HB REAVIS REAL ESTATE INVESTMENT FUND

Société en commandite par actions – société d'investissement à capital fixe
Registered office: 1B rue Jean Piret L-2350 Luxembourg

R.C.S. Luxembourg B 161180

Annual Report and Combined Consolidated Financial Statements
31 December 2017

Contents

COMBINED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017

The board of managers of the General Partner (the "General Partner Board") of HB REAVIS REAL ESTATE INVESTMENT FUND (until 27 April 2017 HB Reavis Real Estate SICAF-SIF) (the "**Fund**") is pleased to present its annual report together with the audited combined consolidated financial statements for the year ended 31 December 2017 of the Fund.

1 Incorporation

On 25 May 2011, the Fund was incorporated under the form of a corporate partnership limited by shares (société en commandite par actions) organised as an investment company with variable capital (SICAV) under the Luxembourg law of 13 February 2007 relating to specialized investment fund, as amended (the "**2007 Law**") and is registered with the Luxembourg Commercial Register under RCS B161.180.

On 21 April 2017, the Fund was transformed into an investment company with fixed capital (SICAF) under the Part II ("**UCI Part II**") of the law of 17 December 2010 related to undertakings for collective investment, as amended from time to time (the "**2010 Law**") and the law of 10 August 1915 relating to commercial companies, as amended from time to time (the **"1915 Law"**). It is also governed by specific management regulations dated June 2012. The Fund was set up on 25 May 2011 and was registered as an investment company with variable capital (SICAV-SIF) until 27 April 2017.

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

The General Partner has appointed on 27 April 2017 Crestbridge Management Company to act as alternative investment fund manager (the "AIFM" or "Crestbridge") in accordance with the provisions of the Alternative Investment Fund Management Law of 12 July 2013 (the "**AIFM Law**").

Luxembourg Investment Solutions S.A. having its registered office at 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg was appointed as alternative investment fund manager of the Fund as from 22 February 2016 until 26 April 2017.

The Fund's immediate parent as of the date of issuance of these condensed consolidated interim financial statements is HBR Investors Ltd. based in Cyprus. The Fund is designed as a multi-compartment structure consisting currently of two sub-funds: HB Reavis CE REIF (the "**Sub-Fund A**" or "**CE REIF**") and HB Reavis Global REIF (the "**Sub-Fund B**" or "**Global REIF**", together the "**Sub-Funds**"). CE REIF sub-fund is controlled by a group of shareholders none of them having majority shareholding, in previous reporting period, for statements issued for year ended 31 December 2016 CE REIF sub-fund was consolidated under HB Reavis Holding S. á r. l.. Global REIF sub-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 Sub-Funds offer its shares to investors who have expressed an interest in investing in the Sub-Funds and who must be aware of the risks inherent to the investment in an undertaking for collective investment investing in real estate such as the Sub-Funds.

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

On 10 November 2017, the General Partner Board resolved to transfer the registered office of the Fund from 20, rue de la Poste, L-2346 Luxembourg, Grand Duchy of Luxembourg to 1b, rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg, with effect as of 01 November 2017.

On 1st November 2017, CF Fund Services S.A., a public limited liability company (société anonyme) authorised by the – the "**CSSF**" as a Professional of the Financial Sector (PSF), having its registered office at 1b, rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg and registered with the RCS Luxembourg under number B143 316 has been appointed by the General Partner as Central Administration of the Fund (the "**Central Administration**") in replacement of Citco Bank Nederland N.V. Luxembourg Branch, with registered office at 20, rue de la Poste, L-2346 Luxembourg.

2 Principal activities of the Fund

2.1. CE REIF Sub-Fund

2.1.1. Investment objective

While there will be no specific country or real estate segment restrictions posed, CE REIF Sub-Fund will mainly invest in the Central European region as Slovakia, the Czech Republic, Poland and Hungary in commercial real estate assets.

The initial CE REIF Sub-Fund's portfolio will provide 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.

CE REIF 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. CE REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

2.1.2. Investment strategy and restrictions

CE REIF Sub-Fund will be subject to the following investment restrictions:

a) Investment targets

Given the fact that CE REIF Sub-Fund shall invest in commercial real estate assets in retail, office and logistics segments only, with limited risks, an investment will only be eligible for investment that allow CE REIF Sub-Fund to pursue the "core" investment strategy taking into consideration the economic and legal conditions as well as the currency risks and liquidity of the real estate market. CE REIF Sub-Fund will focus 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 portfolio. A property to be acquired has to exhibit at least eighty per cent (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. CE REIF Sub-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. A minority interest or any other form of non-controlling stakes in property-owning SPVs will be eligible as well.

b) Development and redevelopment

CE REIF Sub-Fund will in general not invest in any redevelopment of real estate assets which it will acquire. 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, currency and interest rate hedging

CE REIF Sub-Fund is denominated in Euro. CE REIF Sub-Fund may deploy appropriate currency hedging strategies to manage its exposure to any foreign exchange risks. CE REIF Sub-Fund will also seek to deploy appropriate interest rate hedging strategies to manage its exposure to interest rate changes.

d) Investment restrictions

CE REIF Sub-Fund may not have an exposure on one (1) real estate investment, which would exceed twenty percent (20%) of its gross assets. This twenty percent (20 %) rule does not apply during a start-up phase of four (4) years after the date of registration of CE REIF Sub-Fund on the official CSSF list.

CE REIF 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 65%, essentially through bank financing. Leverage incurred by CE REIF Sub-Fund or one (1) of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% of such value. In addition, CE REIF Sub-Fund may borrow up to 10% of the total assets to finance its working capital requirements. Given the idea of a core product and the type of investments set out above, CE REIF 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) Maximum authorized leverage

The maximum expected leverage is 286% of the NAV on a consolidated asset basis and 334% of the NAV on an individual asset basis (net and gross being identical), as calculated in accordance with Article 6 and seq. of EU Regulation 231/2013 dated 19 December 2012 ("AIFMD Level 2 Regulation").

g) Indirect property investments via bonds or similar financial instruments

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

2.2. Global REIF Sub-Fund

2.2.1. Investment objective

While there will be no specific country or real estate segment restrictions posed, Global REIF Sub-Fund will mainly invest in assets located in EU countries and Turkey in following types of assets:

a) land suitable for commercial development;
b) land and buildings permitted for commercial development/redevelopment;
c) land and buildings under construction designated for commercial real estate assets use; and
d) commercial real estate assets.

The initial Global REIF Sub-Fund's portfolio will provide investments in properties only located in Slovakia.

The office segment investments are focused mainly on properties located in business districts of capital and regional cities in the EU countries and Turkey, but without any specific location restriction.

The retail segment investments will be made in both capital and regional cities of EU countries and Turkey.

Investments in logistic properties will be restricted to attractive and strategic locations in EU countries and Turkey.

In case of "core" investments, Global REIF 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.

Global REIF Sub-Fund seeks to enhance value of properties by contracting an excellent lease management in order to maximize property income.

2.2.2. Investment strategy and restrictions

Global REIF Sub-Fund will be subject to the following investment restrictions.

a) Investment targets

Global REIF Sub-Fund shall invest in broad scope of land, buildings under development/redevelopment, buildings under construction and commercial real estate assets in retail, office and logistics segments, in each stage of the development cycle, including development plots (land), projects under construction and finished projects.

There are no investment restrictions related to the letting levels of the commercial real estate assets, nor any restrictions related to the development stage of the assets under development. Global REIF Sub-Fund will focus on maximum possible return from the investment. Global REIF Sub-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. A minority interest or any other form of non-controlling stakes in property-owning SPVs will be eligible as well.

b) Development and redevelopment

Global REIF Sub-Fund will be entitled to invest in any new development or into any redevelopment of real estate assets. The development or redevelopment shall be focused mainly into the commercial real estate sector (including office buildings, retail commercial assets and logistics assets), where there are no restrictions related to the development or redevelopment.

c) Denomination, currency and interest rate hedging

Global REIF Sub-Fund is denominated in Euro. Global REIF Sub-Fund may deploy appropriate currency hedging strategies to manage its exposure to any foreign exchange risks. Global REIF Sub-Fund will also seek to deploy appropriate interest rate hedging strategies to manage its exposure to interest rate changes.

d) Investment restrictions

Global REIF Sub-Fund may not have an exposure on one (1) investment, which would exceed twenty percent (20%) of its gross assets and Global REIF Sub-Fund shall have at least five assets. This twenty percent (20 %) rule does not apply during a start-up phase of four (4) years after the date of registration of the Global REIF Sub-Fund on the official CSSF list.

Global REIF 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, bonds and/or other type of near-cash investments. As part of its investment strategy, Global REIF Sub-Fund may on an ancillary basis (i.e. up to 49% of the NAV of Global REIF Sub-Fund) grant loans to entities within the HB Reavis Group which are not held by the Fund for the purpose of financing real estate investments and/or developing real estate projects. The above restriction shall not apply to loans granted by Global REIF Sub-Fund to entities which are directly or indirectly held by the Fund.
Any risk of a potential conflict of interest in relation to any such investments shall be managed accordingly in accordance with the conflict of interest policy applicable from time to time and summarized under Section 11.6 of Global REIF Sub-Fund's prospectus.

e) Loan and leverage

A ratio of consolidated external debt over total real estate assets ("leverage") shall not exceed 65%, essentially through bank financing. Leverage incurred by Global REIF Sub-Fund or one (1) of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% of such value. In addition, Global REIF Sub-Fund on the account of Global REIF 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 broad investment strategy in the real estate sector, the extended leverage is both desired and necessary with respect to the investment strategy of Global REIF Sub-Fund.

f) Maximum authorized leverage

The maximum expected leverage is 286% of the NAV on a consolidated asset basis and 334% of the NAV on an individual asset basis (net and gross being identical), as calculated in accordance with Article 6 and seq. of AIFMD Level 2 Regulation.

g) Indirect property investments via bonds or similar financial instruments

As a rule, the investments of Global REIF Sub-Fund are made directly or via special purpose property companies, in which Global REIF Sub-Fund shall have controlling or noncontrolling (minority) participations.

In case of investments with controlling participations, Global REIF Sub-Fund will, to the extent possible, seek to have majority representation.

On an ancillary basis (i.e. up to 49% of the NAV of Global REIF Sub-Fund), Global REIF Sub-Fund may also invest in other assets such as money market instruments, bonds, cash, other real estate and other real estate related asset holding companies and companies engaged in property financing.

2.3. 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 combined consolidated financial statements (Note 20 - Financial Risk Management).

3 Supplementary Information according to AIFMD

3.1. Remuneration

In relation to paragraphs 2 (e) and 2 (f) of article 20 of the AIFM Law, the remuneration of the AIFM members related to the Fund for the financial year of the AIFM (from 1 July 2016 to 30 June 2017) is as follows:

Total	EUR 29,128.67
Fixed remuneration	EUR 26,805.92
Variable remuneration	EUR 2,322.75
Number of staff	13

3.2. Leverage

In compliance with article 6 of the Commission delegated regulation (EU) no 231/2013 of December 19, 2012 (the "Delegated Regulation"), the AIFM calculates the exposure of the Fund in accordance with the gross method and the commitment method on the Net Asset Value valuation frequency. As of December 31, 2017, the exposure under both methods is as follows:

Sub-fund name	Exposure under gross method	Exposure under commitment method
CE REIF	228.27%	233.37%
Global REIF	209.37%	209.40%

3.3. Material Changes in the information listed in article 23 AIFMD

3.3.1. Article 23 (1)b: Information on procedures - the Fund may change its investment strategy or investment policy

The General Partner shall have power to implement the investment policies and borrowing restrictions, as well as the course of conduct of the management and business affairs of the Fund with a view to achieving the investment objectives of each Sub-Fund as described within the relevant Sub-Fund Information Sheet in Appendix 1 to the Fund's prospectus. The General Partner shall have complete discretion and full power, authority and right to represent and bind the Fund, either itself or wholly in part through its authorized agents or delegates.

3.3.2. Article 23 (1)d: Information on the identity of the AIFM, AIF's depositary and External Valuer of the Fund

The General Partner has appointed on 27 April 2017 Crestbridge Management Company to act as alternative investment fund manager (the "AIFM" or "Crestbridge") in accordance with the provisions of the Alternative Investment Fund Management Law of 12 July 2013 (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 as Depositary of the Fund. The Depositary mainly safe keeps the Fund's assets, monitors cash flows, manages Investor's subscription payments and performs Custody of financial instruments.

No external valuer has been appointed following the appointment of Crestbridge as AIFM of the Fund. The General Partner has appointed an independent appraiser to value the properties held directly and/or indirectly by the Fund.

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

The AIFM has been authorized by the CSSF to cover its professional liability risks through professional indemnity insurance according to article 8 (7) point (b) of the AIFM Law.

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

Crestbrige Management Company S.A, 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.

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

As to the valuation of the investment assets of the Fund, there are no changes to valuation methodology. The investments are valued at fair value.

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

As at December 2017 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. There have been no changes in the arrangements regarding management of liquidity of the Fund.

The liquidity profile of the CE REIF is assessed as follows:

CE REIF

Profile of redemption terms	Open-ended with 2 years lock-up period ending 27 April 2019. After the lock-up period the Sub-fund is redeemable with a redemption window starting on 1st April and ending 31st May of each calendar year at 4:00pm.
Terms of financing	A ratio of consolidated external debt over total real estate assets ("Leverage") shall not exceed 65%, essentially through bank financing. Leverage incurred by the Sub-Fund or one of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% 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.
Maximum authorised leverage	The maximum expected leverage is 286% of the NAV on a consolidated asset basis and 334% of the NAV on an individual asset basis (net and gross being identical), as calculated in accordance with Article 6 and seq. of EU Regulation 231/2013 dated 19 December 2012 ("AIFMD Level 2 Regulation").
NAV frequency	Monthly
Expected Maturity Date	The Sub-fund is open-ended for an indefinite period of time.

The liquidity profile of the Global REIF is assessed as follows:

Global REIF

Profile of redemption terms	Open-ended with 2 years lock-up period ending 27 April 2019. After the lock-up period the fund is redeemable with a redemption window starting on 1st April and ending 31st May of each calendar year at 4:00pm.
Terms of financing	A ratio of consolidated external debt over total real estate assets ("Leverage") shall not exceed 65%, essentially through bank financing. Leverage incurred by the Sub-Fund or one of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% 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.
Maximum authorised leverage	The maximum expected leverage is 286% of the NAV on a consolidated asset basis and 334% of the NAV on an individual asset basis (net and gross being identical), as calculated in accordance with Article 6 and seq. of EU Regulation 231/2013 dated 19 December 2012 ("AIFMD Level 2 Regulation").
NAV frequency	Monthly
Expected Maturity Date	The Sub-fund is open-ended for an indefinite period of time.

3.3.7. Article 23 (1)i: Information on fees, charges, expenses

Since April 2017 Crestbridge Management Company S.A. was appointed as a new AIFM. The remuneration of the AIFM is payable in twelve monthly payments, calculated on the sum of the latest NAVs of the month of the Sub-funds. The fee will be on a reducing scale of charges and will not exceed 0.07% of the NAV of the Sub-fund per annum, subject to a minimum fee at the Fund level. As at 31 December 2017, the minimum annual fee is set at EUR 35,000 p.a.

For previous period the Alternative Investment Fund Manager of the Fund was Luxembourg Investment Solutions S.A.. The remuneration of the Luxembourg Investment Solutions S.A. was 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.

3.3.8. Article 23 (1)j: Information on fair treatment of investors

The Investment Manager have 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.

3.3.9. 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 at 31 December 2015 the approvals of the CSSF have been received for the following three countries (Sub-Fund A): Slovak Republic, Czech Republic, Austria.
Sub Fund B will not be actively marketed.

3.4. Risk Management

In compliance with article 14 of the AIFM Law and Section 3 of the Delegated Regulation, Crestbridge Management Company S.A., in its capacity of AIFM of the Fund, has implemented adequate risk management policies and procedures (the "Risk Management Policy") in order to identify, measure, manage and monitor appropriately all risks relevant to the Fund's investment strategy and to which the Fund is or may be exposed.

The Risk Management System is monitored through the permanent risk management function (the "Risk Management Function") who is established and maintained by the AIFM within its internal structure. The Risk Management Function performs the tasks set forth in article 14 of the AIFM Law and article 39 of the Delegated Regulation.

The Risk Management Policy comprises such procedures as are necessary to enable the AIFM to assess for the Fund its exposure to market, liquidity and counterparty risks, and its exposure to all other relevant risks, including operational risks, which may be material for the Fund.

The Risk Management System shall be reviewed by the AIFM at least once a year. The next review is expected on July 31, 2018 at the latest.

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

3.5. CE REIF Sub-Fund

The portfolio indirectly held through the sole subsidiary of the CE REIF Sub-Fund consists of three (3) investment properties; two (2) of them are held through a separate SPV, CBC I and CBC II are held as one SPV (CBC I-II), the Fund holds 100% in all three (3) SPVs:

- Aupark Hradec Králové, CBC I - II and Union building

There was no disposal or acquisition of investment property in 2017. No assets are subject to special arrangements.

The Sub-Fund's capital growth through its investments is measured by changes in Net Assets Attributable to the Holders of Shares ("net assets"). At 31 December 2017, the Sub-Fund's net assets amount to EUR 83.9 million (2016: EUR 79.7 million). This increase is the net effect of Shareholders' capital subscriptions during the year 2017 of EUR 4.6 million (2016: EUR 19.4 million), redemptions of Shares of EUR 0.5 million (2016: 5.0 million), distributions to the Holders of Shares of EUR 5.2 million (2016: 4.0 million), the decrease in the properties' fair value by EUR 11.8 million (2016: increase by EUR 5.0 million), the rental and operating income realized during the year of EUR 12.7 million (2016: EUR 12.1 million), other related operating income of EUR 0.9 million (2016: 1.0) the administration and running expenses of EUR 2.3 million (2016: EUR 5.7 million) and the projects' finance related expenses of EUR 1.6 million (2016: EUR 5.8 million).

3.6. Global REIF Sub-Fund

The portfolio indirectly held through the sole subsidiary of Global REIF Sub-Fund consists of two (2) investment properties, the Fund holds 100%:

- Apollo Business Center III and Apollo Business Center V

There was no disposal or acquisition of investment property in 2017. No assets are subject to special arrangements.

The Sub-Fund's capital growth through its investments is measured by changes in Net Assets Attributable to the Holders of Shares ("net assets"). At 31 December 2017, the Sub-Fund's net assets amount to EUR 57.7 million (2016: EUR 52.8 million). This is the net effect of Shareholders' capital subscriptions during the year 2017 of EUR 0 million (2016: EUR 51.1 million), the decrease in the properties' fair value by EUR 0.1 million (2016: increase by 0.4 million), the rental and operating income realized during the year of EUR 7.9 million (2016: 7.7 million), other related operating income of EUR 0.2 million (2016: 0.2 million) the administration and running expenses of EUR 1.0 million (2016: EUR 1.4 million), the projects' finance related expenses of EUR 0.9 million (2016: 4.8).

4 Future developments

CE REIF Sub-Fund plans to continue its investment program in 2018 investing in the Central European region. Global REIF Sub-Fund plans to continue its investment program in 2018 investing in the region of EU and Turkey.

5 Events after the date of the statement of financial position

The Commission de Surveillance du Secteur Financier of Luxembourg has agreed on 2 February 2018 with the transfer, as depositary bank, from Citco Bank Nederland N.V. Luxembourg Branch, with registered office at 20, rue de la Poste, L-2346 Luxembourg to Société Générale Bank & Trust with registered office at 11 Avenue Emile Reuter, L-2420 Luxembourg.

For and on behalf of the General Partner acting in its own name but for the account of the Fund

Peter Grancic Manager	Neil F. Ross Manager

Luxembourg, 27 July 2018

Audit report

To the Shareholders of
HB Reavis Real Estate Investment Fund

Our opinion

In our opinion, the accompanying combined consolidated financial statements give a true and fair view of the consolidated financial position of HB Reavis Real Estate Investment Fund and of each of its sub-funds (the "Fund") as at 31 December 2017, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Fund's combined consolidated financial statements comprise:

- the Combined Consolidated Statement of Financial position as at 31 December 2017;
- the Combined Consolidated Statement of Comprehensive Income for the year then ended;
- the Combined Consolidated Statement of Changes in Net Assets Attributable to the Holders of Shares for the year then ended;
- the Combined Consolidated Statement of Cash Flows for the year then ended; and
- the Notes to the Combined Consolidated Financial Statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the combined consolidated financial statements" section of our report.

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

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the combined consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Fund's General Partner is responsible for the other information. The other information comprises the information stated in the annual report but does not include the combined consolidated financial statements and our audit report thereon.

Our opinion on the combined consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Fund's General Partner for the combined consolidated financial statements

The Fund's General Partner is responsible for the preparation and fair presentation of the combined consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Fund's General Partner determines is necessary to enable the preparation of combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined consolidated financial statements, the Fund's General Partner is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund's General Partner either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the combined consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the combined consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Fund's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's General Partner;

- conclude on the appropriateness of the Fund's General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the combined consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the combined consolidated financial statements, including the disclosures, and whether the combined consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Fund to express an opinion on the combined consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 27 July 2018

Isabelle Dauvergne

Millions of EUR	Notes	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Investment property in use	9	305.1	304.8
Financial assets	9	6.3	4.9
Other non-current assets	9	1.9	1.6
Derivatives		0.5	0.2
Total non-current assets		**313.8**	**311.5**
Current assets			
Trade and other receivables	10	14.4	5.4
Cash and cash equivalents	11	16.1	30.0
Total current assets		**30.5**	**35.4**
TOTAL ASSETS		**344.3**	**346.9**
LIABILITIES			
Non-current liabilities			
Borrowings	12	166.4	171.2
Deferred income tax liability	17	3.8	2.6
Trade and other payables	13	2.6	2.4
Total non-current liabilities		**172.8**	**176.2**
Current liabilities			
Borrowings	12	8.1	7.6
Trade and other payables	13	20.4	29.6
Distributions payable to the Holders of Shares	7	1.4	1.0
Total current liabilities		**29.9**	**38.2**
Total liabilities (excluding Net Assets Attributable to the Holders of Shares)		**202.7**	**214.4**
Net Assets Attributable to the Holders of Shares		**141.6**	**132.5**
TOTAL LIABILITIES		**344.3**	**346.9**

These combined consolidated financial statements have been approved for issue and signed on behalf of the HB REAVIS REAL ESTATE INVESTMENT FUND on 27 July 2018 by the members of the Board of Managers of the General Partner of the HB REAVIS REAL ESTATE INVESTMENT FUND. The Shareholders have the power to amend these combined consolidated financial statements after issue.

Peter Gracic
Manager

Neil F. Ross
Manager

In millions of EUR	Notes	31 December 2017	31 December 2016
Rental and similar income from investment properties	14	20.6	19.8
Direct operating expenses arising from investment property	15	(4.1)	(1.4)
Net operating income from investment properties		**16.5**	**18.4**
Revaluation gain/(loss) on investment properties	9	(11.9)	5.6
Gain/(loss) on disposal of subsidiary	18	-	0.7
Other operating expenses	16	(3.3)	(7.1)
Other operating income		1.1	0.5
Operating profit/ (loss)		**2.4**	**18.1**
Interest expense		(3.3)	(3.1)
Distributions to the Holders of Shares	7	(5.2)	(7.0)
Other finance income/ (costs)		12.2	(0.5)
Finance costs, net		**3.7**	**(10.6)**
Profit/(loss) after distributions to the Holders of Shares and before income tax		**6.1**	**7.5**
Current income tax (expense)/credit	17	(0.4)	-
Deferred income tax (expense)/credit	17	(1.2)	(2.9)
Income tax (expense)/credit		**(1.6)**	**(2.9)**
Profit for the year		**4.5**	**4.6**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Effect of translation of foreign operations to the presentation currency		0.4	-
Other comprehensive income for the year		**0.4**	**-**
Total comprehensive income for the year		**4.9**	**4.6**

Profit Attributable to the Holders of Shares	**4.5**	**4.6**
Total comprehensive income Attributable to the Holders of Shares	**4.9**	**4.6**
Change in Net Assets Attributable to the Holders of Shares	**4.9**	**4.6**

	Attributable to the Holders of Shares						
In millions of EUR	**Redeemable Shares**	**Retained earnings**	**Sub-total**	**Redeemable Shares**	**Retained earnings**	**Sub-total**	
	CE REIF			**Global REIF**			
Balance at 1 January 2016	**50.3**	**11.6**	**61.9**	**0.8**	**(0.2)**	**0.6**	**62.5**
Change in Net Assets Attributable to the Holders of Shares	-	3.4	**3.4**	-	1.2	**1.2**	**4.6**
New subscriptions	19.4	-	**19.4**	51.0	-	**51.0**	**70.4**
Redemption of Shares	(3.7)	(1.3)	**(5.0)**	-	-	**-**	**(5.0)**
Balance at 1 January 2017	**66.0**	**13.7**	**79.7**	**51.8**	**1.0**	**52.8**	**132.5**
Change in Net Assets Attributable to the Holders of Shares	-	-	**-**	-	4.9	**4.9**	**4.9**
New subscriptions	4.7	-	**4.7**	-	-	**-**	**4.7**
Redemption of Shares	(0.5)	-	**(0.5)**	-	-	**-**	**(0.5)**
Balance at 31 December 2017	**70.2**	**13.7**	**83.9**	**51.8**	**5.9**	**57.7**	**141.6**

In millions of EUR	Note	31 December 2017	31 December 2016
Cash flows from operating activities			
Profit/(loss) after distributions to the Holders of Shares and before income tax		6.1	7.5
Adjustments for:			
Revaluation (Gains)/Losses on investment property	9	11.9	(5.6)
Interest expense		3.3	3.1
Distributions to the Holders of Shares	7	5.2	7.0
Gain on disposal of subsidiaries		-	(0.7)
Revaluation of financial assets and derivatives		(7.8)	-
Unrealised foreign exchange (gains)/losses		(4.4)	-
Operating cash flows before working capital changes		14.3	11.3
Working capital changes:			
(Increase) in trade and other receivables		(3.2)	(0.4)
(Decrease)/Increase in trade and other payables		(8.8)	(12.0)
Cash generated from operations		2.3	(1.1)
Income taxex paid		(0.4)	-
Interest paid		(3.3)	(3.0)
Net cash from operating activities		**(1.4)**	**(4.1)**
Cash flows from investing activities			
Construction of investment property	9	(7.4)	(1.4)
Acquisition of subsidiaries, net of cash acquired	9	-	(52.2)
Proceeds from sale of subsidiaries, net of cash disposed	9	-	27.8
Net cash (used in)/from investing activities		**(7.4)**	**(25.8)**
Cash flows from financing activities			
Repayment of borrowings		(4.3)	(3.2)
Drawdown of borrowings		-	-
Capital contributions from shareholders		4.5	70.4
Redemptions		(0.5)	(5.0)
Distributions to the Holders of Shares	7	(4.8)	(6.0)
Net cash from/(used in) financing activities		**(5.1)**	**56.2**
Net (decrease)/increase in cash and cash equivalents		**(13.9)**	**26.3**
Cash and cash equivalents at the beginning of the year		30.0	3.7
Cash and cash equivalents at the end of the year		**16.1**	30.0
Cash and cash equivalents at the end of the year at the balance sheet	11	**16.1**	**30.0**

1 The HB REAVIS REAL ESTATE INVESTMENT FUND Group and its Operations

These combined 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 2017 for HB REAVIS REAL ESTATE INVESTMENT FUND (until 27 April 2017 HB Reavis Real Estate SICAV SIF) (the "Fund") and its subsidiaries (together referred to as the "Group").

The Fund is an umbrella fund incorporated under the laws of Luxembourg under the form of a corporate partnership limited by shares (société en commandite par actions or S.C.A.) organized as an investment company with fixed capital (société d'investissement à capital fixe or SICAF) and registered as an undertaking for collective investment governed by Part II ("UCI Part II") of the law of 17 December 2010 on undertakings for collective investment, as amended from time to time (the "2010 Law") and the law of 10 August 1915 relating to commercial companies, as amended from time to time (the "1915 Law"). It is also governed by specific management regulations dated June 2012. The Fund was set up on 25 May 2011 and was registered as an investment company with variable capital (SICAV-SIF) until 27 April 2017.

The Fund is registered at the Luxembourg Commercial Register under file R.C.S. Luxembourg B 161.180. 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 appointed in the past 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. On 27 April 2017, the Fund appointed Crestbrige Management Company S.A having its registered office located at 9A, boulevard Prince Henri, L-1724 Luxembourg and registered with the R.C.S. Luxembourg under number B 159.802 as the Alternative Investment Fund Manager in the meaning of the AIFM Directive and AIFM Law.

The Fund's immediate parent as of the date of issuance of these combined consolidated financial statements is HBR Investors Ltd. based in Cyprus. The Fund is designed as a multi-compartment structure consisting currently of two Sub-Funds: HB Reavis CE REIF (the "Sub-Fund A" or "CE REIF") and HB Reavis Global REIF (the "Sub-Fund B" or "Global REIF"). The CE REIF sub-fund is controlled by none of its shareholders. In previous reporting period the CE REIF was consolidated under HB Reavis Holding S.á r.l. The Global REIF sub-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 investors who have expressed an interest in investing in the Fund and who must be aware of the risks inherent to the investment in an undertaking for collective investment investing in real estate such as the Fund.

These combined consolidated financial statements were authorised for issue on 27 July 2018. The shareholders have the power to amend the combined consolidated financial statements after issue.

Principal activity. Real estate investments and investment in special purpose vehicles ("SPVs") holding real estate assets, including controlling and non-controlling stakes in SPV holding companies.

CE REIF 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 Sub-Fund portfolio provides investments in prime properties located in Slovakia and Czech Republic. 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 its value via investing in properties which in the past proved to bear characteristics of prime-commercial real estate properties which implies to have a top-tier tenants portfolio located in prime or strategic locations and soundly technically and architecturally built. The Sub-Fund seeks to enhance the value of its properties through excellent lease management to maximize property income.

Investment restrictions of CE REIF Sub-Fund:

a) Investment targets: The Sub-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 Sub-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 Sub-Fund may acquire

1 The HB REAVIS REAL ESTATE INVESTMENT FUND Group and its Operations (continued)

properties directly or indirectly via SPV and/or share of SPV, as well as via forward purchase of an SPV or a direct property.

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

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

d) Investment restrictions of the Sub-Fund: The Sub-Fund may not have an exposure on one (1) real estate investment, which would exceed twenty percent (20%) of its gross assets. This twenty percent (20 %) rule does not apply during a start-up phase of four (4) years after the date of registration of the Fund on the official CSSF list. 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 65%, essentially through bank financing. Leverage incurred by the Sub-Fund or one (1) of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% of such value.

Global REIF Sub-Fund. While there are no specific country or real estate segment restrictions posed, Global REIF Sub-Fund will mainly invest in commercial real estate assets located in EU countries and Turkey.

The initial Sub-Fund's portfolio will provide investments in properties only located in Slovakia. The office segment investments are focused mainly on properties located in business districts of capital and regional cities in the EU countries and Turkey but without any specific location restriction. The retail segment investments will be made in both capital and regional cities of EU countries and Turkey. Investments in logistic properties will be restricted to attractive and strategic locations in EU countries and Turkey.

In case of "core" investments, the Sub-Fund seeks to maximize its value via investing in properties which in the past proved to bear characteristics of prime-commercial real estate properties which implies to have a top-tier tenants portfolio located in prime or strategic locations and soundly technically and architecturally built. The Sub-Fund seeks to enhance the value of its properties through excellent lease management in order to maximize property income.

Investment restrictions of Global REIF Sub-Fund:

a) Investment targets: The Sub-Fund shall invest in broad scope of land, buildings under development/redevelopment, buildings under construction and commercial real estate assets in retail, office and logistics segments, in each stage of the development cycle, including development plots (land), projects under construction and finished projects. There are no investment restrictions related to the letting levels of the commercial real estate assets, nor any restrictions related to the development stage of the assets under development. The Sub-Fund will focus on maximum possible return from the investment. 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. A minority interest or any other form of non-controlling stakes in property-owning SPVs will be eligible as well.

b) Development and redevelopment: The Sub-Fund will be entitled to invest in any new development or into any redevelopment of real estate assets. The development or redevelopment shall be focused mainly into the commercial real estate sector (including office buildings, retail commercial assets and logistics assets), where there are no restrictions related to the development or redevelopment.

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

d) Investment restrictions of the Sub-Fund: The Sub-Fund may not have an exposure on one (1) investment, which would exceed twenty percent (20%) of its gross assets and the Sub-Fund shall have at least five assets. This twenty percent (20 %) rule does not apply during a start-up phase of four (4) years after the date of registration of the Fund on the official CSSF list. 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, bonds and/or other type of near-cash investments. As part of its investment strategy, the Sub-Fund may on an ancillary basis (i.e. up to 49% of the Net Asset Value of the Sub-Fund) grant loans to entities within the HB Reavis Group which are not held by the Fund for the purpose of financing real estate investments and/or developing real estate projects. The above restriction shall not apply to loans granted by the Sub-Fund to entities which are directly or indirectly held by the Fund.

e) Loan and leverage: A ratio of consolidated external debt over total real estate assets ("leverage") shall not exceed 65%, essentially through bank financing. Leverage incurred by the Sub-Fund or one (1) of its subsidiaries for an individual asset may exceed 65% of the individual asset value, but shall not at any event exceed 70% of such value.

1 The HB REAVIS REAL ESTATE INVESTMENT FUND Group and its Operations (continued)

In addition, 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 broad investment strategy in the real estate sector, the extended leverage is both desired and necessary with respect to the investment strategy of the Sub-Fund.

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. On an ancillary basis (i.e. up to 49% of the Net Asset Value of the Sub-Fund), the Sub-Fund may also invest in other assets such as money market instruments, bonds, cash, other real estate and other real estate related asset holding companies and companies engaged in property financing.

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 combined 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 combined consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Group applies all IFRS standards and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), as adopted by the European Union, which were in force as of 31 December 2017.

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

The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid is presented within operating cash flows except distributions to shareholders of Investors Shares which are presented as a financing cash flow. 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 combined consolidated financial statements. These combined consolidated financial statements are presented in millions of Euro ("EUR") rounded to one decimal place, unless otherwise stated.

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

The preparation of these combined 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 combined 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 combined consolidated financial statements are disclosed in Note 3.

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 combined 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 Combined Consolidated Financial Statements

Combined consolidated financial statements. In preparing the combined 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

2 Summary of Significant Accounting policies (continued)

2.2 Combined Consolidated Financial Statements (continued)

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 combined 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.

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 profit or loss. Contingent consideration that is classified as Equity is not remeasured, and its subsequent settlement is accounted for within Equity.

2 Summary of Significant Accounting policies (continued)

2.2 Combined Consolidated Financial Statements (continued)

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. Combined consolidated financial statements are prepared using uniform accounting policies for similar 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 2017	31 December 2016
1	HB REAVIS REAL ESTATE INVESTMENT FUND (Parent Company)	EUR	Luxembourg		
	CE REIF Sub-Fund				
2	HBR CE REIF LUX1 S.á r.l.	EUR	Luxembourg	100	100
3	HBR CE REIF LUX2 S.à r.l.	EUR	Luxembourg	100	100
4	AUPARK Piešťany SC, s. r. o.[1]	EUR	Slovakia	-	-
5	AUPARK Piešťany, spol. s r.o.[1]	EUR	Slovakia	-	-
6	UNI - CC a. s.	EUR	Slovakia	100	100
7	Logistické Centrum Svätý Jur a. s.[2]	EUR	Slovakia	-	-
8	Logistické centrum Malý Šariš a. s.[2]	EUR	Slovakia	-	-
9	CBC I - II a. s.	EUR	Slovakia	100	100
10	Aupark Hradec Králové Bidco s.r.o.[3]	CZK	Czech Republic	100	100
	Global REIF Sub-Fund				
11	HBR CE REIF LUX 3 S.à r.l.	EUR	Luxembourg	100	100
12	HBR CE REIF LUX 4 S.à r.l.	EUR	Luxembourg	100	100
13	Apollo Business Center III a.s.	EUR	Slovakia	100	100
14	Apollo Business Center V a.s.	EUR	Slovakia	100	100

Notes:
1 AUPARK Piešťany SC, s.r.o and AUPARK Piešťany, spol. s r.o. were sold in October 2016.
2 Logistické Centrum Svätý Jur a. s. and Logistické centrum Malý Šariš a. s. were sold in June 2016.
3 Aupark Hradec Králové Bidco s.r.o. was part of the legal merger with Aupark Hradec Králové a.s. with effective date 23 December 2016.

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

2 Summary of Significant Accounting policies (continued)

2.3 Foreign Currency Transactions and Translation (continued)

is the local currency. The combined consolidated financial statements are presented in millions of euro (EUR), which is the Group's presentation currency.

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 Combined Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance costs and finance income respectively, unless they are capitalised as explained in Note 2.11 ("Borrowings"). All other foreign exchange gains and losses are presented in the statement of comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
ii. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). The Group is using monthly average exchange rates due to the increased volatility in exchange rates; and
iii. all resulting exchange differences are recognised in the statement of comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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 its 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 that would be received to sell the property in an orderly transaction between market participants at the measurement date, 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

2 Summary of Significant Accounting policies (continued)

2.4 Investment Property (continued)

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 combined 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 combined consolidated financial statements irrespective whether or not they form part of the described valuations.

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 combined 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 Combined Consolidated Statement of Comprehensive Income under "Revaluation gain/(loss) on investment properties". Investment properties are derecognised when they have been disposed.

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 Statement of Comprehensive Income within Revaluation gain/(loss) on investment properties.

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 Combined 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.

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, derivatives and financial guarantee.

Financial assets recognised in the Combined 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.

2 Summary of Significant Accounting policies (continued)

2.5 Financial Instruments (continued)

Trade and other 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.

A provision for impairment of trade receivables is established when there is objective evidende that the Fund will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account, and the amount of the loss is recognised in the Combined Consolidated Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Combined Consolidated Statement of Comprehensive Income.

Cash and cash equivalents
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.

Derivatives
Derivative financial assets and liabilities are classified as financial assets at fair value through profit or loss (held for trading). Derivative financial assets and liabilities comprise mainly interest rate swap, CAP and forward foreign exchange contracts for hedging purposes (economic hedge). The Group does not apply hedge accounting in accordance with IAS 39. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in the Combined Consolidated Statement of Comprehensive Income.

Rental guarantees
Rental guarantees provided for by the seller of an investment property are recognised as financial asset when the Group becomes a party to the contractual provisions of the guarantee. Rental guarantees are classified as monetary available-for-sale financial assets. When a rental guarantee is recognised initially, the Group measures it at its fair value plus, in the case of a rental guarantee not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, the Group measures the rental guarantees at fair value with fair value changes recognised in the Combined Consolidated Statement of Comprehensive Income.

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 Combined Consolidated Statement of Comprehensive Income as finance income or expense

Impairment
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 the use of an allowance account. The amount of the loss is recognised in Combined Consolidated Statement of Comprehensive Income.

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 Combined Consolidated Statement of Comprehensive Income.

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.

2 Summary of Significant Accounting policies (continued)

2.5 Financial Instruments (continued)

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 Combined 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 combined 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. 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.

2.9 Redeemable Shares

The Fund issued two classes of redeemable shares, which are redeemable at the Holder's option and do not have identical rights. Such shares are classified as financial liabilities. Further information is disclosed in Note 6.

2 Summary of Significant Accounting policies (continued)

2.10 Distributions to the Holders of Shares

Distributions to the Holders of Shares are recognised as a finance cost in the Combined Consolidated Statement of Comprehensive Income.

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 and other 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.

If tenants deposit a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 24 months such deposits are treated as financial liabilities in accordance with IAS 39, and they are initially recognised at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease. The deposit is subsequently measured at amortised cost.

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 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the CEO in making strategic decisions.

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the combined 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 combined 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 in CE REIF Sub-Fund would be higher or lower by EUR 19.2 million (2016: EUR 18.5 million). Should the rental levels increase or decrease by 10% the fair value of investment property in Global REIF Sub-Fund would be higher or lower by EUR 12.1 million (2016: EUR 12.0 million).

- The exit yield across the portfolio of CE REIF Sub-Fund was assumed to be from 6.00% to 7.75% (2016: from 6.00% to 7.75%), or 6.83% (2016: 6.83%) on average. Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 7.2/ 7.8 million (2016: EUR 7.0 million) lower/higher.

  The exit yield across the portfolio of Global REIF Sub-Fund was assumed to be from 6.90% to 6.90%, or 6.90% on average. Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 4.2/ 4.6 million (2016: EUR 4.2 million) lower/higher.

  Should discount rate used for calculation of fair value to the financial asset increase / decrease by 25 basis points, the carrying value of the financial asset would be nil million lower or nil million 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 group has applied the following standards and amendments for the first time for the financial year beginning at 1 January 2017:

- *Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017)*
- *Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)*
-

4 Adoption of New or Revised Standards and Interpretations (continued)

- *Annual Improvements to IFRSs 2014-2016 cycle - amendments to IFRS 12 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017).*

The above amendments had not any material impact on the Group. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2017 did not have material impact on the combined consolidated financial statements of the Group.

5 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods commencing on 1 January 2017 and have not been early adopted by the Group:

IFRS 9, Financial Instruments: Classification and Measurement (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).
The entity expects that impairment provisions for receivables will increase upon adoption of IFRS 9 because the standard introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. Under the new rules the Group will have to record an immediate loss equal to lifetime expected loss on initial recognition of its trade receivables that are not overdue and are not credit impaired. A reasonable estimate of this increase in provisions cannot be made because it is impossible to reliably forecast what forward looking information, including macro-economic forecasts and probabilities assigned to alternative macro-economic outlooks, will prevail at 1 January 2018, when the effects of adopting the standard will be recognised against opening balance of retained earnings. The Group is currently assessing the impact of the new standard on its financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014, amended on 12 April 2016 and effective for the periods beginning on or after 1 January 2018).
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 financial statements.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).
The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Group is currently assessing the impact of the amendment on its financial statements.

IFRS 16, Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019).
The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss and other comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the new standard on its financial statements. This standard has not yet been endorsed by the EU.

The following standards, interpretations and amendments are not expected to have any material impact on the Group's combined consolidated financial statements:

- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective outside the European Union for annual periods beginning on or after 1 January 2016).* This standard will not be adopted by the European Union.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).* The EU endorsement is postponed until after the IASB determines the effective date of this amendment.

5 New standards and interpretations not yet adopted (continued)

- Amendments to IFRS 2, Share-based Payment* (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).

- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4* (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).

- Annual Improvements to IFRSs 2014-2016 Cycle* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

- Transfers of Investment Property - Amendments to IAS 40* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

- IFRS 17 Insurance Contracts* (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices.

- IFRIC 23 Uncertainty over Income Tax Treatments* (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

* These new standards, amendments and interpretations have not been endorsed by the European union yet.

6 Redeemable Shares

6.1 CE REIF Sub-Fund

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

The Share Capital of the Sub-Fund shall be represented by the following classes of Shares in compliance with the Articles of Incorporation and the Prospectus 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 Sub-Fund's net asset value and are carried at the redemption amount that is payable at the end of the reporting period.

Total remaining commitment of the Holders of Shares to call as of 31 December 2017 is nil (2016: nil).
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 2017, the number of Shares of CE REIF Sub-Fund was as follows:

Number of Shares	Management Class	Investor Class	Total
As at 31 December 2015	**1.000**	**49,776.725**	**49,777.725**
As at 31 December 2016	**1.000**	**60,824.136**	**60,825.136**
Redemption of Shares	-	(391.003)	**(391.003)**
Redeemable Shares issued	-	3,529.757	**3,529.757**
As at 31 December 2017	**1.000**	**63,962.890**	**63,963.890**

Net assets value as of 31 December 2017 was EUR 83,890,599.99 (as of 31 December 2016: EUR 79,727,164.68 and as of 31 December 2015: EUR 61,894,467.89) which is EUR 1,311.53 (2016: EUR 1,310.76 and 2015: EUR 1,243.42) per share.

6 Redeemable shares (continued)

6.2 Global REIF Sub-Fund

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

The Share Capital of the Sub-Fund shall be represented by the following classes of Shares in compliance with the Articles of Incorporation and the Offering memorandum of the Fund:

- 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 as from 31 December 2016 at the Shareholder's request for cash equal to a proportionate share of the Fund's net asset value.

Total remaining commitment of the Holders of Shares to call as of 31 December 2017 is nil (31 December 2016: nil).
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 2017, the number of Shares of Global REIF Sub-Fund was as follows:

Number of Shares	Investor Class	Total
As at 31 December 2015	775.00	775.00
As at 31 December 2016	58,041.894	58,041.894
Redemption of Shares	-	-
Redeemable Shares issued	-	-
As at 31 December 2017	**58,041.894**	**58,041.894**

Net assets value as of 31 December 2017 was EUR 57,743,754.35 (as of 31 December 2016: EUR 52,844,448.71, as of 31 December 2015: EUR 561,636.67) which is EUR 994.86 (2016: EUR 910.45, 2015: EUR 724.69) per share.

7 Distributions Payable

Distributions to the Holders of Shares are described below. There was no directors' remuneration in the year.

The General Partner shall have full discretion to affect distributions of income and capital gains and to decide on the method for distribution: in cash or in kind to shareholders of Investor Shares, should these approve such distribution in kind and to the shareholders of Management Shares and by way of dividends, amortization or reimbursement of Shares and/or fractions thereof.

Without prejudice to the foregoing, it is the General Partner's current intention that income received by the Sub-Fund from investments (whether by way of interest income or dividends) will be distributed at least annually but after payment of all fees, liabilities and expenses of the Sub-Fund or its pro-rata share of liabilities and expenses of the Fund without threatening the stability of the Sub-Fund or Fund.

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

7 Distributions Payable (continued)

Distributions declared and paid during the year were as follows:

In millions of EUR	31 December 2017 CE REIF	Global REIF	Total	31 December 2016 CE REIF	Global REIF	Total
Distributions payable at 1 January	**1.0**	-	**1.0**	-	-	-
Distributions declared during the year	5.2	-	5.2	4.0	3.0	7.0
Distributions paid during the year	(4.8)	-	(4.8)	(3.0)	(3.0)	(6.0)
Distributions payable	**1.4**	-	**1.4**	**1.0**	-	**1.0**
Per share distributions declared during the year in EUR	81.30	-	81.30	82.00	51.69	133.69
Per share distributions paid during the year in EUR	75.04	-	75.04	60.27	51.69	111.96

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 2017 are detailed below.

At 31 December 2017, the outstanding balances with related parties were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Trade and other receivables - current	8.3	0.2	**8.5**
Trade and other payables - current	(6.8)	(0.5)	**(7.3)**
Accrued expenses – management fee (Note 13)	(1.4)	(1.4)	**(2.8)**
Accrued expenses – performance fee (Note 13)	(3.4)	-	**(3.4)**

At 31 December 2016, the outstanding balances with related parties were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Trade and other receivables - current	2.4	0.2	**2.6**
Trade and other payables - current	(17.5)	(0.6)	**(18.1)**
Accrued expenses – management fee (Note 13)	(1.0)	(0.8)	**(1.8)**
Accrued expenses – performance fee (Note 13)	(3.4)	-	**(3.4)**

The income and expense items with related parties for the year ended 31 December 2017 were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Revenue from service rendered	7.2	0.4	**7.5**
Other services	(1.5)	(0.4)	**(1.9)**
Management fee (Note 16)	(1.3)	(0.6)	**(1.9)**
Performance fee (Note 16)	-	-	**-**

8 Balances and Transactions with Related Parties (continued)

The income and expense items with related parties for the year ended 31 December 2016 were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Revenue from service rendered	0.6	0.4	1.0
Other services	(1.5)	(0.2)	(1.7)
Management fee (Note 16)	(1.1)	(0.8)	(1.9)
Performance fee (Note 16)	(3.4)	-	(3.4)

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 (latest update at June 2017), 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% from CE REIF, 0.825% from Global REIF 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. Additional 0.35% per annum from the average of the Net Asset Value attributable to the Class A (HBR CE REIF) Investor Shares of the Sub-Fund during the previous three months and to be paid on a quarterly basis in arrears.

The total fees for **CE REIF** Sub-Fund for year ended 31 December 2017 amounted to EUR 1,307,475.34 (2016: EUR 1,053,777) with EUR 1,396,513.44 (2016: EUR 1,039,038) outstanding to HB Reavis Investment Management S.à r.l. at year end. The total fees for **Global REIF** Sub-Fund for year ended 31 December 2017 amounted to EUR 609,350.08 (2016: EUR 834,134) with EUR 1,443,484.27 (2016: 834,134) outstanding to HB Reavis Investment Management S.à r.l. at yer end.

8 Balances and Transactions with Related Parties (continued)

b) Investment Manager Fee

Since April 2017 Crestbridge Management Company S.A. was appointed as a new AIFM. The remuneration of the AIFM is payable in twelve monthly payments, calculated on the sum of the latest NAVs of the month of the Sub-funds. The fee will be on a reducing scale of charges and will not exceed 0.07% of the NAV of the Sub-fund per annum, subject to a minimum fee at the Fund level. As at 31 December 2017, the minimum annual fee is set at EUR 35,000 p.a.

For previous period the AIFM of the Fund was Luxembourg Investment Solutions S.A.. The remuneration of the Luxembourg Investment Solutions S.A. was 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 year ended 31 December 2017 for CE REIF Sub-Fund amounted to EUR 85,500.01 (2016: EUR 54,139.77) and for Global REIF Sub-Fund amounted to EUR 27,411.02 (2016: EUR 49,763.38).

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% for CE REIF (up to 19% for Global REIF) the General Partner is not entitled to collect any performance fee, and
ii. Up to 12% for CE REIF (22% for Global REIF), 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. Up to 15% for CE REIF (25% for Global REIF), 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% for CE REIF (25% for Global REIF), 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. Due to performance of the CE REIF sub-fund the Performance fee for the year ended 31 December 2017 will not be charged. Total expense for 2016 amounted to EUR 3,378,172 for CE sub-fund.

d) Depositary fees

The Fund has engaged CITCO Bank Nederland N.V. Luxembourg Branch. to provide custodian services for a fee. Depositary fees are charged quarterly with a minimum fee of EUR 10,000 per sub-fund per quarter or at a rate of 0.025% for gross assets up to EUR 200 million, 0,02% for gross assets between EUR 200 million and EUR 500 million, 0,015% for gross assets above EUR 500 million. In addition, a transaction fee of EUR 1,200 will be charged for any acquisition or disposal of real estate assets.
In previous period custody fees were 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 was charged for any acquisition or disposal of real estate assets.

The total fees for CE REIF for the period amounted to EUR 38,427.03 (2016: EUR 53,891.91) with EUR 11,566.70 (2016: EUR 28,800) outstanding to Citco Bank Nederland N.V. Luxembourg Branch at period end. The total fees for Global REIF for the period amounted to EUR 38,700 (2016: EUR 36,933.34) with EUR 21,000 (2016: EUR 25,500) outstanding to Citco Bank Nederland N.V. Luxembourg Branch at period end.

e) Domiciliary agent, Registrar and Transfer Agent and Administrative Agent fees

On 1st November the Fund engaged the Central Administrator services of CF Fund Services S.A., a public limited company, to provide administration services for a fee, in replacement of Citco REIF Services (Luxembourg) S.A., a company incorporated in Luxembourg.
The total fees for CE REIF for the period amounted to EUR 153,151.39 (2016: EUR 115,803.61) with EUR 22,089.04 (2016: EUR 65,610) outstanding to CF Fund Services S.A. at period end. The total fees for Global REIF for the period

8 Balances and Transactions with Related Parties (continued)

amounted to EUR 93,035.43 (2016: EUR 100,378.04) with EUR 9,233.14 (2016: EUR 25,095) outstanding to CF Fund Services S.A. at period end.

f) External Valuer fees

No External Valuer fees are paid after 26 April 2017 as no external valuer has been appointed following the appointment of Crestbridge as AIFM of the Fund. The General Partner has appointed an independent appraiser to value the properties held directly and/or indirectly by the Fund.
The fees of the External Valuer relate to the period from 1 January 2017 to 26 April 2017 and depend on the hours spent on the performance of the valuation function. The total fees for CE REIF for the year ended 31 December 2017 amounted to EUR 11,161.04 (2016: EUR 15,333.12). The total fees for Global REIF for the year ended 31 December 2017 amounted to EUR 6,050 (2016: EUR 29,100,50).

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.

Related parties of the CE REIF Sub-Fund hold the following Shares at 31 December 2017:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2017	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	12,335.286	5,367.700	(16,895.814)	807.172
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 2017		**12,337.286**	**5,367.700**	**(16,895.814)**	**809.172**

Related parties of the Global REIF Sub-Fund hold the following Shares at 31 December 2017:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2017	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	58,041.894	-	-	58,041.894
Number of Shares at 31 December 2017		**58,041.894**	**-**	**-**	**58,041.894**

Related parties of the CE REIF Sub-Fund hold the following Shares at 31 December 2016:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2016	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	12,906.636	12,625.201	(13,196.551)	12,335.286
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 2016		**12,908.636**	**12,625.201**	**(13,196.551)**	**12,337.286**

8 Balances and Transactions with Related Parties (continued)

Related parties of the Global REIF Sub-Fund hold the following Shares at 31 December 2016:

Shareholder	Class	Number of Shares at incorporation	Number of Shares acquired during 2016	Number of Shares at year end
HBR Investors Ltd.	Investor	775.000	57,266.894	58,041.894
Number of Shares at 31 December 2016		**775.000**	**57,266.894**	**58,041.894**

9 Investment Property

	31 December 2017			31 December 2016		
In millions of EUR	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Fair value at the beginning of the year	**185.1**	**119.7**	**304.8**	**134.8**	**-**	**134.8**
Acquisitions of Investment Property	-	-	**-**	83.9	118.6	**202.5**
Additions – technical enhancement	6.2	1.2	**7.4**	0.3	0.7	**1.0**
Disposals (incl. assets held for sale)	-	-	**-**	(38.9)	-	**(38.9)**
Fair value gains/(losses)	(11.8)	(0.1)	**(11.9)**	5.0	0.4	**5.4**
Effect of translation to presentation currency	4.8	-	**4.8**	-	-	**-**
Fair value at the end of the year	**184.3**	**120.8**	**305.1**	**185.1**	**119.7**	**304.8**

The investment properties are valued externally semi-annually on 30 June and 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, 3 and 20.

At 31 December 2017, investment properties carried at EUR 305.1 million (2016: EUR 304.8 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 222.4 million (31 December 2016: EUR 212.3 million) (risk of damage mainly through fire, natural disasters, theft, burglary).

CE REIF Sub-Fund sold three (3) properties (Note 18) during financial year 2016.

EUR 6.3 million (31 December 2016: EUR 4.9 million) disclosed as Financial assets is a rental guarantee related to the purchase of Aupark Hradec Králové shopping centre in Hradec Králové, Czech Republic.

Valuations obtained for investment property were adjusted in the combined 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 combined consolidated financial statements is as follows:

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Valuations obtained	**185.7**	**121.3**	**307.0**	**186.5**	**119.9**	**306.4**
Less: lease incentive receivables	(1.4)	(0.5)	**(1.9)**	(1.4)	(0.2)	**(1.6)**
Less:						
Fair value at the end of the year	**184.3**	**120.8**	**305.1**	**185.1**	**119.7**	**304.8**

9 Investment Property (continued)

Asset acquisitions

On 8 January 2016, Global REIF Sub-Fund acquired 100% of the share capital of Apollo Business Center III a.s. ("ABC III"), a company incorporated in Slovakia which is operating a business center in CBD of Bratislava, Slovakia. Total purchase consideration amounted to cash of EUR 16.0 million.

On 8 January 2016, Global REIF Sub-Fund acquired 100% of the share capital of Apollo Business Center V a. s. ("ABC V"), a company incorporated in Slovakia which is operating a business center in CBD of Bratislava, Slovakia. Total purchase consideration amounted to cash of EUR 21.5 million.

On 5 December 2016, CE REIF Sub-Fund through its subsidiary HBR CE REIF LUX2 S.à r.l. acquired 100% of the share capital of Aupark Hradec Králové Bidco s.r.o. ("BidCo"), a company incorporated in the Czech Republic which is a project company related to shopping centre Aupark Hradec Králové in Hradec Králové, Czech republic. Total purchase consideration amounted to cash of EUR 1 thousand.

On 22 December 2016, CE REIF Sub-Fund through its subsidiary Aupark Hradec Králové Bidco s.r.o. acquired 100% of the share capital of AUPARK Hradec Králové, a.s. ("AUHK"), a company incorporated in the Czech Republic which is operating a shopping centre Aupark Hradec Králové in Hradec Králové, Czech republic. Total purchase consideration amounted to cash of EUR 21.9 million.

In June 2017 Aupark Hradec Králové Bidco s.r.o. merged with AUPARK Hradec Králové, a.s. with effective date 23 December 2016.

There have been no assets acquisition during 2017.

Management considers that acquisition of the above-mentioned companies constituted groups of net assets, rather than businesses as defined in IFRS 3, 'Business combinations', as prior to acquisition the subsidiaries were holding properties and were leasing them under one or more operating leases. As such the buildings were classified as investment property by the Group at initial recognition.

As the acquisitions of the above-mentioned companies were not accounted for as business combinations and neither accounting profit nor taxable profit were affected at the time of the transactions, the initial recognition exemption in IAS 12, 'Income taxes' applies, and the Group does not recognise deferred tax that would otherwise have arisen on temporary differences associated with the acquired assets and liabilities at initial recognition. The assets and liabilities recognised in the combined consolidated statement of financial position on the dates of the acquisitions during 2016 were:

In millions of EUR	Asset acquisitions				
	ABC III	**ABC V**	**BidCo**	**AUHK**	**Total**
Investment property	44.3	74.3	-	88.8	**207.4**
Cash and cash equivalents	2.2	1.8	-	3.2	**7.2**
Borrowings	(28.3)	(53.0)	-	(66.5)	**(147.8)**
Trade and other (payables)/receivables	(2.2)	(1.6)	-	(3.6)	**(7.4)**
Total purchase consideration settled in cash	**16.0**	**21.5**	-	**21.9**	**59.4**
Less: cash and cash equivalents of subsidiary acquired	(2.2)	(1.8)	-	(3.2)	**(7.2)**
Net outflow of cash and cash equivalents on acquisition	**13.8**	**19.7**	-	**18.7**	**52.2**

10 Trade and Other Receivables

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Trade receivables	2.2	1.2	**3.4**	2.1	0.9	**3.0**
Accrued rental income	0.3	-	**0.3**	0.3	-	**0.3**
Other assets	0.2	0.1	**0.3**			
	2.7	**1.3**	**4.0**	**2.4**	**0.9**	**3.3**
Other financial receivables	10.4	-	10.4	2.1	-	**2.1**
Total trade and other receivables	**13.1**	**1.3**	**14.4**	**4.5**	**0.9**	**5.4**

10 Trade and Other Receivables (continued)

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

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
EUR	6.0	1.3	7.3	3.1	0.9	**4.0**
CZK	7.1	-	7.1	1.4	-	**1.4**
Total trade and other receivables	**13.1**	**1.3**	**14.4**	**4.5**	**0.9**	**5.4**

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

Analysis by credit quality of trade and other receivables as of 31 December 2017 is as follows:

In millions of EUR	Trade receivables including accrued rental income		Other financial receivables		Total
	CE REIF	Global REIF	CE REIF	Global REIF	
Total receivables neither past due nor impaired	**1.8**	**0.7**	**8.5**	**-**	**11.1**
Overdue but not individually impaired					
- less than 30 days overdue	0.7	0.5	-	-	**1.2**
- 30 to 90 days overdue	-	-	-	-	**-**
- 90 to 180 days overdue	0.1	0.1	0.2	-	**0.3**
- 180 to 360 days overdue	0.1	0.1	0.1	-	**0.1**
- over 360 days overdue	-	-	1.7	-	**1.7**
Total overdue but not individually impaired	**0.9**	**0.6**	**1.9**	**-**	**3.3**
Total trade and other receivables	**2.7**	**1.3**	**10.4**	**-**	**14.4**

Analysis by credit quality of trade and other receivables as of 31 December 2016 is as follows:

In millions of EUR	Trade receivables including accrued rental income		Other financial receivables		Total
	CE REIF	Global REIF	CE REIF	Global REIF	
Total receivables neither past due nor impaired	**1.7**	**0.5**	**2.1**	**-**	**4.3**
Overdue but not individually impaired					
- less than 30 days overdue	0.7	0.2	-	-	**0.9**
- 30 to 90 days overdue	-	-	-	-	**-**
- 90 to 180 days overdue	-	0.2	-	-	**0.2**
- 180 to 360 days overdue	-	-	-	-	**-**
- over 360 days overdue	-	-	-	-	**-**
Total overdue but not individually impaired	**0.7**	**0.4**	**-**	**-**	**1.1**
Total trade and other receivables	**2.4**	**0.9**	**2.1**	**-**	**5.4**

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 is 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 2017			31 December 2016		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Cash at bank and in hand	11.3	4.8	**16.1**	27.0	3.0	**30.0**
Total cash and cash equivalents	**11.3**	**4.8**	**16.1**	**27.0**	**3.0**	**30.0**

At 31 December 2017 and 2016, cash and cash equivalents were fully available for the Group'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 2017			31 December 2016		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Rating by the Company						
- Banks rated 1	6.8	2.6	**9.4**	6.6	-	**6.6**
- Banks rated 2	-	-	**-**	0.4	2.8	**3.2**
- Banks unrated	4.5	2.2	**6.7**	20.0	0.2	**20.2**
Total	**11.3**	**4.8**	**16.1**	**27.0**	**3.0**	**30.0**

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 2017 and 2016 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 2017			31 December 2016		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Non-current						
Bank borrowings	105.4	61.0	166.4	107.9	63.3	**171.2**
	105.4	**61.0**	**166.4**	**107.9**	**63.3**	**171.2**
Current						
Bank borrowings	5.6	2.5	8.1	5.2	2.4	**7.6**
	5.6	**2.5**	**8.1**	**5.2**	**2.4**	**7.6**
Total borrowings	**111.0**	**63.5**	**174.5**	**113.1**	**65.7**	**178.8**

All of the Group's borrowings are denominated in EUR. Refer also to Note 19 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 2017	Carrying amounts at 31 December 2016	Fair values at 31 December 2017	Fair values at 31 December 2016
Bank borrowings – CE REIF	105.4	107.9	102.0	107.3
Bank borrowings – Global REIF	61.0	63.3	59.3	62.8
Non-current borrowings	**166.4**	**171.2**	**161.3**	**170.1**

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 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Current	**5.6**	**2.5**	**8.1**	**5.2**	**2.4**	**7.6**
Repayable between 1 and 2 years	2.7	61.0	63.7	2.7	2.3	**5.0**
Repayable between 2 and 5 years	102.7	-	102.7	61.2	61.0	**122.2**
Repayable over 5 years	-	-	-	44.0	-	**44.0**
Non-current	**105.4**	**61.0**	**166.4**	**107.9**	**63.3**	**171.2**
Total bank borrowings	**111.0**	**63.5**	**174.5**	**113.1**	**65.7**	**178.8**

Bank borrowings are bearing variable interest rates and are exposed to interest rate changes. Please refer to sensitivity analysis in Note 19.

The Group doesn't have undrawn borrowing facilities.

Investment properties (Note 9) are pledged as collateral for borrowings of EUR 174.5 million (31 December 2016: EUR 178.8 million). In addittion 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 59% to 70% (2016: 60.5% to 70%) and minimum debt service coverage ratios ranging from 1.15 to 1.3 (2016: 1.15 to 1.3).

During 2017 and 2016 and up to date of authorisation of these combined consolidated financial statements for issue, the Group has not experienced any event of default and no terms of the loans were renegotiated due to defaults.

13 Trade and Other Payables

In millions of EUR	Notes	31 December 2017			31 December 2016		
		CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Non – current							
Other long term payables		1.4	1.2	**2.6**	1.1	1.3	**2.4**
Total trade and other payables – non-current		**1.4**	**1.2**	**2.6**	**1.1**	**1.3**	**2.4**
Current							
Trade payables		6.7	0.3	**7.0**	17.9	0.5	**18.4**
Accrued liabilities		1.4	0.6	**2.0**	0.6	0.4	**1.0**
VAT payables		0.3	0.3	**0.6**	0.3	0.3	**0.6**
Financial payables due to third parties – current		**8.4**	**1.2**	**9.6**	**18.8**	**1.2**	**20.0**
Accrued expenses - management fee		1.4	1.4	**2.8**	1.0	0.8	**1.8**
Accrued expenses – performance fee		3.4	-	**3.4**	3.4	-	**3.4**
Financial payables due to related parties – current		**4.8**	**1.4**	**6.2**	**4.4**	**0.8**	**5.2**
Total financial payables – current		**13.2**	**2.6**	**15.8**	**23.2**	**2.0**	**25.2**
Deferred income		2.6	2.0	**4.6**	2.8	1.6	**4.4**
Total trade and other payables – current		**15.8**	**4.6**	**20.4**	**26.0**	**3.6**	**29.6**
Total trade and other payables		**17.2**	**5.8**	**23.0**	**27.1**	**4.9**	**32.0**

Trade payables are denominated in the following foreign currencies:

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Non – current						
EUR	0.8	1.2	**2.0**	0.7	1.3	**2.0**
CZK	0.6	-	**0.6**	0.4	-	**0.4**
Current						
EUR	9.5	4.6	**14.1**	25.3	3.6	**28.9**
CZK	6.3	-	**6.3**	0.7	-	**0.7**
Trade and other payables	**17.2**	**5.8**	**23.0**	**27.1**	**4.9**	**32.0**

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	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Rental income	12.7	7.9	**20.6**	12.1	7.7	**19.8**
Total revenue	**12.7**	**7.9**	**20.6**	**12.1**	**7.7**	**19.8**

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

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Not later than 1 year	10.3	7.2	17.5	10.1	6.2	**16.3**
Later than 1 year and not later than 5 years	28.6	19.0	47.6	24.3	12.4	**36.7**
Later than 5 years	8.7	7.2	15.9	3.6	2.3	**5.9**
Total operating lease payments receivable	**47.6**	**33.4**	**81.0**	**38.0**	**20.9**	**58.9**

15 Direct Operating Expenses for Investment Properties

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Direct operating expenses for investment properties that generate rental income:						
Materials consumed	(0.2)	(0.1)	**(0.3)**	-	-	-
Repairs and maintenance services	(0.1)	-	**(0.1)**	-	-	-
Utilities costs	(0.8)	-	**(0.8)**	(0.4)	-	**(0.4)**
Services relating to investment property	(2.1)	(0.6)	**(2.7)**	(0.5)	(0.2)	**(0.7)**
Real estate tax	(0.1)	(0.1)	**(0.2)**	(0.2)	(0.1)	**(0.3)**
Total	**(3.3)**	**(0.8)**	**(4.1)**	**(1.1)**	**(0.3)**	**(1.4)**

16 Other Operating Expenses

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Management fees (Note 8a)	(1.3)	(0.6)	**(1.9)**	(1.1)	(0.8)	**(1.9)**
Performance fee (Note 8c)	-	-	**-**	(3.4)	-	**(3.4)**
Legal and professional fees	(0.8)	(0.3)	**(1.1)**	(0.5)	(0.4)	**(0.9)**
Other fees	(0.2)	(0.1)	**(0.3)**	(0.7)	(0.2)	**(0.9)**
Total other operating expenses	**(2.3)**	**(1.0)**	**(3.3)**	**(5.7)**	**(1.4)**	**(7.1)**

17 Income Taxes

The Fund 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 21% (2016: 22%) as applicable tax rate to calculate its theoretical tax charge for 2017 as this is the rate applicable in the Slovak Republic where majority of the Group's operations are located.

17 Income Taxes (continued)

Income tax expense comprises the following:

In millions of EUR	31 December 2017			31 December 2016		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Current tax	(0.4)	-	(0.4)	-	-	-
Deferred tax	(0.8)	(0.4)	(1.2)	(2.3)	(0.6)	(2.9)
Income tax (expense)/credit for the year	(1.2)	(0.4)	(1.6)	(2.3)	(0.6)	(2.9)

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

In millions of EUR	31 December 2017	31 December 2016
Profit/(loss) after distributions to the Holders of Shares and before income tax	6.1	7.5
Distributions to the Holders of Shares	5.2	7.0
Profit before distributions to the Holders of Shares and before income tax	**11.3**	**14.5**
Theoretical tax charge at applicable rate of 20% (2016: 22%)	(2.3)	(3.2)
Expenses not deducted for tax purposes	(0.9)	(0.6)
Remeasurement of deferred tax due to change in Slovak tax rate (from 22% to 21% applicable from 1 January 2017)	-	(0.1)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income not subject to taxes	1.6	0.8
Income tax (expense)/credit for the year	**(1.6)**	**(2.9)**

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.

In millions of EUR	31 December 2016	Charged/ (credited) to profit or loss	Deferred tax disposed of	31 December 2017
Tax effect of deductible/(taxable) temporary differences				
Investment properties	(2.6)	(0.7)	-	(3.3)
Tax losses carried forward	-	0.2	-	0.2
Unrealised foreign exchange gains	-	(0.7)	-	(0.7)
Net deferred tax (liability)	**(2.6)**	**(1.2)**	**-**	**(3.8)**

In millions of EUR	31 December 2015	Charged/ (credited) to profit or loss	Deferred tax disposed of	31 December 2016
Tax effect of deductible/(taxable) temporary differences				
Investment properties	(2.2)	(2.3)	1.9	(2.6)
Tax losses carried forward	0.6	(0.6)	-	-
Net deferred tax (liability)	**(1.6)**	**(2.9)**	**1.9**	**(2.6)**

18 Disposal of subsidiaries

The Group sold shares in four (4) subsidiaries in financial year 2016: Logistické Centrum Svätý Jur a. s., Logistické centrum Malý Šariš a. s. in June 2016, AUPARK Piešťany SC, s. r. o. and AUPARK Piešťany, spol. s r.o. in October 2016.

The assets and liabilities disposed of, the sale proceeds and the gain on the divestments comprised:

In millions of EUR	**2016**
	CE REIF
Investment property in use	68.6
Deferred tax liability	(2.7)
Borrowings	(36.2)
Cash and cash equivalents	1.6
Other working capital	(2.6)
Net assets value	**28.7**
Gain on divestments of subsidiaries	0.7
Proceeds from sale of subsidiaries	**29.4**
Less: cash in subsidiaries at the date of transaction	(1.6)
Less: receivable from sale of subsidiary	-
Add: liability from sale of subsidiary	-
Cash sale proceeds	**27.8**

19 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.

19 Financial Risk Management (continued)

(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 2017			31 December 2016		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Financial assets (Note 9)						
Financial guarantee	6.3	-	**6.3**	4.9	-	**4.9**
	6.3	**-**	**6.3**	**4.9**	**-**	**4.9**
Other non-current assets (Note 9)						
Lease incentive receivables	1.4	0.5	**1.9**	1.4	0.2	**1.6**
	1.4	**0.5**	**1.9**	**1.4**	**0.2**	**1.6**
Trade and other receivables (Note 10)						
Trade receivables including accrued rental income	2.7	1.3	**4.0**	2.4	0.9	**3.3**
Other financial receivables	10.4	-	**10.4**	2.1	-	**2.1**
	13.1	**1.3**	**14.4**	**4.5**	**0.9**	**5.4**
Derivatives						
Derivatives	-	0.5	**0.5**	-	0.2	**0.2**
	-	**0.5**	**0.5**	**-**	**0.2**	**0.2**
Cash and cash equivalents (Note 11)						
Cash at bank and on hand	11.3	4.8	**16.1**	27.0	3.0	**30.0**
	11.3	**4.8**	**16.1**	**27.0**	**3.0**	**30.0**
Total maximum exposure to credit risk	**32.1**	**7.1**	**39.2**	**37.8**	**4.3**	**42.1**

The Group's maximum exposure to credit risk represents the carrying value of its financial assets in the Combined Consolidated Statement of Financial Position. The Group has no significant off-balance sheet exposures to credit risk as it did not issue financial guarantees nor 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.

19 Financial Risk Management (continued)

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 8 (2016: 8) banks as of 31 December 2017. 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.

(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, all of which are exposed to general and specific market movements.

Currency risk. Management acknowledges exposure of the Group to foreign exchange risk arising from various currency exposures, primarily with respect to Czech Koruna, due to acquisition of Aupark Hradec Králové in the Czech Republic in 2016. Foreign exchange risk arises from commercial transactions and recognized assets and liabilities denominated in currency that is not the entity's functional currency. Internal objectives, policies and processes have been set to manage foreign exchange risk.

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 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 2017				
Total monetary financial liabilities (Note 12) – CE REIF	(111.0)	-	-	**(111.0)**
Total monetary financial liabilities (Note 12) – Global REIF	(63.5)	-	-	**(63.5)**
Net interest sensitivity gap at 31 December 2017	**(174.5)**	**-**	**-**	**(174.5)**
31 December 2016				
Total monetary financial liabilities (Note 12) – CE REIF	(113.1)	-	-	**(113.1)**
Total monetary financial liabilities (Note 12) – Global REIF	(65.7)	-	-	**(65.7)**
Net interest sensitivity gap at 31 December 2016	**(178.8)**	**-**	**-**	**(178.8)**

Had the interest rates on the Group's variable interest rate loans (generally the third-party borrowings) been by 10% lower than they have been throughout the year ended 31 December 2017 with all other variables constant, profit for the year would have been EUR 0.3 million higher (31 December 2016: EUR 0.31 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 (31 December 2016: EUR 0.24 million higher).

Had the interest rates on the Group's variable interest rate loans been by 10% higher than they have been throughout the year ended 31 December 2017 with all other variables constant, profit for the year would have been EUR 0.3 million lower (31 December 2016: EUR 0.31 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 (31 December 2016: EUR 0.24 million).

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

19 Financial Risk Management (continued)

The table below shows liabilities at 31 December 2017 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 Combined Consolidated Statement of Financial Position because the Combined 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.
The maturity analysis of financial liabilities as at 31 December 2017 is as follows:

In millions of EUR	**Demand and less than 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities					
Borrowings (principal) (Note 12) – CE REIF	5.6	2.7	102.7	-	**111.0**
Borrowings (principal) (Note 12) – Global REIF	2.5	61.0	-	-	**63.5**
Borrowings (future interest charges) – CE REIF	1.9	1.7	3.7	-	**7.3**
Borrowings (future interest charges) – Global REIF	1.2	1.1	-	-	**2.3**
Financial payables - current (Note 13) – CE REIF	13.2	-	-	-	**13.2**
Financial payables - current (Note 13) – Global REIF	2.6	-	-	-	**2.6**
Total future payments, including future principal and interest payments	**27.0**	**66.5**	**106.4**	**-**	**199.9**

The maturity analysis of financial liabilities as at 31 December 2016 is as follows:

In millions of EUR	**Demand and less than 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities					
Borrowings (principal) (Note 12) – CE REIF	5.2	2.7	61.2	44.0	**113.1**
Borrowings (principal) (Note 12) – Global REIF	2.4	2.3	61.0	-	**65.7**
Borrowings (future interest charges) – CE REIF	1.9	1.8	4.6	0.2	**8.5**
Borrowings (future interest charges) – Global REIF	1.2	1.2	0.9	-	**3.3**
Financial payables - current (Note 13) – CE REIF	23.2	-	-	-	**23.2**
Financial payables - current (Note 13) – Global REIF	2.0	-	-	-	**2.0**
Total future payments, including future principal and interest payments	**35.9**	**8.0**	**127.7**	**44.2**	**215.8**

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 2018 and 2019 shows positive cash flow from property rental after property expenses and general operating expenses of the Group of approximately EUR 13.3 million (2016: EUR 12 million). This, together with existing cash balances would be sufficient to meet the 2017 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.

20 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).

20 Fair Value Estimation (continued)

(i) Investment properties

The following table presents the group's investment properties that are measured at fair value at 31 December 2017.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property (Note 9) – CE REIF	-	-	184.3	**184.3**
Investment property (Note 9) – Global REIF	-	-	120.8	**120.8**
Total assets	-	-	**305.1**	**305.1**

The following table presents the group's investment properties that are measured at fair value at 31 December 2016.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property (Note 9) – CE REIF	-	-	185.1	**185.1**
Investment property (Note 9) – Global REIF	-	-	119.7	**119.7**
Total assets	-	-	**304.8**	**304.8**

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 period ended 31 December 2017:

Segment	Valuation technique	Fair value at 31 December 2017 (In millions of EUR)	Average annual rent per sqm	Discount rate	Capitalisation rate for terminal value
CE REIF					
Office	Discounted cash flow	102.4	EUR 187	7.33%	6.79%
Retail	Discounted cash flow	89.6	EUR 257	6.55%	6.00%
Global REIF					
Office	Discounted cash flow	121.3	EUR 178	7.65%	6.90%

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2016:

Segment	Valuation technique	Fair value at 31 December 2016 (In millions of EUR)	Average annual rent per sqm	Discount rate	Capitalisation rate for terminal value
CE REIF					
Office	Discounted cash flow	102.6	EUR 186	7.65%	6.79%
Retail	Discounted cash flow	83.9	EUR 251	6.25%	6.00%
Global REIF					
Office	Discounted cash flow	119.9	EUR 174	7.74%	6.90%

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.

20 Fair Value Estimation (continued)

Investment property valuation process

The valuations of the properties are performed twice a year based on valuation reports prepared by independent and qualified valuation expert.

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 is used residual method and comparative methodology is used for non-core and land bank assets.

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. 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.

21 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 2017	**Loans and receivables**		
In millions of EUR	**CE REIF**	**Global REIF**	
ASSETS			
Trade receivables due from third parties including accrued rental income (Note 10)	2.7	1.3	**4.0**
Other financial receivables	10.4	-	**10.4**
Financial assets (Note 9)	6.3	-	**6.3**
Derivatives	-	0.5	**0.5**
Cash and cash equivalents (Note 11)	11.3	4.8	**16.1**
Rental indexation receivables (Note 9)	1.4	0.5	**1.9**
TOTAL FINANCIAL ASSETS	**32.1**	**7.1**	**39.2**

At 31 December 2016	**Loans and receivables**		
In millions of EUR	**CE REIF**	**Global REIF**	
ASSETS			
Trade receivables due from third parties including accrued rental income (Note 10)	2.4	0.9	**3.3**
Other financial receivables	2.1	-	**2.1**
Financial assets (Note 9)	4.9	-	**4.9**
Derivatives	-	0.2	**0.2**
Cash and cash equivalents (Note 11)	27.0	3.0	**30.0**
Rental indexation receivables (Note 9)	1.4	0.2	**1.6**
TOTAL FINANCIAL ASSETS	**37.8**	**4.3**	**42.1**

21 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 2017	Other financial liabilities – carried at amortised cost		
In millions of EUR	CE REIF	Global REIF	
LIABILITIES			
Trade and other payables (Note 13)	13.2	2.6	**15.8**
Borrowings (Note 12)	111.0	63.5	**174.5**
TOTAL FINANCIAL LIABILITIES	**124.2**	**66.1**	**190.3**

At 31 December 2016	Other financial liabilities – carried at amortised cost		
In millions of EUR	CE REIF	Global REIF	
LIABILITIES			
Trade and other payables (Note 13)	23.2	2.0	**25.2**
Borrowings (Note 12)	113.1	65.7	**178.8**
TOTAL FINANCIAL LIABILITIES	**136.3**	**67.7**	**204.0**

22 Events after the reporting date

The Commission de Surveillance du Secteur Financier of Luxembourg has agreed on 2 February 2018 with the transfer, as depositary bank, from Citco Bank Nederland N.V. Luxembourg Branch, with registered office at 20, rue de la Poste, L-2346 Luxembourg to Société Générale Bank & Trust with registered office at 11 Avenue Emile Reuter, L-2420 Luxembourg.

23 Detailed Combined Consolidated Statement of Financial Position and Comprehensive Income

Combined Consolidated Statement of Financial Position at 31 December 2017 for both Sub-Funds and comparative:

		CE REIF		Global REIF	
In millions of EUR	**Notes**	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
ASSETS					
Non-current assets					
Investment property in use	9	184.3	185.1	120.8	119.7
Financial assets	9	6.3	4.9	-	-
Other non-current assets	9	1.4	1.4	0.5	0.2
Derivatives		-	-	0.5	0.2
Total non-current assets		**192.0**	**191.4**	**121.8**	**120.1**
Current assets					
Non-current assets classified as held for sale		-	-	-	-
Trade and other receivables	10	13.1	4.5	1.3	0.9
Cash and cash equivalents	11	11.3	27.0	4.8	3.0
Total current assets		**24.4**	**31.5**	**6.1**	**3.9**
TOTAL ASSETS		**216.4**	**222.9**	**127.9**	**124.0**
LIABILITIES					
Non-current liabilities					
Borrowings	12	105.4	107.9	61.0	63.3
Deferred income tax liability	17	2.9	2.0	0.9	0.6
Trade and other payables	13	1.4	1.1	1.2	1.3
Total non-current liabilities		**109.7**	**111.0**	**63.1**	**65.2**
Current liabilities					
Liabilities directly associated with non-current assets classified as held for sale		-	-	-	-
Borrowings	12	5.6	5.2	2.5	2.4
Trade and other payables	13	15.8	26.0	4.6	3.6
Distributions payable to the Holders of Shares	7	1.4	1.0	-	-
Total current liabilities		**22.8**	**32.2**	**7.1**	**6.0**
Total liabilities (excluding Net Assets Attributable to the Holders of Shares)		**132.5**	**143.2**	**70.2**	**71.2**
Net Assets Attributable to the Holders of Shares		**83.9**	**79.7**	**57.7**	**52.8**
TOTAL LIABILITIES		**216.4**	**222.9**	**127.9**	**124.0**

23 Detailed Combined Consolidated Statement of Financial Position and Comprehensive Income (continued)

Combined Consolidated Statement of Comprehensive Income for the year ended 31 December 2017 for both Sub-Funds and comparative:

		CE REIF		Global REIF	
In millions of EUR	**Notes**	**2017**	**2016**	**2017**	**2016**
Rental and similar income from investment properties	14	12.7	12.1	7.9	7.7
Direct operating expenses arising from investment property	15	(3.3)	(1.1)	(0.8)	(0.3)
Net operating income from investment properties		**9.4**	**11.0**	**7.1**	**7.4**
Revaluation gain/(loss) on investment properties	9	(11.8)	5.2	(0.1)	0.4
Gain/(loss) on disposal of subsidiary		-	0.7	-	-
Other operating expenses	16	(2.3)	(5.7)	(1.0)	(1.4)
Other operating income		0.9	0.3	0.2	0.2
Operating profit/ (loss)		**(3.8)**	**11.5**	**6.2**	**6.6**
Interest expense		(2.1)	(1.7)	(1.2)	(1.4)
Distributions to the Holders of Shares		(5.2)	(4.0)	-	(3.0)
Other finance income / (costs)		11.9	(0.1)	0.3	(0.4)
Finance costs, net		**4.6**	**(5.8)**	**(0.9)**	**(4.8)**
Profit/(loss) after distributions to the Holders of Shares and before income tax		**0.8**	**5.7**	**5.3**	**1.8**
Current income tax (expense)/credit	17	(0.4)	-	-	-
Deferred income tax (expense)/credit	17	(0.8)	(2.3)	(0.4)	(0.6)
Income tax (expense)/credit		**(1.2)**	**(2.3)**	**(0.4)**	**(0.6)**
Profit/(loss) for the year		**(0.4)**	**3.4**	**4.9**	**1.2**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Translation of foreign operations to the presentation currency		0.4	-	-	-
Other comprehensive income for the year		**0.4**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**3.4**	**4.9**	**1.2**
Profit/(loss) Attributable to the Holders of Shares		**(0.4)**	**3.4**	**4.9**	**1.2**
Total comprehensive income Attributable to the Holders of Shares		**-**	**3.4**	**4.9**	**1.2**
Change in Net Assets Attributable to the Holders of Shares		**-**	**3.4**	**4.9**	**1.2**