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 2019

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The board of managers of the General Partner (the "General Partner Board") of HB REAVIS REAL ESTATE INVESTMENT FUND (the "**Fund**") is pleased to present its annual report together with the audited combined consolidated financial statements for the year ended 31 December 2019 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 date 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 appointed on 27 April 2017 Crestbrige Management Company S.A having its registered office located at 1, Boulevard de la Foire, L-1528 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 annual accounts 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. Global REIF sub-fund is consolidated under HB Reavis Holding S.A., a company based in Luxembourg. HB Reavis Holding S.A. 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.

Société Générale Bank & Trust with registered office at 11 Avenue Emile Reuter, L-2420 Luxembourg has been appointed as Depositary of the Fund on 2 February 2018. The Depositary mainly safe keeps the Fund's assets, monitors cash flows, manages Investor's subscription payments and performs Custody of financial instruments.

On 1st November 2017, CF Fund Services S.A., a public limited liability company (société anonyme) authorised by 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"**).

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 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.

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 must 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 19 - 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 2018 to 30 June 2019) is as follows:

Total	EUR 48,165
Fixed remuneration	EUR 45,347
Variable remuneration	EUR 2,818
Number of staff	15

3.2. Leverage

In compliance with article 6 of the Commission delegated regulation (EU) no 231/2013 of 19 December 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 31 December 2019, the exposure under both methods is as follows:

Sub-fund name	Exposure under gross method	Exposure under commitment method
CE REIF	201.66%	213.54%
Global REIF	212.91%	212.98%

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**").

Société Générale Bank & Trust with registered office at 11 Avenue Emile Reuter, L-2420 Luxembourg has been appointed as Depositary of the Fund on 2 February 2018. 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 2019 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-ended 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 behalf 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 ended 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 behalf 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.

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 2019, the minimum annual fee is set at EUR 35,000 p.a..

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 and Austria. Sub Fund B will not be actively marketed.

3.4. Risk Management

In compliance with article 14 of the Luxembourg law of 12 July 2013 on the alternative investment fund managers (the "**AIFM Law**") and Section 3 of the Commission delegated regulation (EU) no 231/2013 of 19 December 2012 (the "**Delegated Regulation**"), Crestbridge Management Company S.A. (the "**AIFM**") has implemented adequate risk management systems (the "**Risk Management System**") in order to identify, measure, manage and monitor appropriately all risks relevant to the investment strategy of HB Reavis Real Estate Investment Fund (the "**AIF**"); and to which the AIF is or may be exposed.

The Risk Management System is understood as a system comprising relevant elements of the organisational structure of the AIFM, with a central role for a permanent risk management function (the "**Risk Management Function**"), policies and procedures related to the management of risk relevant to the AIF's investment strategy, and arrangements, processes and techniques related to risk measurement and management employed by the AIFM in relation to the AIF.

The Risk Management Function 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. In particular, it implements effective risk management policies and procedures (the "**Risk Management Policy**") in order to identify, measure, manage and monitor on an on-going basis all risks relevant to the AIF.

The Risk Management Policy comprises procedures which are necessary to enable the AIFM to assess for the AIF 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 AIF.

The Risk Management System shall be reviewed by the AIFM at least once a year. The last review was done in December 2019.

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, Union and Twin City IV building.

In April 2019, the Sub-Fund completed the sale of building held by its subsidiary UNI – CC a.s. Carrying value of investment property disposed was of EUR 5.05 million.

There was the official acquisition of a new investment property in 2019 which is held through a separate SPV, i.e. Twin City IV a.s., Bratislava, Slovakia. As at 31 December 2019, the transaction was finalized. 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 2019, the Sub-Fund's net assets amount to EUR 136.4 million (2018: EUR 103.0 million). This increase is the net effect of Shareholders' capital subscriptions during the year 2019 of EUR 34.3 million (2018: EUR 23.4 million), redemptions of Shares of EUR 1.3 million (2018: 4.6 million), distributions to the Holders of Shares of EUR 7.9 million (2018: 6.4 million), the decrease in the properties' fair value by EUR 5.3 million (2018: decrease by EUR 2.4 million), the rental and operating income realized during the year of EUR 14.7 million (2018: EUR 13.0 million), other related operating loss of EUR 2.3 million (2018: EUR 0.3) the administration and running expenses of EUR 0 million (2018: EUR 2.7 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 2019. 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 2019, the Sub-Fund's net assets amount to EUR 55.8 million (2018: EUR 59.7 million). This is the net effect of Shareholders' capital subscriptions during the year 2019 of EUR 0 million (2018: EUR 0 million), distributions to the Holders of Shares of EUR 7.1 million (2018: EUR 0.0 million) the decrease in the properties' fair value by EUR 2.3 million (2018: decrease by 2.9 million), the rental and operating income realized during the year of EUR 8.2 million (2018: EUR 8.5 million), other related operating income of EUR 0.2 million (2018: EUR 0.2 million) the administration and running expenses of EUR 0.00 million (2018: EUR 0.9 million).

4 Future developments

CE REIF Sub-Fund plans to continue its investment program in 2020 investing in the Central European region. Global REIF Sub-Fund plans to continue its investment program in 2020 investing in the region of EU and Turkey.

5 Events after the date of the statement of financial position

After 31 December 2019 and up to the date of authorization of these condensed consolidated financial statements, the Fund has drawn EUR 2.8 million of the facilities undrawn as of 31 December 2019 and repaid EUR 44.3 million which existed as of 31 December 2019. The Fund has secured EUR 56.1 million of new bank financing in the post-reporting period, out of which 56.1 million has been utilized.

On 28th February 2020 the Fund acquired office building Twin City B in Bratislava, Slovakia through share purchase of Twin City III a.s., for the consideration of EUR 79.6 million.

Towards the end of 2019, a new virus causing a severe acute respiratory syndrome ("COVID-19") emerged and infections started to occur around the globe. Subsequently, on March 11, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it. As a result, the normal economic activity has almost come to a halt with severe restrictive consequences for the conduct of business.

The Management has performed stress-test scenario for period covering 18 months from December 31, 2019 to evaluate the Fund's cash-flow and financial position.

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, 5 June 2020

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 and its subsidiaries (the "Fund") as at 31 December 2019, 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 2019;
- the combined consolidated statement of comprehensive income as at 31 December 2019;
- 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 the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The 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 General Partner for the combined consolidated financial statements

The 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 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 General Partner is responsible for assessing the Fund's and each of its sub-funds' 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 General Partner either intends to liquidate the Fund or close any of its sub-funds 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 General Partner;

- conclude on the appropriateness of the 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 or any of its sub-funds' 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 or any of its sub-funds 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 — Luxembourg, 5 June 2020

Represented by

Electronically signed by:
Isabelle Dauvergne

Isabelle Dauvergne

Millions of EUR	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment property in use	9	374.8	296.4
Financial assets	9	14.8	8.9
Other non-current assets	9	4.4	3.4
Derivatives		-	0.1
Total non-current assets		**394.0**	**308.8**
Current assets			
Non-current assets classified as held for sale	18	-	5.1
Trade and other receivables	10	3.8	9.8
Cash and cash equivalents	11	29.3	25.9
Total current assets		**33.1**	**35.7**
TOTAL ASSETS		**427.1**	**349.6**
LIABILITIES			
Non-current liabilities			
Borrowings	12	204.6	160.3
Deferred income tax liability	17	4.5	3.7
Trade and other payables	13	4.8	2.5
Total non-current liabilities		**213.9**	**166.5**
Current liabilities			
Liabilities directly associated with non-current assets classified as held for sale	18	-	2.5
Borrowings	12	7.7	6.1
Trade and other payables	13	11.0	10.1
Distributions payable to the Holders of Shares	7	2.2	1.7
Total current liabilities		**20.9**	**17.9**
Total liabilities (excluding Net Assets Attributable to the Holders of Shares)		**234.8**	**186.9**
Net Assets Attributable to the Holders of Shares		**192.3**	**162.7**
TOTAL LIABILITIES		**427.1**	**349.6**

These combined consolidated financial statements have been approved for issue and signed on behalf of the HB REAVIS REAL ESTATE INVESTMENT FUND on 5 June 2020 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 Grancic
Manager

Neil F. Ross
Manager

In millions of EUR	Notes	31 December 2019	31 December 2018
Rental and similar income from investment properties	14	22.9	21.5
Direct operating expenses arising from investment property	15	(5.0)	(4.6)
Net operating income from investment properties		**17.9**	**16.9**
Revaluation loss on investment properties	9	(7.6)	(5.3)
Other operating expenses	16	(3.5)	(3.6)
Other operating income		0.7	0.5
Operating profit		**7.5**	**8.5**
Interest expense		(3.4)	(3.2)
Distributions to the Holders of Shares	7	(15.0)	(6.4)
Other finance income		8.4	3.8
Finance costs, net		**(10.0)**	**(5.8)**
Profit after distributions to the Holders of Shares and before income tax		**(2.5)**	**2.7**
Current income tax expense	17	(0.4)	(0.3)
Deferred income tax expense	17	(0.8)	-
Income tax expense		**(1.2)**	**(0.3)**
Profit for the year		**(3.7)**	**2.4**
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	(0.1)
Other comprehensive income for the year		**0.4**	**(0.1)**
Total comprehensive income for the year		**(3.3)**	**2.3**
Profit Attributable to the Holders of Shares		**(3.7)**	**2.4**
Total comprehensive income Attributable to the Holders of Shares		**(3.3)**	**2.3**
Change in Net Assets Attributable to the Holders of Shares		**(3.3)**	**2.3**

		Attributable to the Holders of Shares								
In millions of EUR		Redeemable Shares	Retained earnings	Legal reserve	Sub-total	Redeemable Shares	Retained earnings	Legal reserve	Sub-total	
		CE REIF				Global REIF				Total
Balance at 1 January 2018		**70.2**	**13.7**	**-**	**83.9**	**51.8**	**5.9**	**-**	**57.7**	**141.6**
Change in Net Assets Attributable to the Holders of Shares		-	0.3	-	**0.3**	-	2.0	-	**2.0**	**2.3**
New subscriptions	Note 6	23.4	-	-	**23.4**	-	-	-	**-**	**23.3**
Redemption of Shares	Note 6	(4.6)	-	-	**(4.6)**	-	-	-	**-**	**(4.5)**
Other		-	(0.3)	0.3	**-**	-	(0.2)	0.2	**-**	**-**
Balance at 1 January 2019		**89.0**	**13.7**	**0.3**	**103.0**	**51.8**	**7.7**	**0.2**	**59.7**	**162.7**
Change in Net Assets Attributable to the Holders of Shares		-	0.6	-	**0.6**	-	(3.9)	-	**(3.9)**	**(3.3)**
New subscriptions	Note 6	34.3	-	-	**34.3**	-	-	-	**-**	**34.3**
Redemption of Shares	Note 6	(1.4)	-	-	**(1.4)**	-	-	-	**-**	**(1.4)**
Other		-	(0.3)	0.3	**-**	-	(0.1)	0.1	**-**	**-**
Balance at 31 December 2019		**121.9**	**14.0**	**0.6**	**136.5**	**51.8**	**3.7**	**0.3**	**55.8**	**192.3**

In millions of EUR	**Note**	**31 December 2019**	**31 December 2018**
Cash flows from operating activities			
Profit after distributions to the Holders of Shares and before income tax		(2.5)	2.7
Adjustments for:			
Revaluation Losses on investment property	9	7.6	5.3
Interest expense		3.4	3.2
Distributions to the Holders of Shares	7	15.0	6.4
Revaluation of financial assets and derivatives		(5.9)	(2.2)
Unrealised foreign exchange (gains)/losses		(0.6)	0.7
Operating cash flows before working capital changes		17.0	16.1
Working capital changes:			
Decrease/(Increase) in trade and other receivables		5.5	3.1
(Decrease)/Increase in trade and other payables		2.0	(10.0)
Cash generated from operations		24.5	9.2
Income taxes paid		(0.5)	(0.6)
Interest paid		(3.4)	(3.2)
Net cash from operating activities		**20.6**	**5.4**
Cash flows from investing activities			
Construction of investment property	9	(2.0)	(2.6)
Proceeds from sales of investment property		5.1	-
Acquisition of subsidiaries, net of cash acquired		(39.7)	-
Net cash (used in)/from investing activities		**(36.6)**	**(2.6)**
Cash flows from financing activities			
Proceeds from borrowings	12	9.4	-
Repayment of borrowings	12	(8.4)	(5.7)
Capital contributions from shareholders		34.3	23.4
Redemptions		(1.4)	(4.6)
Distributions to the Holders of Shares	7	(14.5)	(6.1)
Net cash from/(used in) financing activities		**19.4**	**7.0**
Net increase/(decrease) in cash and cash equivalents		**3.4**	**9.8**
Cash and cash equivalents at the beginning of the year		25.9	16.1
Cash and cash equivalents at the end of the year		**29.3**	**25.9**
Cash and cash equivalents at the end of the year at the balance sheet	11	**29.3**	**25.9**

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 2019 for HB REAVIS REAL ESTATE INVESTMENT FUND (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.

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 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. The CE REIF is not consolidated under HB Reavis Holding S.A. The Global REIF sub-fund is consolidated under HB Reavis Holding S.A., a company based in Luxembourg. HB Reavis Holding S.A. 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 30 April 2020. 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) <u>Investment targets</u>: 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 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) <u>Development and redevelopment</u>: 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) <u>Denomination</u>: The Sub-Fund is denominated in Euro.

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

d) Investment restrictions of the Sub-Fund: The Sub-Fund may not have an exposure on one (1) real estate investment, which would exceed 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. 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.

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.

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

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

1b, rue Jean Piret
L-2350 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 periods presented. The effect of adoption of the new standards was not material as explained in Note 4 and hence, management decided not to repeat the full text of the accounting policies that were applied until 31 December 2019.

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 2019.

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 flow. Distributions to shareholders of Investors Shares are presented as an operating cash flow. Capital contributions from investors and redemptions to investors 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 (including those held for sale), financial assets and derivatives at fair value.

The preparation of these combined consolidated financial statements in conformity with IFRS as adopted by the European Union 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. Refer to Note 20.

2 Summary of Significant Accounting policies (continued)

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 consolidated entities are eliminated.

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 remeasured 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 reclassified to profit or loss.

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

Number	Subsidiaries	Functional currency	Country of incorporation	31 December 2019	31 December 2018
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	UNI - CC a. s.	EUR	Slovakia	100%	100%
5	CBC I - II a. s.	EUR	Slovakia	100%	100%
6	Aupark Hradec Králové Bidco s.r.o.	CZK	Czech Republic	100%	100%
7	Twin City C BidCo a.s. [1]	EUR	Slovakia	0%	100%
8	Twin City IV a. s. [2]	EUR	Slovakia	100%	0%
	Global REIF Sub-Fund				
9	HBR CE REIF LUX 3 S.à r.l.	EUR	Luxembourg	100%	100%
10	HBR CE REIF LUX 4 S.à r.l.	EUR	Luxembourg	100%	100%
11	Apollo Business Center III a.s.	EUR	Slovakia	100%	100%
12	Apollo Business Center V a.s.	EUR	Slovakia	100%	100%

Notes:
1 Twin City C BidCo a.s. was established on 4th January 2018 and merged with Twin City IV a.s. on 1st Dcember 2019.
2 Twin City IV a.s. was acquired on 22nd August 2019 and merged with Twin City C BidCo on 1st December 2019.

2 Summary of Significant Accounting policies (continued)

2.3 Foreign Currency Transactions and Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of all Group's entities is the local currency. The 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 2.12 ("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;
iii. components of equity are translated at the historic rate; and
iv. 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.

2 Summary of Significant Accounting policies (continued)

2.4 Investment Property (continued)

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

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the 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

Initial recognition
Financial instruments at fair value through profit and loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets - Classification and subsequent measurement – measurement categories
The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The Group's financial assets consist of trade and other receivables, Financial asset and derivatives. Financial assets recognised in the consolidated statement of financial position as trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less allowance for expected credit losses ("ECL"). Derivatives are measured at fair value at each end of the reporting period with changes in value recognised in profit or loss.

2 Summary of Significant Accounting policies (continued)

2.5 Financial Instruments (continued)

Financial assets - Classification and subsequent measurement – business model
The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed. Refer to Note 3 for critical judgements applied by the Group in determining the business models for its financial assets.

Debt financial assets - Classification and subsequent measurement – cash flow characteristics
Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets - Reclassification
Debt financial assets are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL
The Group assesses, on a forward-looking basis, the ECL for financial instruments measured at amortised cost and FVOCI and for the exposures arising from loan commitments, financial guarantee contracts and for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the combined consolidated statement of financial position net of the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 19 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

2 Summary of Significant Accounting policies (continued)

2.5 Financial Instruments (continued)

Financial assets - Write-off
Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - Derecognition
The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised costs using the effective interest method.

The Group calculates ECL on trade and other receivables using a provision matrix estimation technique. The Group uses its historic credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort for trade and other receivables to estimate ECL. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments 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 included in other operating expenses. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Cash and cash equivalents.
Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

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. 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.

Derivative financial instruments
Derivative financial instruments, including interest rate swap, CAP and forward foreign exchange contracts for hedging purposes (economic hedge) are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in the Combined Statement of Comprehensive Income. The Group does not apply hedge accounting.

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.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

2 Summary of Significant Accounting policies (continued)

2.6 Financial Instruments (continued)

Financial liabilities – measurement categories
Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in Combined Consolidated Statement of Comprehensive Income, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Loans and borrowings
All loans and borrowings are measured at amortised cost. 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 2.13 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 as its impact would be insignificant.

2.7 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 2.16 for the Policies on recognition of Revenue Recognition.

2.8 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. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. 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.

2 Summary of Significant Accounting policies (continued)

2.7 Income taxes (continued)

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit 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.

2.9 Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2 Summary of Significant Accounting policies (continued)

2.15 Provisions for Liabilities and Charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation 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.

2.16 Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Rental and similar income from investment properties 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 resulting receivable is recognised within non–current assets or trade and other receivables depending on expected collection pattern. In determining the fair value of the related investment property, the Group does not double-count assets; the fair value of such investment property excludes accrued operating lease income because it is recognised as a separate asset. 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.

Sale of service and management charges are recognised in the accounting period in which the services are rendered. Sales are shown net of VAT and discounts. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.17 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).

2.18 Non-current Assets Classified as Held for Sale

Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

2 Summary of Significant Accounting policies (continued)

2.19 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.

2.20 Subscriptions

The Net Asset Value is calculated on a monthly basis. During this period, the applications for subscription may be made on or prior to any day that is a valuation day.

All requests for subscription of shares will be processed on the basis of an unknown net asset value before the determination of the net asset value of the date of the calculation of the net asset value.

Till the end of December 2018, all the subscriptions received during the month were incorporated into the equity at the price of the NAV calculated at the end of each month at the same date.

From the 1st January 2019, the General Partner of the Fund decided to incorporate into the equity the subscriptions no longer on the closing date of the net asset value calculation but at best at the first day after the date of the calculation of the net asset value.

This methodology is commonly applied in Luxembourg and is in line with the provisions of the Offering Memorandum.

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 27.6 million (2018: EUR 19.3 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 11.9 million (2018: EUR 12.0 million).

- The exit yield across the portfolio of CE REIF Sub-Fund was assumed to be from 5.75% to 6.60% (2018: from 6.00% to 7.75%), or 6.14% (2018: 6.38%) on average. Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 10.8/ 11.7 million (2018: EUR 7.3/7.9 million) lower/higher.

The exit yield across the portfolio of Global REIF Sub-Fund was assumed to be from 6.85% to 6.85%, or 6.85% on average. Should this capitalisation rate increase / decrease by 25 basis points, the carrying value of the investment property would be EUR 4.2/ 4.5 million (2018: EUR 4.2/4.5 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 0.1 million lower or 0.1 million higher.

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

Income taxes. The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes, in particular in the area of transfer pricing. 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.

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 8.

Expected credit losses (ECL) measurement. Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 19. The following components have a major impact on credit loss allowance: definition of default and SICR, as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

In line with IFRS 9 the Group use practical expedient for trade and other receivables and calculates ECL using a provision matrix based on its historical credit loss experience adjusted for all reasonable and supportable information that is available without undue cost or effort.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Group considers all reasonable and supportable forward-looking information available without undue cost and effort. The Group identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Refer to Note 19. The situation around COVID-19 is considered by management as having arisen after the end of the reporting period and, hence, SICR and ECLs will reflect the effects of COVID-19 only in its 2020 financial results. Refer to Note 23.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Group considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Group assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Group's control, is not recurring and could not have been anticipated by the Group, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets. The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The Group classify all its financial assets measured at amortised costs as "hold to collect and sell".

Write-off policy. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery: trade and other receivables being past due over certain number of days, liquidation or bankruptcy proceedings, fair value of collateral is less than the costs to repossess it or enforcement activities were completed.

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 2019:

- IFRS 16 Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 9: Prepayments Features with Negative Compensation (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).

The above standards and amendments had not any material impact on the Group. Further, any other standards that are normally effective from 1 January 2019 were either already early adopted by the Group in prior periods or had no impact.

5 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting period commencing on 1 January 2019 and have not been early adopted by the Group:

- Amendment to IFRS 3 Business Combinations* (issued on 22 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2020
- IFRS 17 Insurance Contracts* (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).

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

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's combined consolidated financial statements.

6 Redeemable Shares

6.1 CE REIF Sub-Fund

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 – Institutional Class (share of Limited Shareholder) at an initial value of EUR 1,000, with no par value and fully paid up;
- Investor Shares - Class A (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 2019 is nil (2018: 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.

6 Redeemable Shares (continued)

The relevant movements are shown on the statement of changes in Net Assets Attributable to the Holders of Shares:
At 31 December 2019, the number of Shares of CE REIF Sub-Fund was as follows:

Number of Shares	Management Class	Investor Class		Total
		Class A	Institutional	
As at 31 December 2017	**1.000**	**-**	**63,962.890**	**63,963.890**
As at 31 December 2018	**1.000**	**151.381**	**77,964.881**	**78,117.261**
Redemption of Shares	-	-	(1,004.904)	**(1,004.904)**
Redeemable Shares issued	-	1,474.292	24,816.597	**26,290.890**
As at 31 December 2019	**1.000**	**1,625.673**	**101,776.574**	**103,403.247**

Net assets value as of 31 December 2019 was EUR 136,466,051.62 (as of 31 December 2018: EUR 102,999,604.42 and as of 31 December 2017: EUR 83,890,599.99) which is EUR 1,325.06 for Institutional and EUR 987.21 for Class A (2018: EUR 1,319.17 for Institutional and EUR 986.38 for Class A) per share.

6.2 Global REIF Sub-Fund

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 2019 is nil (31 December 2018: 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 2019, the number of Shares of Global REIF Sub-Fund was as follows:

Number of Shares	Investor Class	Total
As at 31 December 2017	58,041.894	58,041.894
As at 31 December 2018	58,041.894	58,041.894
Redemption of Shares	**-**	**-**
Redeemable Shares issued	-	**-**
As at 31 December 2019	58,041.894	58,041.894

Net assets value as of 31 December 2019 was EUR 55,797,853.52 (as of 31 December 2018: EUR 59,703,874.97, as of 31 December 2017: EUR 57,743,754.35) which is EUR 961.34 (2018: EUR 1.028.63, 2017: EUR 994.86,) 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 Distribution Payable (continued)

Distributions declared and paid during the year were as follows:

	31 December 2019			31 December 2018		
In millions of EUR	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Distributions payable at 1 January	**1.7**	**-**	**1.7**	**1.4**	**-**	**1.4**
Distributions declared during the year	7.9	7.1	**15.0**	6.4	-	6.4
Distributions paid during the year	(7.4)	(7.1)	**(14.5)**	(6.1)	-	(6.1)
Distributions payable	**2.2**	**-**	**2.2**	**1.7**	**-**	**1.7**
Per share distributions declared during the year in EUR	-	122.32	**122.32**	87.63	-	87.63
Per share distributions declared during the year in EUR – Institutional shares	85.88	-	**85.88**	-	-	-
Per share distributions declared during the year in EUR – Class A shares	80.28	-	**80.28**	-	-	-
Per share distributions paid during the year in EUR	86.96	122.32	**209.28**	87.09	-	87.09

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 2019 are detailed below.

At 31 December 2019, the outstanding balances with related parties were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Financial assets	14.8	-	**14.8**
Trade and other receivables - current	0.9	0.1	**1.0**
ECL allowance for trade receivables to related party	(0.1)	-	**(0.1)**
Other assets	0.1	-	**0.1**
Trade and other payables - current	(1.6)	(0.3)	**(1.9)**
Accrued expenses – management fee (Note 13)	(0.3)	(0.1)	**(0.4)**
Acquisition of Investment Property from RP	1.4	0.3	**1.7**

At 31 December 2018, the outstanding balances with related parties were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Financial assets	8.9	-	**8.9**
Trade and other receivables - current	6.5	0.1	**6.6**
ECL allowance for trade receivables to related party	(0.3)	-	**(0.3)**
Trade and other payables - current	(1.8)	(0.9)	**(2.7)**
Accrued expenses – management fee (Note 13)	(1.0)	(0.3)	**(1.3)**
Acquisition of Investment Property from RP	1.1	1.3	**2.4**

8 Balances and Transactions with Related Parties (continued)

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Revenue from service rendered	1.2	0.4	**1.6**
Other services	(1.7)	(0.8)	**(2.5)**
Other finance income	8.0	-	**8.0**
Other operating income	0.1	-	**0.1**
Other operating expense	(0.1)	-	**(0.1)**
Management fee (Note 16)	(2.0)	(0.5)	**(2.5)**

The income and expense items with related parties for the year ended 31 December 2018 were as follows:

In millions of EUR	CE REIF	Global REIF	Total
Revenue from service rendered	0.4	0.4	**0.8**
Other services	(1.1)	(0.7)	**(1.8)**
Other finance income	4.9	-	**4.9**
Other operating income	0.2	-	**0.2**
Management fee (Note 16)	(1.6)	(0.5)	**(2.1)**

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 November 2019), 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 2019 amounted to EUR 1,958,393.93 (2018: EUR 1,575,493.11) with EUR 331,445.41 (2018: EUR 961,502.14) 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 2019 amounted to EUR 494,775.25 (2018: EUR 493,149.51) with EUR 115,813.30 (2018: EUR 290,380.42) outstanding to HB Reavis Investment Management S.à r.l. at year end.

8 Balances and Transactions with Related Parties (continued)

b) Alternative 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 2019, the minimum annual fee is set at EUR 35,000 p.a.

The total fees for year ended 31 December 2019 for CE REIF Sub-Fund amounted to EUR 73,589.00 (2018: EUR 54,384.60) and for Global REIF Sub-Fund amounted to EUR 39,841.00 (2018: EUR 47,365.20).

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 2019 will not be charged. Total expense for 2018 amounted to nil EUR for CE sub-fund.

d) Depositary fees
From 2nd February 2018 The Fund has engaged Société Générale Bank & Trust Luxembourg Branch to provide custodian 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 96,172.23 (2018: EUR 91,753.95) with EUR 24,089.63 (2018: EUR 20,542.74) outstanding to Société Générale Bank & Trust Luxembourg Branch at period end. The total fees for Global REIF for the period amounted to EUR 60,714.56 (2018: EUR 55,408.83) with EUR 15,006.62 (2018: EUR 14,543.13) outstanding to Société Générale Bank & Trust Luxembourg Branch at period end.

e) Domiciliary agent, Registrar and Transfer Agent and Administrative Agent fees
From 1st November 2017 the Fund engaged the Central Administrator services of CF Fund Services S.A., a public limited company, to provide administration services for a fee, a company incorporated in Luxembourg.

The total fees for CE REIF for the period amounted to EUR 76,460.90 (2018: EUR 74,853.80) with EUR 19,896.00 (2018: EUR 10,269.10) outstanding to CF Fund Services S.A. at period end. The total fees for Global REIF for the period amounted to EUR 40,553.96 (2018: EUR 40,639.28) with EUR 9,625.46 (2018: EUR 9,625.50) outstanding to CF Fund Services S.A. at period end.

f) External appraiser fees
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 appraiser depend on the hours spent on the performance of the valuation of the properties held directly or indirectly by the Fund. The total fees for CE REIF for the year ended 31 December 2019 amounted to EUR 19,200.00 (2018: EUR 7,200.00). The total fees for Global REIF for the year ended 31 December 2019 amounted to EUR 9,350.00 (2018: nil EUR).

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

8 Balances and Transactions with Related Parties (continued)

Related parties of the CE REIF Sub-Fund hold the following Shares at 31 December 2019:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2019	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	**145.125**	**418.260**	**(555.430)**	**7.955**
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		**147.125**	**418.260**	**(555.430)**	**9.955**

Related parties of the Global REIF Sub-Fund hold the following Shares at 31 December 2019:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2019	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	**58,041.894**	**-**	**-**	**58,041.894**
Number of Shares		**58,041.894**	**-**	**-**	**58,041.894**

Related parties of the CE REIF Sub-Fund hold the following Shares at 31 December 2018:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2018	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	**807.172**	**861.650**	**(1,523.697)**	**145.125**
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		**809.172**	**861.650**	**(1,523,697)**	**147.125**

Related parties of the Global REIF Sub-Fund hold the following Shares at 31 December 2018:

Shareholder	Class	Number of Shares at the beginning of the year	Number of Shares acquired during 2018	Disposals of Shares	Number of Shares at year end
HBR Investors Ltd.	Investor	**58,041.894**	**-**	**-**	**58,041.894**
Number of Shares		**58,041.894**	**-**	**-**	**58,041.894**

9 Investment Property

	31 December 2019			31 December 2018		
In millions of EUR	**CE REIF**	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Fair value at the beginning of the year	**177.2**	**119.2**	**296.4**	**184.3**	**120.8**	**305.1**
Acquisitions of Investment Property	83.0	-	**83.0**	-	-	**-**
Additions – technical enhancement	1.7	0.3	**2.0**	1.2	1.3	**2.5**
Fair value gains/(losses)	(5.3)	(2.3)	**(7.6)**	(2.4)	(2.9)	**(5.3)**
Less: transfers to disposal groups classified as held for sale	-	-	**-**	(5.1)	-	**(5.1)**
Effect of translation to presentation currency	1.0	-	**1.0**	(0.8)	-	**(0.8)**
Fair value at the end of the year	**257.6**	**117.2**	**374.8**	**177.2**	**119.2**	**296.4**

9 Investment Property (continued)

The investment properties are valued independently semi-annually on 30th June and 31st 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 31st December 2019, investment properties carried at EUR 374.8 million (2018: EUR 296.4 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 356.8 million (31 December 2018: EUR 304.1 million) (risk of damage mainly through fire, natural disasters, theft, Burglary).

EUR 14.8 million (31 December 2018: EUR 8.9 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 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Valuations obtained	**260.4**	**118.8**	**379.2**	**183.6**	**120.2**	**303.8**
Plus: management adjustments to consider subsequent non- binding offers, results of prospective purchaser due diligence and other factors	-	-	**-**	1.1	-	**1.1**
Less: lease incentive receivables	(2.8)	(1.6)	**(4.4)**	(2.4)	(1.0)	**(3.4)**
Less: transfer to disposal groups classified as held for sale	-	-	**-**	(5.1)	-	**(5.1)**
Fair value at the end of the year	**257.6**	**117.2**	**374.8**	**177.2**	**119.2**	**296.4**

Asset acquisitions

On 22nd August 2019, CE REIF Sub-Fund acquired 100% of the share capital of Twin City IV a.s., a company incorporated in Slovakia which is operating a business center in Bratislava, Slovakia. Total purchase consideration amounted to cash of EUR 39.9 million.

Management considers that at acquisition the above-mentioned company 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 2019 were:

In millions of EUR	Asset acquisitions	
	Twin City IV	**Total**
Investment property	83.0	**83.0**
Cash and cash equivalents	0.2	**0.2**
Borrowings	(42.5)	**(42.5)**
Trade and other (payables)/receivables	(0.8)	**(0.8)**
Total purchase consideration settled in cash	**39.9**	**39.9**
Less: Cash and cash equivalents of subsidiary acquired	(0.2)	**(0.2)**
Outflow of cash and cash equivalents on acquisition	**39.7**	**39.7**

10 Trade and Other Receivables

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Trade receivables	1.9	0.8	**2.7**	1.7	1.2	**2.9**
Refund assets	0.4	-	**0.4**	0.5	-	**0.5**
Other assets	0.2	0.1	**0.3**	0.2	0.1	**0.3**
Less expected credit loss allowance for trade receivables	(0.3)	-	**(0.3)**	(0.1)	-	**(0.1)**
	2.2	**0.9**	**3.1**	**2.3**	**1.3**	**3.6**
Other financial receivables	0.7	-	**0.7**	6.5	-	**6.5**
Less expected credit loss allowance for other financial receivables	-	-	**-**	(0.3)	-	**(0.3)**
Total trade and other receivables	**2.9**	**0.9**	**3.8**	**8.5**	**1.3**	**9.8**

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

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
EUR	1.2	0.9	**2.1**	2.6	1.3	**3.9**
CZK	1.7	-	**1.7**	5.9	-	**5.9**
Total trade and other receivables	**2.9**	**0.9**	**3.8**	**8.5**	**1.3**	**9.8**

10 Trade and Other Receivables (continued)

The expected credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below.

In millions of EUR		CE REIF		GLOBAL REIF	
In % of gross value	**Loss rate**	**Gross carring amount**	**Lifetime ECL**	**Gross carring amount**	**Lifetime ECL**
Trade receivables including Refund and Other assets					
- current	0%	1.3	-	0.5	-
- less than 30 days overdue	0%	0.7	-	0.3	-
- 30 to 90 days overdue	0%	-	-	-	-
- 90 to 180 days overdue	0%	0.1	-	0.1	-
- 180 to 360 days overdue	0%	0.1	-	-	-
- over 360 days overdue	100%	0.3	(0.3)	-	-
Total trade receivables including Refund and Other assets (gross carrying amount)		**2.5**	**(0.3)**	**0.9**	**-**
Credit loss allowance		**(0.3)**			
Total trade receivables including Refund and Other assets (carrying amount)		**2.2**		**0.9**	
Other financial receivables					
- current	0%	0.7	-	-	-
- less than 30 days overdue	0%	-	-	-	-
- 30 to 90 days overdue	0%	-	-	-	-
- 90 to 180 days overdue	0%	-	-	-	-
- 180 to 360 days overdue	0%	-	-	-	-
- over 360 days overdue	0%	-	-	-	-
Other financial receivables (gross carrying amount)		**0.7**	**-**	**-**	**-**
Credit loss allowance		-		-	
Total other financial receivables (carrying amount)		**0.7**		**-**	

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual financial reporting period:

In millions of EUR	Credit loss allowance		
	CE REIF	**Global REIF**	**Total**
Expected credit loss allowance at 1 January 2019	**0.4**	**-**	**0.4**
Expected credit loss charge to profit or loss for the period	(0.1)	-	**(0.1)**
Expected credit loss allowance at 31 December 2019	**0.3**	**-**	**0.3**

10 Trade and Other Receivables (continued)

The credit loss allowance for trade and other receivables as of 31st of December 2019 is determined according to provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, adjusted for other relevant information.

In millions of EUR		CE REIF		GLOBAL REIF	
In % of gross value	**Loss rate**	**Gross carring amount**	**Lifetime ECL**	**Gross carring amount**	**Lifetime ECL**
Trade receivables including Refund and Other assets					
- current	0%	1.6	-	0.7	-
- less than 30 days overdue	0%	0.4	-	0.4	-
- 30 to 90 days overdue	0%	-	-	-	-
- 90 to 180 days overdue	0%	0.2	-	0.1	-
- 180 to 360 days overdue	0%	0.1	-	0.1	-
- over 360 days overdue	100%	0.1	(0.1)	-	-
Total trade receivables including Refund and Other assets (gross carrying amount)		**2.4**	**(0.1)**	**1.3**	**-**
Credit loss allowance		**(0.1)**		**-**	
Total trade receivables including Refund and Other assets (carrying amount)		**2.3**		**1.3**	
Other financial receivables					
- current	0%	2.6	-	-	-
- less than 30 days overdue	0%	-	-	-	-
- 30 to 90 days overdue	0%	-	-	-	-
- 90 to 180 days overdue	0%	-	-	-	-
- 180 to 360 days overdue	0%	-	-	-	-
- over 360 days overdue	8%	3.9	(0.3)	-	-
Other financial receivables (gross carrying amount)		**6.5**	**(0.3)**	**-**	**-**
Credit loss allowance		**(0.3)**		**-**	
Total other financial receivables (carrying amount)		**6.2**		**-**	

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual period:

In millions of EUR	Credit loss allowance		
	CE REIF	**Global REIF**	**Total**
Expected credit loss allowance at 1 January 2018	-	-	**-**
Expected credit loss charge to profit or loss for the period	0.4	-	**0.4**
Expected credit loss allowance at 31 December 2018	**0.4**	**-**	**0.4**

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.

10 Trade and Other Receivables (continued)

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 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Cash at bank and in hand	26.3	3.0	**29.3**	21.6	4.3	**25.9**
Total cash and cash equivalents	**26.3**	**3.0**	**29.3**	**21.6**	**4.3**	**25.9**

At 31 December 2019 and 2018, cash and cash equivalents were fully available for the Group's use. All the bank balances are neither past due nor impaired.

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2019.

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Rating by the Company						
- Excellent	26.3	3.0	**29.3**	21.6	4.3	**25.9**
- Good	-	-	**-**	-	-	**-**
- Satisfactory	-	-	**-**	-	-	**-**
- Special monitoring	-	-	**-**	-	-	**-**
Total	**26.3**	**3.0**	**29.3**	**21.6**	**4.3**	**25.9**

The Company classifies banks based on ratings as follows:

- Banks rated Excellent: Rating by Moody's A1, A2, A3 or rating by Fitch A+, A, A-
- Banks rated Good: Rating by Moody's Baa1, Baa2, Baa3 or Fitch BBB+, BBB, BBB-
- Banks rated Satisfactory: Rating by Moody's Ba1, Ba2, Ba3 or Fitch BB+, BB, BB-

The carrying amounts of cash and cash equivalents as of 31 December 2019 and 2018 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 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Non-current						
Bank borrowings	144.9	59.7	**204.6**	102.6	57.7	**160.3**
	144.9	**59.7**	**204.6**	**102.6**	**57.7**	**160.3**
Current						
Bank borrowings	4.7	3.0	**7.7**	3.1	3.0	**6.1**
	4.7	**3.0**	**7.7**	**3.1**	**3.0**	**6.1**
Total borrowings	**149.6**	**62.7**	**212.3**	**105.7**	**60.7**	**166.4**

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 2019	Carrying amounts at 31 December 2018	Fair values at 31 December 2019	Fair values at 31 December 2018
Bank borrowings – CE REIF	144,9	102.6	142.6	103.3
Bank borrowings – Global REIF	59.7	57.7	58.9	57.3
Non-current borrowings	**204.6**	**160.3**	**201.5**	**160.6**

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 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Current	**4.7**	**3.0**	**7.7**	**3.1**	**3.0**	**6.1**
Repayable between 1 and 2 years	4.2	2.8	**7.0**	57.0	2.9	**60.0**
Repayable between 2 and 5 years	140.7	56.9	**197.6**	45.6	54.7	**100.3**
Repayable over 5 years	-	-	**-**	-	-	**-**
Non-current	**144.9**	**59.7**	**204.6**	**102.6**	**57.7**	**160.3**
Total bank borrowings	**149.6**	**62.7**	**212.3**	**105.7**	**60.7**	**166.4**

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

The Group does not have undrawn borrowing facilities.

Investment properties (Note 9) including investment property classified as held for sale (note 18) are pledged as collateral for borrowings of EUR 212.3 million (31 December 2018: EUR 168.8 million). In addition all trade receivables of the 5 project companies are pledged as collateral for the borrowings.

The loan agreements with third party creditors are governed by terms and conditions which include maximum loan to value ratios ranging from 65% to 72.5% (2018: 59% to 70%) and minimum debt service coverage ratios ranging from 1.15 to 1.3 (2018: 1.15 to 1.3).

During 2019 and 2018 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.

12 Borrowings (continued)

Net debt reconciliation

The table below sets out an analysis of our debt and the movements in our debt for 2019. The debt items are those that are reported as financing in the statement of cash flows.

In millions of EUR	CE REIF	Global REIF	Total
Borrowings as presented in the statement of financial position at 1 January 2018	**111.0**	**63.5**	**174.5**
Borrowings under liabilities directly associated with non-current assets classified as held for sale at 1 January 2018	-	-	**-**
Total borrowings as at 1 January 2018	**111.0**	**63.5**	**174.5**
Repayments	(2.9)	(2.8)	**(5.8)**
Foreign exchange adjustments	(0.4)	-	**(0.3)**
Effect of translation to presentation currency	0.4	-	**0.4**
Borrowings as presented in the statement of financial position as at 31 December 2018	**105.7**	**60.7**	**166.4**
Borrowings under liabilities directly associated with non-current assets classified as held for sale as at 31 December 2018 (Note 18)	2.4	-	**2.4**
Total borrowings as at 31 December 2018	**108.1**	**60.7**	**168.8**
Proceeds from new drawdowns	4.5	4.9	**9.4**
Repayments	(5.5)	(2.9)	**(8.4)**
Non-cash movement due to acquisition of a subsidiary	42.5	-	**42.5**
Foreign exchange adjustments	0.6	-	**0.6**
Effect of translation to presentation currency	(0.6)	-	**(0.6)**
Borrowings as presented in the statement of financial position as at 31 December 2019	**149.6**	**62.7**	**212.3**
Total borrowings as at 31 December 2019	**149.6**	**62.7**	**212.3**

13 Trade and Other Payables

In millions of EUR	Notes	31 December 2019			31 December 2018		
		CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Non – current							
Other long-term payables		3.7	1.1	**4.8**	1.3	1.2	**2.5**
Total trade and other payables – non-current		**3.7**	**1.1**	**4.8**	**1.3**	**1.2**	**2.5**
Current							
Trade payables		1.0	0.1	**1.1**	1.6	0.7	**2.3**
Payable from subscribtion of new shares		1.9	-	**1.9**	-	-	**-**
Accrued liabilities		0.9	0.2	**1.1**	0.9	0.4	**1.3**
VAT payables/Other taxes payable		0.5	0.3	**0.8**	0.3	0.3	**0.6**
Financial payables due to third parties – current		**4.3**	**0.6**	**4.9**	**2.8**	**1.4**	**4.2**
Accrued expenses - management fee		0.3	0.1	**0.4**	1.0	0.3	**1.3**
Accrued expenses – performance fee		-	-	**-**	-	-	**-**
Financial payables due to related parties – current		**0.3**	**0.1**	**0.4**	**1.0**	**0.3**	**1.3**
Total financial payables – current		**4.6**	**0.7**	**5.3**	**3.8**	**1.7**	**5.5**
Deferred rental income		3.8	1.9	**5.7**	2.3	1.9	**4.2**
Contract liability		-	-	**-**	0.4	-	**0.4**
Total trade and other payables – current		**8.4**	**2.6**	**11.0**	**6.5**	**3.6**	**10.1**
Total trade and other payables		**12.1**	**3.7**	**15.8**	**7.8**	**4.8**	**12.6**

Trade payables are denominated in the following foreign currencies:

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Non – current						
EUR	3.0	1.1	**4.1**	0.7	1.2	**1.9**
CZK	0.7	-	**0.7**	0.6	-	**0.6**
Current						
EUR	7.0	2.6	**9.6**	3.9	3.6	**7.5**
CZK	1.4	-	**1.4**	2.6	-	**2.6**
Trade and other payables	**12.1**	**3.7**	**15.8**	**7.8**	**4.8**	**12.6**

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 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Rental income	12.1	7.6	**19.7**	10.8	7.5	**18.3**
Turnover rent income	0.3	-	**0.3**	0.3	-	**0.3**
Service charges	2.0	0.1	**2.1**	1.8	0.9	**2.7**
Other	0.3	0.5	**0.8**	0.1	0.1	**0.2**
Total rental and similar income from investment properties	**14.7**	**8.2**	**22.9**	**13.0**	**8.5**	**21.5**

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 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Not later than 1 year	15.0	6.6	**21.6**	9.8	6.6	**16.4**
Later than 1 year and not later than 2 years	13.6	5.1	**18.7**	9.1	5.1	**14.2**
Later than 2 year and not later than 3 years	8.3	4.0	**12.3**	7.9	3.7	**11.6**
Later than 3 year and not later than 4 years	5.9	3.1	**9.0**	3.8	2.8	**6.6**
Later than 4 year and not later than 5 years	3.6	1.9	**5.5**	2.2	1.8	**4.0**
Later than 5 years	6.0	2.8	**8.8**	3.7	2.7	**6.4**
Total operating lease payments receivable	**52.4**	**23.5**	**75.9**	**36.5**	**22.7**	**59.2**

15 Direct Operating Expenses for Investment Properties

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Direct operating expenses for investment properties that generate rental income:						
Materials consumed	(0.1)	-	**(0.1)**	(0.1)	-	**(0.1)**
Repairs and maintenance services	(0.5)	-	**(0.5)**	(0.2)	-	**(0.2)**
Utilities costs	(1.0)	-	**(1.0)**	(0.8)	-	**(0.8)**
Services relating to investment property	(1.8)	(0.7)	**(2.5)**	(1.9)	(1.3)	**(3.2)**
Real estate tax	(0.1)	(0.1)	**(0.2)**	(0.1)	(0.1)	**(0.2)**
Other costs	(0.5)	(0.2)	**(0.7)**	(0.1)	-	**(0.1)**
Total	**(4.0)**	**(1.0)**	**(5.0)**	**(3.2)**	**(1.4)**	**(4.6)**

16 Other Operating Expenses

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Management fees (Note 8a)	(2.0)	(0.5)	**(2.5)**	(1.6)	(0.5)	**(2.1)**
Audit fee	(0.1)	(0.1)	**(0.2)**	(0.2)	(0.1)	**(0.3)**
Legal and professional fees	(0.3)	(0.1)	**(0.4)**	(0.3)	(0.1)	**(0.4)**
Other fees	(0.3)	(0.1)	**(0. 4)**	(0.6)	(0.2)	**(0.8)**
Total other operating expenses	**(2.7)**	**(0.8)**	**(3.5)**	**(2.7)**	**(0.9)**	**(3.6)**

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% (2018: 21%) as applicable tax rate to calculate its theoretical tax charge for 2019 as this is the rate applicable in the Slovak Republic where majority of the Group's operations are located.

Income tax expense comprises the following:

In millions of EUR	31 December 2019			31 December 2018		
	CE REIF	Global REIF	Total	CE REIF	Global REIF	Total
Current tax	(0.4)	-	**(0.4)**	(0.3)	-	**(0.3)**
Deferred tax	(1.0)	0.2	**(0.8)**	(0.2)	0.2	**-**
Income tax (expense)/credit for the year	**(1.4)**	**0.2**	**(1.2)**	**(0.5)**	**0.2**	**(0.3)**

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

In millions of EUR	31 December 2019	31 December 2018
Profit after distributions to the Holders of Shares and before income tax	(2.5)	2.7
Distributions to the Holders of Shares	15.0	6.4
Profit before distributions to the Holders of Shares and before income tax	**12.5**	**9.1**
Theoretical tax charge at applicable rate of 21% (2018: 21%)	(2.6)	(1.9)
Expenses not deducted for tax purposes	-	-
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income not subject to taxes	1.4	1.6
Income tax expense for the year	**(1.2)**	**(0.3)**

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.

17 Income Taxes (continued)

In millions of EUR	31 December 2018	Charged/ (credited) to profit or loss	Deferred tax disposed of	31 December 2019
Tax effect of deductible/(taxable) temporary differences				
Investment properties and related assets	(3.3)	(0.6)	-	**(3.9)**
Tax losses carried forward	-	-	-	**-**
Unrealised foreign exchange gains	(0.4)	(0.2)	-	**(0.6)**
Net deferred tax (liability)	**(3.7)**	**(0.8)**	**-**	**(4.5)**

In millions of EUR	31 December 2017	Charged/ (credited) to profit or loss	Deferred tax disposed of	31 December 2018
Tax effect of deductible/(taxable) temporary differences				
Investment properties and related assets	(3.3)	-	-	**(3.3)**
Tax losses carried forward	0.2	(0.2)	-	**-**
Unrealised foreign exchange gains	(0.7)	0.2	0.1	**(0.4)**
Net deferred tax (liability)	**(3.8)**	**-**	**0.1**	**(3.7)**

18 Non-current Assets Held for Sale

Major classes of assets classified as held for sale:

In millions of EUR	31 December 2019	31 December 2018
Investment property	-	5.1
Total assets classified as held for sale	**-**	**5.1**

Major classes of liabilities directly associated with assets classified as held for sale:

In millions of EUR	31 December 2019	31 December 2018
Borrowings current	-	2.4
Trade and other payables	-	0.1
Total liabilities directly associated with assets classified as held for sale	**-**	**2.5**

As of 31 December 2019, the Group classified assets of nil subsidiary as held for sale.

As of 31 December 2018, the Group classified assets of one subsidiary (Uni – CC a.s.) as held for sale.

Investment property classified as asset held for sale as at 31 December 2019 was adjusted by management adjustment of EUR nil million upwards (as at 31 December 2018: EUR 1.1 million upwards). The methods and significant assumptions applied in determining the fair value are described in Notes 3 and 20.

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 2019**			**31 December 2018**		
	CE REIF	**Global REIF**	**Total**	**CE REIF**	**Global REIF**	**Total**
Financial assets (Note 9)						
Financial guarantee	14.8	-	**14.8**	8.9	-	**8.9**
	14.8	**-**	**14.8**	**8.9**	**-**	**8.9**
Other non-current assets (Note 9)						
Lease incentive receivables	2.8	1.6	**4.4**	2.4	1.0	**3.4**
	2.8	**1.6**	**4.4**	**2.4**	**1.0**	**3.4**
Trade and other receivables (Note 10)						
Trade receivables including refund and other assets	2.2	0.9	**3.1**	2.3	1.3	**3.6**
Other financial receivables	0.7	-	**0.7**	6.2	-	**6.2**
	2.9	**0.9**	**3.8**	**8.5**	**1.3**	**9.8**
Derivatives						
Derivatives	-	-	**-**	-	0.1	**0.1**
	-	**-**	**-**	-	**0.1**	**0.1**
Cash and cash equivalents (Note 11)						
Cash at bank and on hand	26.3	3.0	**29.3**	21.6	4.3	**25.9**
	26.3	**3.0**	**29.3**	**21.6**	**4.3**	**25.9**
Total maximum exposure to credit risk	**46.8**	**5.5**	**52.3**	**41.4**	**6.7**	**48.1**

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.

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

Credit risks concentrations

As for the banks and financial institutions, Group has relationships only with those banks that have high independent rating assessment. The Group's bank deposits are held with 6 (2018: 6) banks as of 31 December 2019. 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.

19 Financial Risk Management (continued)

Expected credit loss (ECL) measurement

The Group uses Expected credit loss (“ECL”) measurement, which reflects the probability-weighted estimate of the present value of future expected credit losses. The Group applies a simplified approach to trade receivables, unbilled receivables from service charges and accrued rental income (“trade receivables”) under IFRS 9 (including related party receivables), i.e. measures ECL using lifetime expected loss. The Group uses for the calculation of lifetime expected loss by applying a provision matrix that takes into account the amount of trade receivables turnover during the current period and the amount of trade receivables written off. Expected credit losses are modelled over instrument’s lifetime period. The lifetime period is equal to the remaining period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk. The assumptions used reflect the situation at the end of the reporting period and thus do not consider the situation around COVID-19 that developed after the reporting period. Refer to Note 23.

Significant increase in credit risk (SICR)

The assessment whether or not there has been a significant increase in credit risk (“SICR”) since initial recognition is performed on an individual basis and on a portfolio basis. For other receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group’s Management.

The Group considers trade and other receivables to have experienced an SICR when one or more of the followingqualitative, quantitative or backstop criteria have been met:

- 30 days past due;
- the Group regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognised in these combined consolidated financial statements depends on whether the credit risk of the debtor has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

The Group has two approaches for ECL measurement: (i) assessment on an individual basis and (ii) assessment on a portfolio basis. The Group performs an assessment on a portfolio basis for trade receivables. The Group performs an assessment on an individual basis for all receivables overdue more than 365 days taking into consideration the fact whether the receivable under the review is secured by a bank guarantee/cash deposit or not. Generally, the bank guarantee is deemed to provide a sufficient assurance that the receivable will not become illiquid and therefore provisions for receivables secured by a bank guarantee are not created.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics. The key shared credit characteristics considered are: financial instrument type, type of customer, date of initial recognition and remaining term to maturity. The different segments also reflect differences in credit risk parameters. The appropriateness of groupings is monitored and reviewed on a periodic basis by Management.

19 Financial Risk Management (continued)

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Cash flow forecasts are provided by the Board of Managers of General Partner and provide the best estimate of the expected macro-economic development over the next two years.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes. The assumptions used reflect the situation at the end of the reporting period and thus do not consider the situation around COVID-19 that developed after the reporting period. Refer to Note 23. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

(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 2019				
Total monetary financial liabilities (Note 12) – CE REIF	(149.6)	-	-	**(149.6)**
Total monetary financial liabilities (Note 12) – Global REIF	(62.7)	-	-	**(62.7)**
Net interest sensitivity gap at 31 December 2019	**(212.3)**	**-**	**-**	**(212.3)**
31 December 2018				
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 2018	**(174.5)**	**-**	**-**	**(174.5)**

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 2019 with all other variables constant, profit for the year would have been EUR 0.34 million higher (31 December 2018: EUR 0.32 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 0.27 million higher (31 December 2018: EUR 0.25 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 2019 with all other variables constant, profit for the year would have been EUR 0.34 million lower (31 December 2018: EUR 0.32 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 0.27 million (31 December 2018: EUR 0.25 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 2019 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 2019 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	4.2	4.3	140.8	-	**149.6**
Borrowings (principal) classified as held for sale (Note 18) – CE REIF	-	-	-	-	**-**
Borrowings (principal) (Note 12) – Global REIF	2.9	2.9	57.1	-	**62.9**
Borrowings (future interest charges) – CE REIF	2.5	2.4	3.7	-	**8.6**
Borrowings (future interest charges) – Global REIF	1.3	1.2	3.1	-	**5.7**
Financial payables - current (Note 13) – CE REIF	4.6	-	-	-	**4.6**
Financial payables - current (Note 13) – Global REIF	0.7	-	-	-	**0.7**
Total future payments, including future principal and interest payments	**16.2**	**10.9**	**204.7**	**-**	**232.1**

The maturity analysis of financial liabilities as at 31 December 2018 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	2.7	57.0	45.7	-	**105.4**
Borrowings (principal) classified as held for sale (Note 18) – CE REIF	2.4	-	-	-	**2.4**
Borrowings (principal) (Note 12) – Global REIF	2.9	2.9	54.9	-	**60.7**
Borrowings (future interest charges) – CE REIF	1.8	1.4	1.8	-	**5.0**
Borrowings (future interest charges) – Global REIF	1.1	1.4	1.6	-	**4.1**
Financial payables - current (Note 13) – CE REIF	3.9	-	-	-	**3.9**
Financial payables - current (Note 13) – Global REIF	1.7	-	-	-	**1.7**
Total future payments, including future principal and interest payments	**16.5**	**62.7**	**104.0**	**-**	**183.2**

On an ongoing basis, the Board of Managers of General Partner reviews a two year rolling cash flow forecast on a consolidated basis. The forecast for 2020 and 2021 shows positive cash flow from property rental after property expenses and general operating expenses of the Group of approximately EUR 18.4 million (2018: EUR 14.3 million). This, together with existing cash balances would be sufficient to meet the 2019 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.

20 Fair Value Estimation (continued)

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

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

(i) Investment properties

The following table presents the group's investment properties that are measured at fair value at 31 December 2019.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property (Note 9) – CE REIF	-	-	257.6	**257.6**
Investment property (Note 9) – Global REIF	-	-	117.2	**117.2**
Total assets	**-**	**-**	**374.8**	**374.8**

The following table presents the group's investment properties that are measured at fair value at 31 December 2018.

In millions of EUR	Level 1	Level 2	Level 3	Total
Investment property (Note 9) – CE REIF	-	-	177.2	**177.2**
Investment property (Note 9) – Global REIF	-	-	119.2	**119.2**
Total assets	**-**	**-**	**296.4**	**296.4**

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 2019:

Segment	Valuation technique	Fair value at 31 December 2019 (In millions of EUR)	Average annual rent per sqm	Discount rate	Capitalisation rate for terminal value
CE REIF					
Office	Discounted cash flow	186.8	EUR 189	6.60%	6.20%
Retail	Discounted cash flow	89.4	EUR 229	6.50%	6.00%
Global REIF					
Office	Discounted cash flow	118.8	EUR 178	7.60%	6.85%

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2018:

Segment	Valuation technique	Fair value at 31 December 2018 (In millions of EUR)	Average annual rent per sqm	Discount rate	Capitalisation rate for terminal value
CE REIF					
Office	Discounted cash flow	104.6	EUR 189	7.25%	6.70%
Retail	Discounted cash flow	89.0	EUR 257	6.30%	6.00%
Global REIF					
Office	Discounted cash flow	120.3	EUR 179	7.65%	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 appraisers are reviewed internally by the controlling department and the chief financial officer, as well as by the valuation officer of the AIFM. This includes a review of fair value movements over the period.

(ii) Financial Instruments

The following table presents the group's financial instruments that are measured at fair value at 31 December 2019.

In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets (Note 9) – CE REIF	-	-	14.8	**14.8**
Derivatives – CE REIF	-	-	-	**-**
Total assets	**-**	**-**	**14.8**	**14.8**

The following table presents the group's financial instruments that are measured at fair value at 31 December 2018.

In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets (Note 9) – CE REIF	-	-	8.9	**8.9**
Derivatives – CE REIF	-	0.1	-	**0.1**
Total assets	**-**	**0.1**	**8.9**	**9.0**

Level 3 financial assets are fair valued using DCF method, where the value is estimated from the expected future benefits to be generated by the property in the form of rental income streams. Valuation technique is further described in Note 9.

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2019:

Segment	**Valuation technique**	**Fair value at 31 December 2019 (In millions of EUR)**	**Average annual rent per sqm**	**Discount rate**
CE REIF				
Retail	Discounted cash flow	14.8	EUR 229	6.5%

Quantitative information about fair value measurements using unobservable inputs (level 3) for year ended 31 December 2018:

Segment	**Valuation technique**	**Fair value at 31 December 2018 (In millions of EUR)**	**Average annual rent per sqm**	**Discount rate**
CE REIF				
Retail	Discounted cash flow	8.9	EUR 257	6.3%

20 Fair Value Estimation (continued)

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

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

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

21 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, IFRS 9 “Financial Instruments” classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (d) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2019:

At 31 December 2019			
In millions of EUR	**CE REIF**	**Global REIF**	**Total**
	Amortised cost		
ASSETS			
Trade receivables due from third parties including refund and other assets (Note 10)	2.2	0.9	**3.1**
Other financial receivables	0.7	-	**0.7**
Financial assets (Note 9)	14.8	-	**14.8**
Cash and cash equivalents (Note 11)	26.3	3.0	**29.3**
Rental indexation receivables (Note 9)	2.8	1.6	**4.4**
	Financial assets at FVTPL		
Derivatives	-	-	**-**
TOTAL FINANCIAL ASSETS	**46.8**	**5.5**	**52.3**

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2018:

At 31 December 2018			
In millions of EUR	**CE REIF**	**Global REIF**	**Total**
	Amortised cost		
ASSETS			
Trade receivables due from third parties including refund and other assets (Note 10)	2.3	1.3	**3.6**
Other financial receivables	6.2	-	**6.2**
Financial assets (Note 9)	8.9	-	**8.9**
Cash and cash equivalents (Note 11)	21.6	4.3	**25.9**
Rental indexation receivables (Note 9)	2.4	1.1	**3.5**
	Financial assets at FVTPL		
Derivatives	-	0.1	**0.1**
TOTAL FINANCIAL ASSETS	**41.4**	**6.8**	**48.2**

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 2019	Other financial liabilities – carried at amortised cost		
In millions of EUR	CE REIF	Global REIF	Total
LIABILITIES			
Trade and other payables (Note 13)	12.1	3.7	**15.8**
Borrowings (Note 12)	149.6	62.7	**212.3**
TOTAL FINANCIAL LIABILITIES	**161.7**	**66.4**	**228.1**

At 31 December 2018	Other financial liabilities – carried at amortised cost		
In millions of EUR	CE REIF	Global REIF	Total
LIABILITIES			
Trade and other payables (Note 13)	7.9	4.8	**12.7**
Borrowings (Note 12)	108.1	60.7	**168.8**
TOTAL FINANCIAL LIABILITIES	**116.0**	**65.5**	**181.5**

22 Events after the End of the Reporting Period

After 31 December 2019 and up to the date of authorization of these combined consolidated financial statements, the Fund has drawn EUR 2.8 million of the facilities undrawn as of 31 December 2019 and repaid EUR 44.3 million which existed as of 31 December 2019. The Fund has secured EUR 56.1 million of new bank financing in the post-reporting period, out of which 56.1 million has been utilized.

On 28 February 2020 the Fund acquired office building Twin City B in Bratislava, Slovakia through share purchase of Twin City III a.s., for the consideration of EUR 79.6 million.

Towards the end of 2019, a new virus causing a severe acute respiratory syndrome ("COVID-19") emerged and infections started to occur around the globe. Subsequently, on March 11, 2020, the World Health Organisation ("WHO") declared it a pandemic and national governments have implemented a range of policies and actions to combat it. As a result, the normal economic activity has almost come to a halt with severe restrictive consequences for the conduct of business.

Albeit the exact long-term impact of COVID-19 on world economies, different industries and the Fund are not known, the management has focused on the following key areas and stress-tested several scenarios to see how the Fund is resilient to negative impact of COVID-19:

- Overall liquidity position and access to existing and new credit facilities,
- Ability to meet the covenants of the Fund's debt arrangements,
- Declining demand, falling sales and margin pressures experienced by Fund's current and future tenants in retail and co-working.

The Management has performed stress-test scenario for period covering 18 months from 31 December 2019 to evaluate the Fund's cash-flow and financial position.

The most affected Fund's investment property is shopping mall Aupark Hradec Kralove in Czech Republic. Based on decision of local government authorities the shopping mall was closed from 14 March 2020 to 11 May 2020 except for grocery stores, pharmacies and drugstores. Closure amounted up to 80% of rental income and 88% of the retail GLA. Currently the shopping mall is still operating in limited regime with closed food court. This retail investment property is financed through external bank loan with financial covenants such as LtV and DSCR. The value of retail investment property can fall by 26% compared to 2019 year-end valuation and keep the LtV covenant below the threshold triggering default as defined by loan agreement. Instalments of principal on bank loan are paid quarterly. Instalment of principal for Q1/2020 was repaid on time in April 2020. The Fund is actively communicating with the financing bank. The bank is aware of the current situation and agreed to issue amendment to loan agreement for postponement of next two principal repayments together with waiving of fulfilment of financial covenants for foreseeable future. In case of DSCR to be waived till end of financial year 2020 and LtV to be waived till February 2022. The bank is in the process of approving of the amendment to loan agreement and signing of the amendment is expected to occur in mid of June 2020 before next principal repayment is due.

22 Events after the End of the Reporting Period (continued)

Except above mentioned shopping mall Aupark Hradec Kralove, the Fund's property investments consist of office buildings in Bratislava, Slovakia. Office portfolio has retail element which is up to 8% of its total rental income. All Fund's office buildings are financed through external bank loans. Rentals are paid in advance therefore the stress test for office portfolio assumed rental income for second quarter 2020 up to rentals paid till April 2020. For the rest of financial year 2020 the stress test assumed rental income from retail element to be 40% of historic rent collected and for office element to be 100% adjusted by reductions agreed with individual tenants.

While the impact of the COVID-19 situation cannot be accurately predicted and it is not plausible to assess all possible future implications for the Fund, based on the analysis and stress tests described in paragraphs above, the Fund believes that it has a solid financial position that will enable it to sustain the current disruptions in the economic environment, and there is no impact on its going concern.

Fund's redemption window starts on 1 April and ends on 31 May each calendar year. In financial year 2020 up to issuance of these consolidated financial statements the Fund received redemption notices for approximately 3.1% of CE REIF sub-fund shares.

Since 31 December 2019 the Fund's net external bank loan drawdown was EUR 14.6 million as a result of revolving and extending the existing credit facilities (EUR 11.4 million) and securing new facilities (EUR 47.5 million), while repaying bank loan (EUR 44.3 million) which existed as of 31 December 2019.

In all countries of Fund's operation, the Fund has either started or is still exploring available options to utilise benefits from government aid programmes designed to support businesses, comprising of measures to compensate business for the lost rental income, deferral of payment in taxes and loan related payments etc.

The management of the Fund will continue to monitor developments and their impact on the Fund including its operations, lending arrangements and debt covenants, and the values and estimates reported in the consolidated financial statements and accompanying notes.

There were no other material events, which occurred after the end of reporting period which have a bearing on the understanding of these combined consolidated financial statements.

23 Detailed Combined Consolidated Statement of Financial Position and Comprehensive Income

Combined Consolidated Statement of Financial Position at 31 December 2019 for both Sub-Funds and comparative:

		CE REIF		Global REIF	
In millions of EUR	**Notes**	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
ASSETS					
Non-current assets					
Investment property in use	9	257.6	177.2	117.2	119.2
Financial assets	9	14.8	8.9	-	-
Other non-current assets	9	2.8	2.4	1.6	1.0
Derivatives		-	-	-	0.1
Total non-current assets		**275.2**	**188.5**	**118.8**	**120.3**
Current assets					
Non-current assets classified as held for sale	18	-	5.1	-	-
Trade and other receivables	10	2.9	8.5	0.9	1.3
Cash and cash equivalents	11	26.3	21.6	3.0	4.3
Total current assets		**29.2**	**30.1**	**3.9**	**5.6**
TOTAL ASSETS		**304.4**	**223.7**	**122.7**	**125.9**
LIABILITIES					
Non-current liabilities					
Borrowings	12	144.9	102.6	59.7	57.7
Deferred income tax liability	17	4.0	3.0	0.5	0.7
Trade and other payables	13	3.7	1.3	1.1	1.2
Total non-current liabilities		**152.6**	**106.9**	**61.3**	**59.6**
Current liabilities					
Liabilities directly associated with non-current assets classified as held for sale	18	-	2.5	**-**	**-**
Borrowings	12	4.7	3.1	3.0	3.0
Trade and other payables	13	8.4	6.5	2.6	3.6
Distributions payable to the Holders of Shares	7	2.2	1.7	-	-
Total current liabilities		**15.3**	**11.3**	**5.6**	**6.6**
Total liabilities (excluding Net Assets Attributable to the Holders of Shares)		**167.9**	**120.7**	**66.9**	**66.2**
Net Assets Attributable to the Holders of Shares		**136.5**	**103.0**	**55.8**	**59.7**
TOTAL LIABILITIES		**304.4**	**223.7**	**122.7**	**125.9**

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

Combined Consolidated Statement of Comprehensive Income for the year ended 31 December 2019 for both Sub-Funds and comparative:

		CE REIF		Global REIF	
In millions of EUR	**Notes**	**2019**	**2018**	**2019**	**2018**
Rental and similar income from investment properties	14	14.7	13.0	8.2	8.5
Direct operating expenses arising from investment property	15	(4.0)	(3.2)	(1.0)	(1.4)
Net operating income from investment properties		**10.7**	**9.8**	**7.2**	**7.1**
Revaluation gain/(loss) on investment properties	9	(5.3)	(2.4)	(2.3)	(2.9)
Other operating expenses	16	(2.7)	(2.7)	(0.8)	(0.9)
Other operating income		0.4	0.3	0.3	0.2
Operating profit/ (loss)		**3.1**	**5.0**	**4.4**	**3.5**
Interest expense		(2.1)	(2.0)	(1.3)	(1.2)
Distributions to the Holders of Shares	7	(7.9)	(6.4)	(7.1)	-
Other finance income / (costs)		8.5	4.3	(0.1)	(0.5)
Finance costs, net		**(1.5)**	**(4.1)**	**(8.5)**	**(1.7)**
Profit/(loss) after distributions to the Holders of Shares and before income tax		**1.6**	**0.9**	**(4.1)**	**1.8**
Current income tax (expense)/credit	17	(0.4)	(0.3)	-	-
Deferred income tax (expense)/credit	17	(1.0)	(0.2)	0.2	0.2
Income tax (expense)/credit		**(1.4)**	**(0.5)**	**0.2**	**0.2**
Profit/(loss) for the year		**0.2**	**0.4**	**(3.9)**	**2.0**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Translation of foreign operations to the presentation currency		**0.4**	**(0.1)**	**-**	**-**
Other comprehensive income for the year		**0.4**	**(0.1)**	**-**	**-**
Total comprehensive income for the year		**0.6**	**0.3**	**(3.9)**	**2.0**
Profit/(loss) Attributable to the Holders of Shares		**0.2**	**(0.4)**	**(3.9)**	**2.0**
Total comprehensive income Attributable to the Holders of Shares		**0.6**	**0.3**	**(3.9)**	**2.0**
Change in Net Assets Attributable to the Holders of Shares		**0.6**	**0.3**	**(3.9)**	**2.0**