncertainties (continued)

3.3.7. The fund may distribute illiquid securities in kind

The General Partner will have the authority to make in-kind Distributions at any time under the conditions provided in Chapter "Distribution Policy". Even if the General Partner does not make such Distributions during the Fund's term, certain investments may not be able to be liquidated at the end of the Fund's term, even if extended as permitted by the Prospectus and Articles of Association. In such cases there may be in-kind Distributions by the Fund of interests in these investments to Investor Shareholders, all of which are likely to be highly illiquid. There can be no assurance that any Investor Shareholder will be able to dispose of these investments or that the value of these investments as determined by the General Partner in connection with the determination of Distributions will be realised.

3.3.8. Compulsory redemption of shareholder's Shares

The General Partner is entitled to redeem the Investor Shareholders' holding if the General Partner determines in its sole discretion that the Investor Shareholder is or has become ineligible as an investor or that the continued participation of the Investor Shareholder in the Fund may adversely affect the Fund. Such compulsory redemption may cause the Investor Shareholder to realize a materially lower return than would be the case if the Investor Shareholder did not suffer a compulsory redemption.

3.4. Other risks

3.4.1. Hedging instruments may adversely affect overall performance

The Fund and its investments may choose to engage in transactions designed to reduce the risk or to protect the value of their assets, including securities and currency hedging transactions. These hedging strategies could involve a variety of derivative transactions, including transactions in forward, swap or option contracts or other financial instruments with similar characteristics, including forward foreign currency exchange contracts, currency and interest rate swaps, options and short sales (collectively "Hedging Instruments"). Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of those positions decline, but establishes other positions designed to gain from those same developments, thereby offsetting the decline in the portfolio positions' value. While these transactions may reduce the risks associated with an investment, the transactions themselves entail risks that are different to those of the investment. The risks posed by these transactions include interest rate risk, market risk, risk that these complex instruments and techniques will not be successfully evaluated, monitored and/or priced, counterparty risk, liquidity risk and leverage risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while the Fund and its investments may benefit from the use of Hedging investments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in poorer overall performance for the Fund and its investments than if they had not used those Hedging Instruments.

Moreover, it may not be possible to hedge against a currency exchange rate, interest rate or public security price fluctuation that is so widely anticipated that the Fund and its investments are not able to enter into a hedging transaction at a price sufficient to protect them from the decline in the value of the portfolio position anticipated as a result of the fluctuation. The success of hedging transactions will be subject to the ability to correctly predict movements in and the direction of currency exchange rates, interest rates and public security prices. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Fund and its investments may not seek to establish a perfect correlation between Hedging Instruments and the portfolio positions being hedged. This imperfect correlation may prevent the Fund and its investments from achieving the intended hedge or exposure to risk of loss. The making of short sales exposes the Fund and its investments to the risk of liability for the market value of the security that is sold, which is an unlimited risk due to the lack of upper limit on the price to which - a security may rise. In addition, because the Fund may hold securities indirectly through underlying investment fund, there can be no assurance that securities necessary to cover a short position will be available for purchase in addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in currencies that different from the Sub-Fund currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Currency hedging instruments may not be available in certain currencies or may not have a duration that matches the long term nature of the underlying principal investment. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities becomes restricted. In addition, these types of hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase.

The successful use of these hedging strategies depends upon the availability of a liquid market and appropriate Hedging Instruments and there can be no assurance that the Fund and its investments will be able to close out a position when deemed advisable by the Investment Manager(s). No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Hedging transactions also involve additional costs and expenses, which may adversely affect the overall performance of the Fund and its investments. There can be no assurance that the Fund and its investments will engage in hedging transactions at any given time or from time to time, or that these transactions, if available, will be effective.

3 Risks and uncertainties (continued)

Where Shares are issued in classes of more than one currency, the effect of a movement in the reference currency of one of the classes relative to another may result in differential levels of investment, with the result that a greater proportion of the Commitment of investors in one class may be called than that of those in the other(s).

3.4.2. Tax risks
Investments in the Fund may involve tax risk. Investors are strongly advised to consult with their tax advisers to determine the nature of these tax risks, if any.

3.4.3. Dependence on the Investment Manager(s) relationship
All decisions relating to the general management of the Fund will be made by the General Partner and the decisions relating to the portfolio and risk management by the appointed, then by the Investment Manager or its agents. All investment decisions with respect to the assets of the Sub-Funds will be taken by the Investment Manager. The investment performance of the Fund depends largely on the ability of the Investment Manager.

3.4.4. Early liquidation of the Fund
In the event of the Early Liquidation of the Fund, the Fund will distribute to the Investor Shareholders their pro-rata interest in the assets of the Fund. The securities and other interests in other Sub-Funds' investments will be sold by the Fund or distributed to the Investor Shareholders. It is possible that at the time of such sale or redemption certain investments held by the Fund may be worth less than the initial cost of the investment, resulting in a loss to the Fund and to its Investor Shareholders. Moreover, in the event the Fund liquidates prior to the complete amortization of organizational expenses, any unamortized portion of such expenses will be accelerated and will be debited (and thereby reduce) amounts otherwise available for Distribution to Investor Shareholders.

3.5. Actual exposure of the Fund to the price risk, credit risk, liquidity and cash flow risk

Actual exposure of the Fund to the price risk, credit risk, liquidity and cash flow risk is in more detail described in the notes to the Group consolidated financial statements (Note 18 - Financial Risk Management).

4 Supplementary Information according to AIFMD

4.1. Remuneration

The Information on remuneration paid by the AIFM to its staff according to Art. 22 (2) (e) Directive 2011/61/EU on Alternative Investment Fund Manager (AIFMD) and Art. 107 Circular Delegated Regulation (CDR) is made available to the investors on request to the AIFM at the Fund registered office.

4.2. Material Changes in the Information listed in article 23 AIFMD

4.2.1. Article 23 (1)b: Information on procedures - the Fund may change its investment strategy or investment policy
The General Partner remains with full authority to determine the investment policy of the Fund as set out in the Prospectus. The General Partner may at any time keep the investment policy implemented by the AIFM under review. The General Partner has a veto right over all investment and divestment decisions to be taken by the AIFM. The General Partner will exercise such right in the best interest of the Fund.

4.2.2. Article 23 (1)d: Information on Alternative Investment Fund Manager of the Fund
The Fund qualifies as an Alternative Investment Fund in accordance with article 1 (39) of the Luxembourgish Law of 12 July 2013 (AIFM Law). In order to comply with the AIFM Law the Fund has appointed Luxembourg Investment Solutions S.A. (LIS) as Alternative Investment Fund Manager.

LIS is a management company authorized by the Luxembourg financial services supervisory authority, Commission de Surveillance du Secteur Financier (CSSF) to exercise the activity as an Alternative Investment Fund Manager in accordance with Chapter 2 of the AIFM Law.

The duties of the AIFM are described in more detail in the Prospectus of the Fund, last updated in July 2014.

LIS's has its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg. For contacting LIS please visit http://www.investment-solutions.lu/ or dial +352 263 456-1

4.2.3. Article 23 (1)d: Information on the Depository of the Fund
The Fund has appointed CITCO Bank Nederland N.V. Luxembourg Branch as its depository in accordance with article 19 AIFM Law. The Fund has amended the Depository Agreement between CITCO Bank Nederlands N.V. and itself to include the new requirements on the depository function according to AIFM Law.
The duties of the Depository are described in more detail in the Prospectus of the Fund, last updated in July 2014.

4 Supplementary Information according to AIFMD (continued)

4.2.4. Article 23 (1)d: Information on the External Valuer of the Fund

The TPA Horwarth Valuation Services s.r.o. has been appointed as the Fund's External Valuer to perform the valuation function in accordance with article 17 AIFM Law.

The duties of the External Valuer are described in more detail in the Prospectus of the Fund, last updated in July 2014.

4.2.5. Article 23 (1)e: Information on the compliance with article 9 (7) AIFMD: coverage of potential professional liability risks

LIS maintains own funds and a professional indemnity insurance to cover potential professional liability risks arising from professional negligence; together, the own funds and the professional indemnity insurance are sufficient to cover said risks of LIS.

4.2.6. Article 23 (1)f: Information on delegated functions

LIS, as AIFM of the Fund is performing the risk management and the portfolio management function for the Fund without any delegates.

The Depository of the Fund has not delegated any safekeeping duties as regards to the assets of the Fund held in custody by the depository. The Depository has the right to delegate its functions relating to the safekeeping of Financial Instruments and the verification of ownership and the maintenance of a record with respect to Other Assets under the conditions provided in Art. 19 (11) AIFM law.

4.2.7. Article 23 (1)g: Information on valuation procedures and pricing methodology

TPA Horwath Valuation Services s.r.o., having its registered office at Manesova 917/28, 120 00 Prague 2, Czech Republic, registered with the Commercial Register of the Metropolian Court in Prague, section C, under number 151055, has been appointed by the Fund and the AIFM as an External Valuer. The External Valuer will perform the valuation function for the Fund in accordance with Article 17(4) of the Luxembourg AIFM law (2013 law).

For each net asset value calculation of the Fund, the External Valuer will assess the change in fair value of the investment properties to be applied in the calculation. In case of a considerable change in the value is anticipated, an Independent Valuation of the investment properties by an Independent Appraiser would be initiated to update the Fund's real estate assets valuation reports. The AIFM and the External Valuer are jointly maintaining a valuation policy and procedures to ensure proper valuation of Fund's assets.

As to the valuation of the investment property assets of the Fund, there are no changes to valuation methodology. The investment properties are valued at fair value, estimated on the income capitalization method, applying the discounted cash flow technique. Further information is provided in the Note 2.4 of the consolidated financial statements.

4.2.8. Article 23 (1)h: Information on liquidity risk management, including the redemption rights

As of December 2014 the AIFM is overseeing the liquidity risk management of the Fund.

The AIFM employs appropriate liquidity management methods and adopts procedures which enable it to monitor the liquidity risk of the Fund. The AIFM ensures that the investment and financing strategy, the liquidity profile, the distribution policy and the redemption policy are consistent with the Fund's liquidity needs.

With the latest amendment of the Prospectus in July 2014, the Fund clarified the redemption rights of investors and modified the redemption rights as follows:

> *After the Initial Lock-in Period (from 31 May 2014), Investor Shares are redeemable upon written notice to the General Partner ("**Redemption Notice**") no later than sixty (60) calendar days following the Publication Day of Net Asset Value as defined below. For the avoidance of doubt, the redemption window starts on 1 April and ends on 31 May each calendar year ("**Redemption Cut-Off Date**").*
>
> *In case that the aggregate amount to be redeemed by the Shareholders is lower than three per cent (3 %) of the Net Asset Value as of the Redemption Cut-Off Date, the Sub-Fund will repurchase the Shares no later than hundred fifty (150) calendar days following the applicable Publication Day of Net Asset Value as defined below.*
>
> *In case that the aggregate amount to be redeemed by the Shareholders is higher than three per cent (3 %) of the Net Asset Value as of the Redemption Cut-Off Date but lower than twenty per cent (20 %) of the Net asset Value as of the Redemption Cut-Off Date, the Sub-fund will repurchase the Shares no later than nine (9) calendar months and sixty (60) calendar days following the applicable Publication Day of Net Asset Value as defined below.*

4 Supplementary Information according to AIFMD (continued)

In case that the aggregate amount to be redeemed by the Shareholders during the last ***fourteen (14) months*** *is higher than twenty per cent (20 %) of the Net Asset Value as of the applicable Redemption Cut-Off Date, the General Partner will have the right to liquidate the Sub-Fund and pay the received amounts to the Shareholders no later than three (3) years and sixty (60) calendar days following the applicable Publication Day of Net Asset Value, or the Sub-Fund may repurchase the Shares no later than twelve (12) calendar months and sixty (60) calendar days following the applicable Publication Day of Net Asset Value as defined below.*

The redemption price per Investor Share shall be equal to the Net Asset Value per Investor Share last available as of the date of actual redemption (whether of all or part of redeemable Investor Shares). In any case, such redemption not being performed with a Net Asset Value earlier than as of the Redemption Cut-Off Date. Following the receipt of the Redemption Notice, the General Partner determines in its own and sole discretion the effective day at which the Investor Shares, whether wholly or partially, will be repurchased for the Redemption Price by the Sub-Fund in accordance with the applicable time periods for redemption described above.

The Investor Shares will be repurchased proportionally in relation to the portion of the Investor Shares of each Shareholder to the total amount of Shares to be redeemed within an applicable time period specified above. The Sub-Fund will repurchase the applicable portion of Investor Shares originating from each Shareholder for the equal and then applicable Redemption Price, each time the actual repurchase takes place, whether of all or of part of the Investor Shares will be repurchased in one or more occasions."

A Notice has been sent to the investors over the changes.

4.2.9. Article 23 (1)i: Information on fees, charges, expenses
The remuneration of the Investment Manager is calculated on a quarterly basis with a minimum annual fee of EUR 50,000. The calculation is based on the Fund's NAV. If the Fund's NAV is lower than EUR 100 million, remuneration equals to 0,08% of NAV. If the Fund's NAV is higher than EUR 100 million and lower than EUR 200 million, remuneration equals to 0,07% of NAV. If the Fund's NAV is higher than EUR 200 million, remuneration equals to 0,06% of NAV.

There is an additional fee due in case of notification of the Fund to the local authorities for distribution purposes: per country EUR 2,000.

4.2.10. Article 23 (1)j: Information on fair treatment of Investors
The Investment Manager has established a conflict of interest policy for the Fund ensuring a fair treatment of investors. As prescribed by the Policy the Investment Manager maintains a Conflict of Interest Matrix, which describes any actual or potential conflict of interest arising and how such is managed.

4.2.11. Article 23 (1)l: Information on the procedure and conditions for the issue and sale of units or Shares
According to the AIFM law the Investment Manager needs to file with the CSSF a notification letter and acquire the authorities' approval for each country where the Shares of the Fund are to be distributed. The distribution prior notification is not allowed. As of 31 December 2014 the approval of the CSSF have been received for the following three countries: Slovak Republic, Czech Republic and Austria.

4.3. Risk Management
In accordance with Article 21(4) and (5) of the AIFM Law, as complemented by Articles 108 and 109 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, alternative investment fund managers are required to provide investors with certain information in addition to the information which they receive pursuant to the Prospectus of the Fund. The form, nature, and complexity of the information provided herein may vary in future reports in accordance with legislative and regulatory requirements. LIS in its capacity as the AIFM of the Fund has established a risk management function that is functionally and hierarchically separate from its operating units and implements, subject to continuous improvements and regular (at least annual) review, adequate risk management systems in order to identify, measure, manage, and monitor appropriately all risks relevant to the Fund investment strategy and to which the Fund is or may be exposed.

4 Supplementary Information according to AIFMD (continued)

The relevant extract from the Investment Manager's report on principal risks and uncertainties faced by the Fund during the reporting period and the mitigating measures employed reads as follows:

Risk category	Main risks	Management and Mitigation
MARKET RISK	Changes in macro- and micro- economic environment impact the value of the portfolio assets	• The Investment Advisor conducts a thorough pre-investment due diligence and risk analysis prior to each investment. Besides financial factors, non-financial factors (e.g. reputation, quality of management and operational factors) are taken into consideration • The underlying investment portfolio is well-diversified • The AIFM analyses regularly key performance and risk indicators of the underlying assets
LIQUIDITY RISK	Liquidity short-fall relating to redemptions	• The liquidity risk of the Fund is limited given that the redemption rights of investors are restricted as specified in the Fund documents • The AIFM manages the residual risk originating from redemption rights by employing appropriate liquidity management methods and adopting procedures, which enable it to monitor the liquidity risk of the Fund
CREDIT RISK/ COUNTERPARTY RISK	Loss incurred due to the failure of an obligor to meet his contractual obligations	• The AIFM monitors the credit risk exposure regularly • The Fund uses bank guarantees, financial deposits and other collateral as means of mitigation credit risk where possible
VALUATION RISK	Missing NAV reporting deadline or reporting of erroneous NAV due to not timely receipt of data for NAV calculation	• The AIFM performs a due diligence on the valuation process in order to ensure independent and fair valuation results • The AIFM has implemented a review process on the reported values of the assets in order to perform an appropriate level of plausibility checks
OPERATIONAL RISK	• Payment flow/instructions not correctly executed • Missing reporting deadlines (investors/regulator) due to missing data or inadequate schedule • IT disruption	• The AIFM has implemented a corporate calendar • The AIFM is performing delegation monitoring on outsourced functions regularly • The AIFM has implemented policies, operating manuals, sound procedures and several layers of controls
COMPLIANCE RISK	Non-compliance with Luxembourg fund regulations, PPM, LPA and other legal documents	• The AIFM has implemented a corporate calendar • The AIFM has a dedicated compliance function and is monitoring on an on-going basis legal and regulatory developments • The AIFM checks potential transactions with respect to compliance with regulations a fund documentation
EXCHANGE RATE RISK	FX risk between assets in foreign currency and the fund's base currency	• The AIFM does not consider foreign exchange risk to be a significant exposure to the Group's operations as all transactions are denominated in EUR

5 Review of developments, position and performance of the Fund's business

There were no acquisitions and disposals of the investment property of the Fund.

The portfolio of the Fund consists of 5 investment properties; each of them is held through a separate SPV in which the Fund holds 100%:

- Aupark Piešťany
- Logistické centrum Malý Šariš
- Logistické centrum Svätý Jur
- CBC I – II
- Union building

5 Review of developments, position and performance of the Fund's business (continued)

The Fund's capital growth through its investments is measured by changes in net assets attributable to Shareholders ('net assets'). At 31 December 2014, the Fund's net assets amount to EUR 61.9 million (2013: EUR 59.6 million) representing 118.4% (2013: 113.4%) of capital in use. This increase is the net effect of Shareholders' capital subscriptions during the year 2014 of EUR 52.4 million, the decrease in the properties' fair value by EUR 1.4 million (2013: decrease by EUR 1.0 million), the rental and operating income realized during the year of EUR 13.7 million (2013: EUR 13.6 million), the administration and running expenses of EUR 1.6 million (2013: EUR 1.4 million), the projects' finance related expenses of EUR 3.3 million (2013: EUR 3.5 million) and related development and administration expenses of EUR 2.0 million (2013: EUR 2.2 million).

6 Future developments

The Fund plans to continue its investment program in 2014 investing in the Central European region.

7 Events after the date of the statement of financial position

No matters or circumstances of importance have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Fund.
For and on behalf of the General Partner acting in its own name but for the account of the Fund

Peter Grancic
Manager

Marian Herman
Manager

Neil F. Ross
Manager

Luxembourg, 31 March 2015

Audit report

To the Shareholders of
HB Reavis Real Estate SICAV-SIF

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of HB Reavis Real Estate SICAV-SIF, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in net assets attributable to the holders of shares and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Managers of the General Partner for the consolidated financial statements

The Board of Managers of the General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers of the General Partner determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers of the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of HB Reavis Real Estate SICAV-SIF as of 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter

Supplementary information included in the consolidated financial statements has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the consolidated financial statements taken as a whole.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 31 March 2015

Isabelle Dauvergne

In millions of EUR	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Investment property in use or vacant	9	163.8	164.9
Other non-current assets	9	2.3	1.9
Total non-current assets		**166.1**	**166.8**
Current assets			
Trade and other receivables	10	2.6	2.1
Cash and cash equivalents	11	4.9	5.9
Total current assets		**7.5**	**8.0**
TOTAL ASSETS		**173.6**	**174.8**
LIABILITIES			
Non-current liabilities			
Borrowings	12	98.2	101.9
Deferred income tax liability	17	1.2	0.9
Trade and other payables	13	2.4	2.1
Total non-current liabilities		**101.8**	**104.9**
Current liabilities			
Borrowings	12	4.7	4.6
Trade and other payables	13	5.2	5.8
Total current liabilities		**9.9**	**10.4**
Total liabilities (excluding Net Assets attributable to the holders of Shares)		**111.7**	**115.3**
Net Assets attributable to the holders of Shares		**61.9**	**59.5**
TOTAL LIABILITIES		**173.6**	**174.8**

These consolidated financial statements have been approved for issue and signed on behalf of the HB REAVIS REAL ESTATE SICAV-SIF on 31 March 2015 by the members of the Board of Managers of the General Partner of the HB REAVIS REAL ESTATE SICAV-SIF. The Shareholders have the power to amend these consolidated financial statements after issue.

Peter Grančic
Manager

Marian Herman
Manager

Neil F. Ross
Manager

In millions of EUR	Note	2014	2013
Rental and similar income from investment properties	14	13.7	13.4
Direct operating expenses arising from investment property	15	(1.6)	(1.6)
Net operating income from investment properties		12.1	11.8
Revaluation gain/(loss) on investment properties	9	(1.4)	(1.0)
Other operating income	8b	-	0.2
Other operating expenses	16	(1.5)	(1.4)
Operating profit/ (loss)		9.2	9.6
Interest expense		(3.3)	(3.4)
Other finance costs		-	(0.1)
Finance costs, net		(3.3)	(3.5)
Profit/(loss) before income tax		5.9	6.1
Current income tax (expense)/credit	17	(0.1)	-
Deferred income tax (expense)/credit	17	(0.3)	(0.6)
Income tax (expense)/credit		(0.4)	(0.6)
Net profit/(loss) for the year		5.5	5.5
Other comprehensive income		-	-
Total comprehensive income/(loss)		5.5	5.5
Net profit/(loss) is attributable to:			
- Owners of the Fund		5.5	5.5
- Non controlling interest		-	-
Profit/(loss) for the year		5.5	5.5
Total comprehensive income/(loss) is attributable to:			
- Owners of the Fund		5.5	5.5
- Non-Controlling Interest		-	-
Total comprehensive income/(loss)		5.5	5.5

		Attributable to the holders of Shares		
In millions of EUR	Note	Share capital (Note 6)	Retained earnings	Total
Balance at 1 January 2013		**52.4**	**4.7**	**57.1**
Profit for the year / Total comprehensive income for the year		-	5.5	5.5
Dividends declared and paid	7	-	(3.1)	(3.1)
Balance at 31 December 2013		**52.4**	**7.1**	**59.5**
Profit for the year / Total comprehensive income for the year		-	5.5	5.5
Redemption of Shares	6	(0.1)	-	(0.1)
Dividends declared and paid	7	-	(3.0)	(3.0)
Balance at 31 December 2014		**52.3**	**9.6**	**61.9**

In millions of EUR	Note	2014	2013
Cash flows from operating activities			
Profit/(Loss) before income tax		5.9	6.1
Adjustments for:			
Revaluation (Gains)/Losses on investment property	9	1.4	1.0
Interest expense		3.3	3.4
Operating cash flows before working capital changes		10.6	10.5
Working capital changes:			
(Increase) in trade and other receivables		(0.9)	0.4
(Decrease)/Increase in trade and other payables		(0.4)	0.1
Cash generated from operations		9.3	11.0
Interest paid		(3.3)	(3.3)
Net cash from operating activities		**6.0**	**7.7**
Cash flows from investing activities			
Construction of investment property	9	(0.3)	(1.5)
Acquisition of subsidiaries, net of cash acquired			
Net cash (used in)/from investing activities		**(0.3)**	**(1.5)**
Cash flows from financing activities			
Repayment of borrowings		(3.6)	(67.6)
Drawdown of borrowings		-	64.5
Redemptions	6	(0.1)	-
Dividend distributions	7	(3.0)	(3.1)
Net cash from/(used in) financing activities		**(6.7)**	**(6.2)**
Net (decrease) / increase in cash and cash equivalents		**(1.0)**	**-**
Cash and cash equivalents at the beginning of the period		5.9	5.9
Cash and cash equivalents at the end of the year	11	**4.9**	**5.9**

1 The HB REAVIS REAL ESTATE SICAV-SIF Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") for the year ended 31 December 2014 for HB Reavis Real Estate SICAV-SIF (the "Fund") and its subsidiaries (together referred to as the "Group").

The Fund is an umbrella fund incorporated as a corporate partnership limited by shares (société en commandite par actions or S.C.A.) under the laws of Luxembourg, which is registered as an investment company with variable capital (société d'investissement à capital variable) under the law of 13 February 2007, as amended relating to specialized investment funds (2007 Law) and the law of 10 August 1915 (1915 Law) relating to commercial companies. It is also governed by specific management regulations dated June 2012. The Fund was set up on 25 May 2011 and is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg B 161180.

Furthermore, the Fund is in the scope of the Alternative Investment Fund Management Law of 12 July 2013 ("AIFM Law") and qualifies as an Alternative Investment Fund ("AIF").

The unlimited General Partner (associé-gérant commandité) of the Fund is HB Reavis Investment Management S.à r.l., a private limited company (société à responsabilité limitée) incorporated under the laws of Luxembourg.

The General Partner has appointed Luxembourg Investment Solutions S.A. to act as investment manager ("Investment Manager" or "LIS") in accordance with the provisions of the AIFM Law. Luxembourg Investment Solutions S.A. ("LIS") is a limited liability company organised under the laws of Luxembourg, having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg and authorized by the Luxembourg financial services supervisory authority, Commission de Surveillance du Secteur Financier (CSSF) to exercise the activity as Alternative Investment Fund Manager in accordance with Chapter 2 of the AIFM Law.

The Fund's immediate parent as of the date of issuance of these consolidated financial statements is HBR Investors Ltd. based in Cyprus. The Fund is consolidated under HB Reavis Holding S.à r.l., a company based in Luxembourg. HB Reavis Holding S.à r.l. is ultimately controlled by Mr. Ivan Chrenko.

The Fund offers its Shares to well-informed investors mainly from the Eurozone as defined by the Luxembourg regulation concerning specialized investment funds dated 13 February 2007, as amended.

These consolidated financial statements were authorised for issue on 31 March 2015. The shareholders have the power to amend the consolidated financial statements after issue.

Principal activity. Real estate investments and investment in SPVs holding real estate assets, including controlling and non-controlling stakes in SPV holding companies. The Fund is designed as a multi-compartment structure consisting currently of one Sub-Fund HB Reavis CE REIF (the "Sub-Fund"). While there are no specific country or real estate segment restrictions posed, the Sub-Fund will mainly invest in Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets.

The initial Sub-Fund portfolio provides investments in prime properties only located in Slovakia. The office segment investments are restricted to A-class properties located in central business districts of capital and regional cities in Slovakia, the Czech Republic, Poland and Hungary. The retail segment investments will be made in both capital and regional cities of Slovakia, the Czech Republic, Poland and Hungary. Investments in logistic properties will be restricted to attractive and strategic locations only.

The Sub-Fund seeks to maximize the value via investing in properties which in the past proved to bear characteristics of a prime-commercial real estate property which as such implies to have a top-tier tenants portfolio being located in prime or strategic locations and soundly built from both technical and architectonical point of view. The Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

Investment restrictions of the Sub-Fund:

a) Investment targets: The Fund focuses on investing in finished, fully or nearly fully let commercial properties with stable cash flow. Only rental income generating assets are eligible for the Fund's portfolio. A property to be acquired has to exhibit at least eighty percent (80%) of leased area of the total gross leasable area. The acquisition form is to be either freehold or leasehold with not less than thirty (30) years to elapse. The Fund may acquire properties directly or indirectly via SPV and/or share of SPV, as well as via forward purchase of an SPV or a direct property. The maximum age of an office or logistic real estate asset shall, as of the date of acquisition of such an asset, be no greater than seven (7) years.

b) Development and redevelopment: The Sub-Fund does in general not invest in any redevelopment of real estate assets which it acquires. The General Partner may however decide to redevelop to the condition that the redevelopment has no significant impact on cash flow of the fund within three (3) years following the investment.

c) Denomination: The Sub-Fund is denominated in Euro.

1 The HB REAVIS REAL ESTATE SICAV-SIF Group and its Operations (Continued)

d) Investment restrictions of the Sub-Fund: The Sub-Fund may not have an exposure on one (1) real estate investment, which would exceed thirty percent (30%) of its gross assets. This thirty percent (30 %) rule does not apply during a start-up phase of four (4) years after the Initial Closing Date. The Sub-Fund intends to hold liquidity only to the extent needed to meet short- and mid-term liabilities. The liquidity will be held in bank accounts, time deposits, money market instruments, investment grade rated bonds and/or other type of near-cash investments.

e) Loan and leverage: A ratio of consolidated external debt over total real estate assets ("leverage") shall not exceed 70%, essentially through bank financing. Leverage incurred by the Sub-Fund or one (1) of its subsidiaries for an individual asset may exceed 70% of the individual asset value, but shall not at any event exceed 75% of such value.

In addition, the Sub-Fund on the account of the Sub-Fund may borrow up to 10% of the total assets to finance its working capital requirements against uncalled Commitments. Given the idea of a core product and the type of Investments set out above, the Sub-Fund's target real estate investments aim at relatively low yields with limited risk. This makes an extended leverage both desired and necessary.

f) Indirect property investments via bonds or similar financial instruments: As a rule, the investments of the Sub-Fund are made directly or via special purpose property companies, in which the Sub-Fund shall have controlling or non-controlling (minority) participations. In case of investments with controlling participations, the Fund will, to the extent possible, seek to have majority representation. The Sub-Fund may invest secondarily in other assets such as money market instruments and investment grade rated bonds and cash.

Registered address and place of business. The Fund's registered address and principal place of business is:

20, rue de la Poste
L-2346 Luxembourg
Luxembourg

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

Statement of compliance. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), which were in force as of 31 December 2014.

Income and cash flow statements. The Group has elected to present a single statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the consolidated financial statements. These consolidated financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property at fair value.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical 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 believes that the underlying assumptions are appropriate. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2 Summary of Significant Accounting Policies (Continued)

Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the counterparties are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these consolidated financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different revaluation gain or loss on investment properties, net profit or loss for the year, total assets or total liabilities.

2.2 Consolidated Financial Statements

Consolidated financial statements. In preparing the consolidated financial statements, the individual financial statements of the consolidated entities are aggregated on a line-by-line basis by adding together the like items of assets, liabilities, equity, income and expenses. Transactions, balances, income and expenses between the consolidated entities are eliminated. The individual financial statements of the consolidated entities are prepared on a consolidated basis when they hold subsidiaries.

The management has assessed whether the Fund meets the criteria for being an investment entity as defined in IFRS 10. Had the Fund been considered an investment entity, the Fund would have accounted for its investment into subsidiaries at fair value through profit or loss. When doing this assessment, the Management has considered whether the Fund meets the criteria defined in IFRS 10.27 which are:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and;
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Even though the two first criteria are met, the performance of the Fund, the management of the Fund and of the portfolio are measured using various performance indicators such as IRR, capitalisation rate, compliance with debt covenants, tenant quality/profile, property location, dividends yields, occupation rate, net income generated from properties, etc.. Therefore, Management concluded that the third criterion is not met and the Fund is not an investment entity. The consolidated financial statements of the Fund prepared in accordance with IFRS include all the subsidiaries listed hereafter.

Subsidiaries. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. Under IFRS 3, 'Business combinations', a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition - by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 Summary of Significant Accounting Policies (Continued)

Acquisition-related costs in relation to business combinations are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition.

Such transactions or events do not give rise to goodwill.

All the group companies have 31 December as their year end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered.

Disposals of subsidiaries. When the Group ceases to have control any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

The entities included within these consolidated financial statements are as follows:

Number	Subsidiaries	Functional currency	Country of incorporation	31 December 2014	31 December 2013
1	HB REAVIS REAL ESTATE SICAV-SIF (Parent Company)	EUR	Luxembourg	N/A	N/A
2	HBR CE REIF LUX 1 S.à r.l.	EUR	Luxembourg	100	100
3	HBR CE REIF LUX 2 S.à r.l.	EUR	Luxembourg	100	100
4	AUPARK Piešťany SC, s. r. o.	EUR	Slovakia	100	100
5	AUPARK Piešťany, spol. s r.o.	EUR	Slovakia	100	100
6	UNI - CC s. r. o.	EUR	Slovakia	100	100
7	Logistické Centrum Svätý Jur s.r.o.	EUR	Slovakia	100	100
8	Logistické centrum Malý Šariš, spol. s r. o.	EUR	Slovakia	100	100
9	CBC I - II a. s.	EUR	Slovakia	100	100

2.3 Foreign Currency Transactions and Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all Group's entities is the local currency. The consolidated financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

2 Summary of Significant Accounting Policies (Continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Comprehensive Income.

Translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in the Consolidated Statement of Comprehensive Income as part of the fair value gain or loss.

2.4 Investment Property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment property comprises of freehold land, freehold commercial properties (retail, office and logistics) and land plots held under operating and finance leases. Land plots held under operating lease are classified and accounted for as investment property when the definition of investment property is met. The operating leases are accounted for as if they were finance leases.

Investment property is initially valued at historical cost including related transaction costs. Costs include the works performed, the costs of staff directly related to technical supervision and project management on the basis of time spent up to the date of completion.

After initial recognition at cost the Investment property, including property under construction or development for future use as investment property, is carried at fair value. Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, without deduction of any transaction costs.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuation reports are prepared as of the financial position date by independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements. Transaction costs, such as estimated agent's and legal and accounting fees and transfer taxes are not deducted for the purposes of valuation of investment property in these consolidated financial statements irrespective whether or not they form part of the described valuations.

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

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

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recorded in the consolidated income statement under "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed.

2 Summary of Significant Accounting Policies (Continued)

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the Consolidated Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and stated at fair value.

Where an investment property undergoes a change in use evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Borrowing costs: The Group does not capitalise borrowing costs into cost of qualifying assets (investment) that are carried at fair value.

2.5 Financial Instruments

Financial assets
Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group's financial assets consist of loans and receivables.

Financial assets recognised in the Consolidated Statement of Financial Position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

If the Group revises its estimate of payments or receipts, the Group adjusts the carrying amount of the rental guarantee to reflect the actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in income statement as finance income or expense.

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in income statement.

2 Summary of Significant Accounting Policies (Continued)

Financial liabilities
Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see Note 2.11 for the accounting policy on Borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.6 Leases

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use the asset for an agreed period of time. The subsidiaries of the Fund are lessors of operating leases.

Properties leased out under operating leases are shown under investment property heading in the Consolidated Statement of Financial Position (Note 9). See Note 2.14 for the Policies on recognition of Revenue Recognition.

2.7 Income Taxes

Income taxes have been provided for in the consolidated financial statements in accordance with applicable legislation enacted or substantively enacted by the financial position date and on entity by entity basis. The income tax charge comprises current tax and deferred tax and is recognised in the income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity or in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit nor loss. Deferred tax balances are measured at tax rates enacted by law or substantively enacted at the financial position date and are expected to apply to the period when the temporary differences will reverse or the tax losses carry forward will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The carrying value of Group's investment property is assumed to be realised by sale at the end of use. The deferred tax is then calculated based on the respective temporary differences and tax considerations arising from recovery through sale.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on asset basis.

2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits and cash overdrafts held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2 Summary of Significant Accounting Policies (Continued)

2.9 Share Capital and Share Premium

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of Shares issued is presented in the notes as a share premium.

2.10 Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost using the effective interest method. The Group does not capitalise interest related to qualifying assets that are carried at fair value, including investment properties. Accordingly, interest costs on borrowings are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

2.12 Trade and Other Payables

Trade payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Provisions for Liabilities and Charges

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

2.14 Revenue Recognition

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

Rental income 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. This applies to discounted rent periods, indexation and stepped rents. The contingent payments under lease agreements depending on agreed level of sales turnover of tenants are recognized as income in the period when earned because the Group is unable to reliably estimate the future sales turnover of tenants in order to be able to recognise such expected contingent rents on a straight line basis over the lease term.

Service and management charges are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

2.15 Other operating expenses

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

2.16 Comparative balances

In 2014, in order to comply with IAS 32 section 16A and 16B, the Group has changed the presentation of the Net Assets Attributable to the Holders of Shares which were previously presented as part of Group Equity to Group Liability.

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Valuation of investment properties. The fair value estimates of all of investment properties were determined by the Group having received valuation advice from an international valuation company which has experience in valuing properties of similar location and characteristics. Due to the nature of the properties and lack of comparable market data, the fair value of investment properties is estimated based on the income capitalisation method, where the value is estimated using discounted cash flow ("DCF") projections based on significant assumptions.

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

The Group management and the valuation experts have applied their judgment when assessing the fair values of the properties.

The principal assumptions made, and the impact on the aggregate valuations of reasonably possible changes in these assumptions, are as follows:

- Rental charges per square meter and month have been calculated for each property on a basis of actually contracted and prevailing market rates as estimated by the qualified valuer. Should the rental levels increase or decrease by 10% the fair value of investment property would be higher or lower by EUR 16.4 million (2013: EUR 16.5 million).

- The exit yield across the portfolio was assumed to be from 7.20% to 9.00% (2013: from 7.25% to 9.25%), or 8.04% (2013: 8.1%) on average. Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 5.3 million (2013: EUR 5.3 million) lower/higher.

Income taxes The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Adoption of New or Revised Standards and Interpretations

The following new standards and interpretations became effective for the Group from 1 January 2014:

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 2014), replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The standard did not have a material impact on the consolidated financial statements of the Group.

IFRS 11, Joint Arrangements, (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 2014), replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Ventures". Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The standard did not have a material impact on the consolidated financial statements of the Group.

IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, *Consolidated financial statements*, and IFRS 11, *Joint arrangements*, and replaces the disclosure requirements currently found in IAS 28, *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The standard did not have a material impact on the consolidated financial statements of the Group.

"Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities" (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The amended standard did not have a material impact on the consolidated financial statements of the Group (refer to Note 2.2).

IFRIC 21, Levies (issued on 20 May 2013 and effective in the EU for annual periods beginning on or after 17 June 2014, that is, from 1 January 2015 for the Group). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The interpretation is not expected to have any material impact on the consolidated financial statements of the Group.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 did not have material impact on the consolidated financial statements of the Group.

5 New standards and interpretations not yet adopted

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2015 or later, and which the Group has not early adopted.

The following new standards and their amendments have not yet been endorsed by the European Union:

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

6 Share Capital

Shares are exclusively restricted to Eligible Investors as defined by the 2007 Law, as amended.

The Share Capital of the Fund shall be represented by the following classes of Shares in compliance with the Articles of Incorporation and the Offering memorandum of the Fund:
- Management Share (share of Unlimited Shareholder) of EUR 1,000, with no par value and fully paid up;
- Investor Shares (share of Limited Shareholder) at an initial value of EUR 1,000, with no par value and fully paid up.

The Shares are redeemable Shares and can be redeemed since 31 May 2014 at the Shareholder's request for cash equal to a proportionate share of the Fund's net asset value and are carried at the redemption amount that is payable at the end of the reporting period.

The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable Shares with the total number of outstanding redeemable Shares for each respective class.

The relevant movements are shown on the statement of changes in net assets attributable to the holders of Shares:

At 31 December 2014, the number of Shares was as follows:

Number of Shares	Management Class	Investor Class	Total
As at 31 December 2013	1.000	51,891.875	51,892.875
Redemption of Shares	-	(115.15)	(115.15)
As at 31 December 2014	1.000	51,776.725	51,777.725

At 31 December 2013, the number of Shares was as follows:

Number of Shares	Management Class	Investor Class	Total
As at 31 December 2013	1.000	51,891.875	51,892.875

Net assets value as of 31 December 2014 was EUR 61,929,258.12 (as of 31 December 2013: EUR 59,481,674.74) which is EUR 1,196.06 (2013: EUR 1,146.24) per share.

7 Distributions Payable

Distribution of dividends is described below.
There was no directors' remuneration in the year.

The total authorised number of ordinary Shares is 31 Shares at an initial value of EUR 1,000 with no par value and fully paid up.

The terms of external borrowings drawn by the Group impose certain limitations on the ability of the subsidiaries to pay dividends. These limitations are typically linked to financial covenants such as debt service coverage ratio or loan to value ratio.

Dividends declared and paid during the year were as follows:

In millions of EUR	2014	2013
Dividends payable at 1 January	-	-
Dividends declared during the year	3.0	3.1
Dividends paid during the year	(3.0)	(3.1)
Dividends payable at 31 December	-	-
Per share dividends declared and paid during the year in EUR	57.94	59.74

8 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, *Related Party Disclosures*. Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Fund's immediate parent is disclosed in Note 1.

Key management of the Group consists of 3 senior managers, one of which is a non-executive director. Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2014 are detailed below.

At 31 December 2014, the outstanding balances with related parties were as follows:

In millions of EUR	Total
Trade and other receivables - current	0.3
Loans and receivables	0.1
Trade and other payables - current	(0.4)
Accrued expenses – management fee (Note 13)	(1.1)
Accrued expenses – performance fee (Note 13)	-

At 31 December 2013, the outstanding balances with related parties were as follows:

In millions of EUR	Total
Trade and other receivables - current	0.4
Loans and receivables	0.1
Trade and other payables - current	(1.6)
Accrued expenses – management fee (Note 13)	(0.3)
Accrued expenses – performance fee (Note 13)	-

The income and expense items with related parties for the year ended 31 December 2014 were as follows:

In millions of EUR	Total
Revenue from service rendered	0.4
Other services	(1.3)
Other income	(0.1)
Management fee (Note 16)	(1.1)
Performance fee (Note 16)	-

The income and expense items with related parties for the year ended 31 December 2013 were as follows:

In millions of EUR	Total
Revenue from service rendered	0.4
Other services	(0.8)
Other income - Reimbursement of rent of land plot	0.1
Management fee (Note 16)	(1.0)
Performance fee (Note 16)	-

8 Balances and Transactions with Related Parties (Continued)

a) General Partner fee
The Fund is managed by HB Reavis Investment Management S.à r.l., an investment management company incorporated in Luxembourg (the General Partner). Under the terms of the Prospectus of the Fund dated June 2012, the Fund appointed HB Reavis Investment Management S.à r.l. as an Investment Manager to provide management services to the Fund. HB Reavis Investment Management S.à r.l. receives a fee of 1.65% per annum by calculating the average of the Net asset Value during the previous 3 months and to be paid on a quarterly basis in arrears. The total fees for the year ended 31 December 2014 amounted to EUR 1,008,236 (2013: EUR 972,533) with EUR 1,067,366 (2013: EUR 259,130) outstanding to HB Reavis Investment Management S.à r.l. at year end.

b) Investment Manager Fee
The remuneration of the Investment Manager is calculated on quarterly basis with a minimum annual fee of EUR 50,000. The calculation is based on the Fund's NAV. If the Fund's NAV is lower than EUR 100 million, remuneration equals to 0,08% of NAV. If the Fund's NAV is higher than EUR 100 million and lower than EUR 200 million, remuneration equals to 0,07% of NAV. If the Fund's NAV is higher than EUR 200 million, remuneration equals to 0,06% of NAV.

The total fees for the year ended 31 December 2014 amounted to EUR 30,041.10.

c) Performance fees
The General Partner, HB Reavis Investment Management S.à r.l., is entitled to a performance fee calculated on an annual basis on the total return per share during each performance period. It is calculated as follows;

i. Up to 9% the General Partner is not entitled to collect any performance fee, and
ii. Between 9% and 12%, the General Partner is entitled to collect a performance fee equal to 30% of the difference between the actual total return and 9% multiplied by the Net Asset Value per share at the beginning of the performance period multiplied by the number of Shares outstanding at the beginning of the performance period, and
iii. Between 12% and 15%, the General Partner is entitled to collect a performance fee equal to 60% of the difference between the actual total return and 12% (plus 30% of the difference between 12% and 9%) multiplied by the Net Asset Value per share at the beginning of the performance period multiplied by the number of Shares outstanding at the beginning of the performance period, and
iv. More than 15%,the General Partner is entitled to collect a performance fee equal to 90% of the difference between the total return and 15% (plus 60% of the difference between 15% and 12% plus 30% of the difference between 12% and 9%) multiplied by the Net Asset Value per share at the beginning of the performance period multiplied by the number of Shares outstanding at the beginning of the performance period.

The total return per share for the performance period shall be calculated net after deduction of all costs and regular fees. The Management decided to waive the Annualized performance fee for the years ended 31 December 2014 and 2013 in full.

d) Depository fees
The Fund has engaged the services of Citco Bank Nederland N.V.- Luxembourg Branch to provide custodian services for a fee. Custody fees will be charged quarterly at a rate of 0.02% per annum of the Assets, with a minimum fee of EUR 40,000 per year. In addition a transaction fee of EUR 1,200 will be charged for any acquisition or disposal of real estate assets. The total fees for the period amounted to EUR 41,300 (2013: EUR 39,100) with EUR 20,700 (2013: EUR 10,300) outstanding to Citco Bank Nederland N.V.- Luxembourg Branch at year end.

e) Domiciliary agent, Registrar and Transfer Agent and Administrative Agent fees
The Fund has engaged the Central Administrator services of Citco REIF Services (Luxembourg) S.A., a company incorporated in Luxembourg, to provide administration services for a fee. The total fees for the period amounted to EUR 113,710.43 (2013: EUR 119,836.09) with EUR 26,956.70 (2013: EUR 30,922.85) outstanding to Citco REIF Services (Luxembourg) S.A. at year end.

f) External Valuer fees
The fees of the External Valuer depend on the hours spent on the performance of the valuation function. The total fees for the year ended 31 December 2014 amounted to EUR 17,229.80.

g) Related Party Shareholdings
Parties are generally considered to be related if one party has the ability to control the other party or exercise joint control or significant influence over the other party in making financial and operating decisions.

8 Balances and Transactions with Related Parties (Continued)

Related parties of the Fund hold the following Shares at 31 December 2014:

Shareholder	Class	Number of Shares at the beginning of the period	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	28,296.063	(8,531.996)	19,764.067
HB Reavis Investment Management S.à r.l.	Management	1.000	-	1.000
HB Reavis Investment Management S.à r.l.	Investor	1.000	-	1.000
Number of Shares at 31 December 2014		28,298.063	(8,531.996)	19,766.067

Related parties of the Fund hold the following Shares at 31 December 2013:

Shareholder	Class	Number of Shares at the beginning of the period	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	38,533.585	(10,237.522)	28,296.063
HB Reavis Investment Management S.à r.l.	Management	1.000	-	1.000
HB Reavis Investment Management S.à r.l.	Investor	1.000	-	1.000
Number of Shares at 31 December 2013		38,535.585	(10,237.522)	28,298.063

9 Investment Property

In millions of EUR	2014	2013
Fair value at the beginning of the period	164.9	164.4
Additions – technical enhancement	0.3	1.5
Fair value gains/(losses)	(1.4)	(1.0)
Fair value at 31 December	163.8	164.9

The investment properties are valued annually on 31 December at fair value, with benefit of advice by an independent, professionally qualified valuation expert who has recent experience in valuing similar properties in similar locations. The methods and significant assumptions applied in determining the fair value are described in Notes 2.4 and 3.

At 31 December 2014, investment properties carried at EUR 163.8 million (At 31 December 2013: EUR 164.9 million) have been pledged to third parties as collateral with respect to borrowings. All properties have been properly insured for the total amount of EUR 124.7 million (risk of damage mainly through fire, natural disasters, theft, burglary).

Valuations obtained for investment property were adjusted for the purpose of the consolidated financial statements to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities. Reconciliation between the valuations obtained and the adjusted valuation included in the consolidated financial statements is as follows:

In millions of EUR	31 December 2014	31 December 2013
Valuations obtained	166.1	166.8
Less lease incentive receivables	(2.3)	(1.9)
Fair value at 31 December	163.8	164.9

10 Trade and Other Receivables

In millions of EUR	31 December 2014	31 December 2013
Trade receivables due from third parties	2.5	1.9
Accrued rental income	0.1	0.1
	2.6	2.0
Other financial receivables	-	0.1
Total trade and other receivables	**2.6**	**2.1**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

In millions of EUR	31 December 2014	31 December 2013
EUR	2.6	2.1
Total trade and other receivables	**2.6**	**2.1**

Certain trade receivables from third parties are collateralised as follows:

In millions of EUR	31 December 2014	31 December 2013
Trade receivables collateralised by:		
- bank guarantees	0.8	0.4
- financial guarantees	0.7	0.5
Total	**1.5**	**0.9**

The Management applies judgement in determining classes of assets and groups of financial instruments into classes that are appropriate taking into account the characteristics and risks of those financial instruments. At minimum, management distinguishes instruments measured at amortised cost from those measured at fair value and also treats as separate classes those financial instruments that are outside the scope of IFRS 7, Financial Instruments: Disclosures.

10 Trade and Other Receivables (Continued)

Analysis by credit quality of trade and other receivables as of 31 December 2014 is as follows:

In millions of EUR	Trade receivables including accrued rental income	Other financial receivables	Total
Neither past due nor impaired – exposure to			
Receivables secured by bank or other financial guarantees	0.6	-	0.6
Receivables not secured	0.2	-	0.2
Total current and not impaired	0.8	-	0.8
Overdue but not individually impaired			
- less than 30 days overdue	1.3	-	1.3
- 30 to 90 days overdue	0.1	-	0.1
- 90 to 180 days overdue	0.1	-	0.1
- 180 to 360 days overdue	0.1	-	0.1
- over 360 days overdue	0.2	-	0.2
Total overdue but not individually impaired	1.8	-	1.8
Total trade and other receivables	2.6	-	2.6

EUR 0.9 million out of EUR 1.8 million of Total overdue but not individually impaired Trade and other receivables is secured by bank and other financial guarantees.

Analysis by credit quality of trade and other receivables as of 31 December 2013 is as follows:

In millions of EUR	Trade receivables including accrued rental income	Other financial receivables	Total
Neither past due nor impaired – exposure to			
Receivables secured by bank or other financial guarantees	0.1	-	0.1
Receivables not secured	0.3	0.1	0.4
Total current and not impaired	0.4	0.1	0.5
Overdue but not individually impaired			
- less than 30 days overdue	1.2	-	1.2
- 30 to 90 days overdue	-	-	-
- 90 to 180 days overdue	0.1	-	0.1
- 180 to 360 days overdue	0.1	-	0.1
- over 360 days overdue	0.2	-	0.2
Total overdue but not individually impaired	1.6	-	1.6
Total trade and other receivables	2.0	0.1	2.1

EUR 0.8 million out of EUR 1.6 million of Total overdue but not individually impaired Trade and other receivables was secured by bank and other financial guarantees.

Certain trade receivables are secured by either bank guarantee or deposit. The unsecured trade receivables are from a wide variety of tenants and the Group has the ability to evict non-paying tenants.

The carrying amount of trade and other receivables was not substantially different from their fair value. There is no significant concentration of credit risk with respect to other trade receivables as the Group has a large number of customers.

11 Cash and Cash Equivalents

In millions of EUR	31 December 2014	31 December 2013
Cash at bank and in hand	4.9	5.9
Total cash and cash equivalents	4.9	5.9

At 31 December 2014 and 2013, cash and cash equivalents were fully available for the Fund's use.

All the bank balances are neither past due nor impaired. Analysis by credit quality of bank balances and term deposits is as follows:

In millions of EUR	31 December 2014 Cash at bank	31 December 2013 Cash at bank
Rating by the Company		
- Banks rated 1	2.3	3.1
- Banks rated 2	0.8	1.9
- Banks unrated	1.8	0.9
Total	4.9	5.9

Note: The Fund classifies banks based on ratings as follows:

Banks rated 1: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-
Banks rated 2: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-

The carrying amounts of cash and cash equivalents as of 31 December 2014 and 2013 are not substantially different from their fair value. The maximum exposure to credit risk relating to cash and cash equivalents is limited by the carrying value of cash and cash equivalents.

12 Borrowings

In millions of EUR	31 December 2014	31 December 2013
Non-current		
Bank borrowings	98.2	101.9
	98.2	101.9
Current		
Bank borrowings	4.7	4.6
	4.7	4.6
Total borrowings	102.9	106.5

All of the Group's borrowings are denominated in EUR. Refer also to Note 18 for further information.

12 Borrowings (Continued)

The carrying amounts and fair value of the non-current borrowings are set out below:

In millions of EUR	Carrying amounts at 31 December 2014	Carrying amounts at 31 December 2013	Fair values at 31 December 2014	Fair values at 31 December 2013
Bank borrowings	98.2	101.9	99.0	105.2
Non-current borrowings	**98.2**	**101.9**	**99.0**	**105.2**

Assumptions used in determining fair value of borrowings are described in Note 19. The carrying values of current borrowings approximate their fair values.

i) Bank borrowings

In millions of EUR	31 December 2014	31 December 2013
Current	4.7	4.6
Repayable between 1 and 2 years	3.9	3.9
Repayable between 2 and 5 years	94.3	98.0
Repayable over 5 years	-	-
	98.2	**101.9**
Total bank borrowings	**102.9**	**106.5**

Bank borrowings are bearing variable interest rates and are exposed to interest rate changes. Please refer to sensitivity analysis in Note 18.

The Group doesn't have undrawn borrowing facilities.

Investment properties (refer to Note 9) are pledged as collateral for borrowings of EUR 102.9 million (2013: EUR 106.5 million). In addition all trade receivables of the 5 project companies are pledged as collateral for the borrowings.

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 63.25% to 70% (2013: 65% to 70%) and minimum debt service coverage ratios ranging from 1.15 to 1.2 (2013: 1.15 to 1.2).

During 2014 and 2013 and up to date of authorisation of these consolidated financial statements for issue, the Group was in compliance with all loan agreement terms and no terms of the loans were renegotiated due to defaults.

13 Trade and Other Payables

In millions of EUR	Note	31 December 2014	31 December 2013
Non – current			
Other long term payables/ Prepayments for rent		2.4	2.1
Total trade and other payables – non-current		2.4	2.1
Current			
Trade payables		1.2	2.5
Accrued liabilities		0.1	0.3
Financial payables due to third parties – current		1.3	2.8
Accrued expenses - management fee		1.1	0.3
Accrued expenses – perfomance fee		-	-
Financial payables due to related parties – current	*8*	1.1	0.3
Total financial payables – current		2.4	3.1
Deferred income		2.8	2.7
Total trade and other payables – current		5.2	5.8
Total trade and other payables		7.6	7.9

Trade payables are denominated in the following foreign currencies:

In millions of EUR	31 December 2014	31 December 2013
Non – current		
EUR	2.4	2.1
Current		
EUR	5.2	5.8
Trade and other payables	7.6	7.9

The fair value of trade and other payables is not significantly different from their carrying amount.

14 Rental and Similar Income from Investment Properties

In millions of EUR	2014	2013
Rental income	13.7	13.4
Total revenue	13.7	13.4

Where the Group is the lessor, the future minimum lease payments receivable under non-cancellable operating leases are as follows:

14 Rental and Similar Income from Investment Properties (Continued)

In millions of EUR	31 December 2014	31 December 2013
Not later than 1 year	11.7	11.7
Later than 1 year and not later than 5 years	29.1	28.7
Later than 5 years	7.4	8.6
Total operating lease payments receivable	48.2	49.0

15 Direct Operating Expenses for Investment Properties

In millions of EUR	2014	2013
Direct operating expenses for investment properties that generate rental income:		
Repairs and maintenance services	(0.1)	(0.1)
Utilities costs	(0.7)	(0.6)
Services relating to investment property	(0.6)	(0.7)
Real estate tax	(0.2)	(0.2)
Total	(1.6)	(1.6)

16 Other Operating Expenses

In millions of EUR	2014	2013
Management fees (Note 8a)	(1.1)	(1.0)
Performance fee (Note 8c)	-	-
Legal and professional fees	(0.4)	(0.4)
Total other operating expenses	(1.5)	(1.4)

17 Income Taxes

The SICAV is currently not liable to pay any corporate income tax or net worth tax in Luxembourg on its profits. Distributions to shareholders as well as capital gain are tax exempt and no withholding tax is applicable. Dividend, interest, other forms of income and capital gains received by the Fund on its investment may have been subject to non-recoverable corporate tax or other taxes in the countries of origin. The Fund is however subject to an annual subscription tax at an annual rate of 0.01% based on the NAV of the Fund at the end of each quarter. The holding companies are subject to the general tax regulation applicable to all Luxembourg "Commercial companies". The Group uses 22% as applicable tax rate to calculate its theoretical tax charge for 2014 as this is the rate applicable in the Slovak Republic where majority of the Group's operations are located.

Income tax expense comprises the following:

In millions of EUR	2014	2013
Current tax	(0.1)	-
Deferred tax	(0.3)	(0.6)
Income tax expense for the year	(0.4)	(0.6)

17 Income Taxes (Continued)

Reconciliation between the expected and the actual taxation charge is provided below.

In millions of EUR	2014	2013
Profit/(Loss) before tax	5.9	6.1
Theoretical tax charge/(credit) at applicable rate of 22% (2013: 23%)	(1.3)	(1.4)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income exempt from taxation	0.9	0.8
Income tax expense for the year	(0.4)	(0.6)

Differences between IFRS and applicable statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below. Effective 1 January 2014 the tax loss utilisation period in the Slovak republic was shortened from seven to four years. The other major change in these tax loss utilisation rules is the obligation to utilise lineary (ie. 25% each year) any tax losses both carried forward and arising in the periods beginning after 31 December 2013.

In millions of EUR	31 December 2013	Charged/ (credited) to profit or loss	Recognised in comprehensive income	31 December 2014
Tax effect of deductible/(taxable) temporary differences				
Investment properties	(2.0)	(0.1)	-	(2.1)
Tax losses carried forward	1.1	(0.2)	-	0.9
Net deferred tax (liability)	(0.9)	(0.3)	-	(1.2)

In millions of EUR	31 December 2012	Charged/ (credited) to profit or loss	Recognised in comprehensive income	31 December 2013
Tax effect of deductible/(taxable) temporary differences				
Investment properties	(1.2)	(0.8)	-	(2.0)
Tax losses carried forward	0.9	0.2	-	1.1
Net deferred tax (liability)	(0.3)	(0.6)	-	(0.9)

18 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks: credit risk, market risk (including changes in foreign currency exchange rates, interest rate and price risk), liquidity risks, operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's rental income on credit terms and other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk by class of assets is as follows:

In millions of EUR	31 December 2014	31 December 2013
Other non-current assets (Note 9)		
Lease incentive receivables	2.3	1.9
	2.3	**1.9**
Trade and other receivables (Note 10)		
Trade receivables including accrued rental income	2.6	2.0
Other financial receivables	-	0.1
	2.6	**2.1**
Cash and cash equivalents (Note 11)		
Cash at bank and on hand	4.9	5.9
	4.9	**5.9**
Total maximum exposure to credit risk	**9.8**	**9.9**

The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the Consolidated Statement of Financial Position. The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees not loan commitments to other parties.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by Management. Such risks are monitored on a revolving basis and subject to an annual review.

Management has additional policies in place to secure trade receivables from rental business. The Group uses system of required bank guarantees or financial deposits to secure its receivables from rental business based on the rating of tenant.

The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 10.

18 Financial Risk Management (Continued)

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2014:

In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	1.5	-	1.5	0.8	0.7	-
Liabilities						
Cash collateral received presented within trade and other payables	0.7	-	0.7	0.7	-	-

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2013:

In millions of EUR	Gross amounts before offsetting in the statement of financial position a)	Gross amounts set off in the statement of financial position b)	Net amount after offsetting in the statement of financial position c) = a) - b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Financial instruments d)	Cash collateral received e)	Net amount of exposure c) - d) - e)
Assets						
Trade receivables	0.9	-	0.9	0.4	0.5	-
Liabilities						
Cash collateral received presented within trade and other payables	0.5	-	0.5	0.5	-	-

According to the general terms and conditions of contracts with its customers, the Group requires either a cash collateral or bank guarantee in favour of the Group to ensure its receivables are collectible. The amount guaranteed by cash collateral or a bank guarantee is assessed by the Group annually. The Group has a right of set-off of any balances overdue against the collateral or amount drawn under a bank guarantee.

The amounts in columns (d) and (e) in the above table are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 6 (2013: 7) banks as of 31 December 2014. The Group management considers the concentration of credit risk with respect to cash balances with banks as acceptable. The analysis by credit quality (bank rating) is provided in Note 11.

18 Financial Risk Management (Continued)

(ii) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements.

Currency risk Management does not consider foreign exchange risk to be a significant exposure to the Group's operations and therefore does not set objectives, policies and processes for its management as Slovak Republic adopted Euro as its legal currency on 1 January 2009. As a result, the Group was not exposed to significant foreign exchange risk related to transactions and balances denominated in EUR.

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

In millions of EUR	Less than 6 months	6 – 12 months	Over 12 months	Total
31 December 2014				
Total monetary financial liabilities	(102.9)	-	-	(102.9)
Net interest sensitivity gap at 31 December 2014	**(102.9)**	-	-	**(102.9)**
31 December 2013				
Total monetary financial liabilities	(106.5)	-	-	(106.5)
Net interest sensitivity gap at 31 December 2013	**(106.5)**	-	-	**(106.5)**

Had the interest rates on the Group's variable interest rate loans (generally the third party borrowings) been by one tenth lower than they have been throughout the year ended 31 December 2014 with all other variables constant, profit for the year would have been EUR 0.33 million higher (2013: EUR 0.34 million higher), mainly as a result of lower interest expense on variable interest liabilities. Equity, after allowing for the tax effects, would have been EUR 0.26 million higher (2013: EUR 0.26 million higher).

Had the interest rates on the Group's variable interest rate loans been by one tenth higher than they have been throughout the year ended 31 December 2014 with all other variables constant, profit for the year would have been EUR 0.33 million lower (2013: EUR 0.34 million lower), mainly as a result of higher interest expense on variable interest liabilities. Equity, after allowing for the tax effects, would have been lower by EUR 0.26 million (2013: EUR 0.26 million).

(iii) Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The table below shows liabilities at 31 December 2014 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the Consolidated Statement of Financial Position because the Consolidated Statement of Financial Position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the reporting date.

18 Financial Risk Management (Continued)

The maturity analysis of financial liabilities as at 31 December 2014 is as follows:

In millions of EUR	Demand and less than 12 month	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal) (Note 12)	4.7	3.9	94.3	-	102.9
Borrowings (future interest charges)	3.1	3.9	1.3	-	8.3
Financial payables - current (Note 13)	2.4	-	-	-	2.4
Total future payments, including future principal and interest payments	**10.2**	**7.8**	**95.6**	**-**	**113.6**

The maturity analysis of financial liabilities as at 31 December 2013 is as follows:

In millions of EUR	Demand and less than 12 month	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities					
Borrowings (principal) (Note 12)	4.6	3.9	98.0	-	106.5
Borrowings (future interest charges)	3.4	3.9	7.3	-	14.6
Financial payables - current (Note 13)	3.1	-	-	-	3.1
Total future payments, including future principal and interest payments	**11.1**	**7.8**	**105.3**	**-**	**124.2**

On an ongoing basis, the Board of Managers of General Partner reviews a two year rolling cash flow forecast on a consolidated basis. The forecast for 2015 shows positive cash flow from property rental after property expenses and general operating expenses of the Group of approximately EUR 4.5 million (2014: EUR 3.6 million). This, together with existing cash balances would be sufficient to meet the 2015 Group's financial obligations as shown above. The Board of Managers of General Partner is confident that the Group's cash position allows it to keep pursuing new opportunities in its chosen markets.

19 Fair Value Estimation

IFRS 13 requires the use of valuation techniques for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used.

For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(i) Investment properties

The following table presents the group's investment properties that are measured at fair value at 31 December 2014.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property	-	-	163.8	163.8
Total assets	-	-	163.8	163.8

19 Fair value estimation (continued)

The following table presents the group's investment properties that are measured at fair value at 31 December 2013.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property	-	-	164.9	164.9
Total assets	-	-	**164.9**	**164.9**

Level 3 investment properties are fair valued using discounted cash flow method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. The valuation technique for level 3 is further described in Note 3.

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2014:

Segment	Valuation technique	Fair value at 31 December 2014	Average annual rent / sq m	Discount rate	Capitalisation rate for terminal value
Office	Discounted cash flow	105 700 000	EUR 182	7.76%	7.24%
Logistics	Discounted cash flow	28 500 000	EUR 53	9.13%	8.48%
Retail	Discounted cash flow	31 900 000	EUR 252	8.25%	7.75%

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2013:

Segment	Valuation technique	Fair value at 31 December 2013	Average annual rent / sq m	Discount rate	Capitalisation rate for terminal value
Office	Discounted cash flow	105 800 000	EUR 175	7.79%	7.29%
Logistics	Discounted cash flow	29 400 000	EUR 55	9.15%	8.57%
Retail	Discounted cash flow	31 600 000	EUR 254	8.25%	7.75%

Sensitivity of measurement to variance of significant unobservable inputs

A decrease in the estimated annual rent will decrease the fair value. An increase in the discount rates and the capitalisation rates (used for terminal value of DCF method) will decrease the fair value.

There are interrelationships between these rates as they are partially determined by market rate conditions. Please refer to Note 3 for the quantitative sensitivity analysis and the description of the valuation process.

Investment property valuation process

The valuations of the properties are performed twice a year on the basis of valuation reports prepared by Independent and qualified Valuer.

These reports are based on both:

- information provided by the Group such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the company's financial and property management systems and is subject to the company's overall control environment.
- assumptions and valuation models used by the valuers – the assumptions are typically market related, such as yields and discount rates. These are based on their professional judgment and market observation. Generally for income producing assets a DCF and Direct capitalisation methods are used, for assets under construction Residual method is used and comparative methodology is used for non-core and land bank assets.

19 Fair value estimation (continued)

The information provided to the valuers and the assumptions and the valuation models used by the Independent Valuers are reviewed internally by the controlling department and the Chief Financial Officer ("CFO"). This includes a review of fair value movements over the period. The same process is also performed externally by the External Valuer and supervised by the Investment Manager.

(ii) Financial Instruments

Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies as described below. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Considering that Borrowings have variable rate of interest and that own credit risk of the Group did not significantly change, the carrying value under amortised cost approximate its fair value. The fair value of borrowings is classified in level 3.

20 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IAS 39, *Financial Instruments: Recognition and Measurement*, classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. The following table provides a reconciliation of classes of financial assets with these measurement categories.

At 31 December 2014 *In millions of EUR*	**Loans and receivables**	**Total**
ASSETS		
Trade receivables due from third parties including accrued rental income (Note 10)	2.6	2.6
Other financial receivables (Note 10)	-	-
Cash and cash equivalents (Note 11)	4.9	4.9
Rental indexation receivables (Note 9)	2.3	2.3
TOTAL FINANCIAL ASSETS	9.8	9.8

At 31 December 2013 *In millions of EUR*	**Loans and receivables**	**Total**
ASSETS		
Trade receivables due from third parties including accrued rental income (Note 10)	2.0	2.0
Other financial receivables (Note 10)	0.1	0.1
Cash and cash equivalents (Note 11)	5.9	5.9
Rental indexation receivables (Note 9)	1.9	1.9
TOTAL FINANCIAL ASSETS	9.9	9.9

20 Reconciliation of Classes of Financial Instruments with Measurement Categories (continued)

All of the Group's financial liabilities are carried at amortised cost.

At 31 December 2014 *In millions of EUR*	**Other financial liabilities – carried at amortised cost**	**Total**
LIABILITIES		
Trade and other payables excluding liabilities not falling under IFRS 7 (Note 13)	2.4	2.4
Borrowings (Note 12)	102.9	102.9
TOTAL FINANCIAL LIABILITIES	**105.3**	**105.3**

At 31 December 2013 *In millions of EUR*	**Other financial liabilities – carried at amortised cost**	**Total**
LIABILITIES		
Trade and other payables excluding liabilities not falling under IFRS 7 (Note 13)	3.1	3.1
Borrowings (Note 12)	106.5	106.5
TOTAL FINANCIAL LIABILITIES	**109.6**	**109.6**

21 Events after the reporting date

There were no material events which occurred after the end of the financial year which have a bearing on the understanding of these consolidated financial statements.