



ANNUAL REPORT 2018 FOR FILING PURPOSES
CBRE GLOBAL INVESTORS
OPEN-ENDED FUNDS S.C.A. SICAV-SIF
PAN EUROPEAN CORE FUND

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GLOBAL
INVESTORS

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An initiative of CBRE Global Investors

Cover **Hanseviertel**, Hamburg, Germany

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IMPORTANT INFORMATION

This report has been produced by CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF - Pan European Core Fund and has been prepared solely for information purposes and is intended for the use and the assistance of existing investors in CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF - Pan European Core Fund only. Acceptance and/or use of any of the information contained in this report indicate the recipient's agreement not to disclose any of the information contained herein. This report does not constitute any form of representation or warranty on the part of CBRE Global Investors, an investment advice, or a recommendation, or an offer or solicitation, and is not the basis for any contract to purchase or sell any security, property or other instrument, or for CBRE Global Investors to enter or arrange any type of transaction.

This report should not be regarded as a substitute for the exercise by the recipient of its, his or her own judgment. The financial statements have been audited by an external auditor (we refer to the independent auditor's report as included in this report). This report does not purport to be a complete description of the markets, developments or securities referred to in this report. The value of an investment can go down as well as up. Past performance is not a guide or guarantee to future performance. CBRE Global Investors and its affiliates accept no liability whatsoever for any direct, consequential or indirect loss of any kind arising out of the use of this report or any part of its

REPORT OF THE GENERAL PARTNER

Under the provision of Article 2: 394.4 of the Dutch Civil Code, the report of the Manager is not included, but available for inspection at the office of the Fund, WTC Schiphol, G Tower, 7th Floor, Schiphol Boulevard, 1118 BH Schiphol, The Netherlands. Upon request a copy will be provided.

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS-EU

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in € '000, unless otherwise indicated)

	Notes	2018	2017
ASSETS			
Non-current assets			
Investment properties	1	4,417,682	2,723,265
Deferred tax asset	22	12,315	4,787
Derivatives	5	1	66
Other non-current assets	2	3,933	4,150
Total non-current assets		4,433,931	2,732,268
Current assets			
Accounts receivable from tenants and property managers	3	21,943	6,085
Prepayments and accrued income	4	15,626	6,533
Derivatives	5	1,075	-
Other receivables	6	35,880	40,196
Cash and cash equivalents		125,297	213,137
Total current assets		199,821	265,951
TOTAL ASSETS		4,633,752	2,998,219
EQUITY AND LIABILITIES			
Non-current liabilities			
Provision		6,730	1,167
Debt from credit institutions	8	469,748	527,206
Debt from associated companies	9	10,813	10,813
Deferred tax liability	22	52,390	52,312
Other non-current liabilities	10	49,310	12,742
Total non-current liabilities		588,991	604,240
Current liabilities			
Debt from credit institutions	8	263,166	10,470
Debt from associated companies	9	-	650
Derivatives	5	242	691
Accounts payable		9,159	7,059
Accrued expenses and deferred income	11	37,902	29,021
Other current liabilities	12	23,082	5,611
Total current liabilities		333,551	53,502
Liabilities excluding net assets attributable to holders of redeemable shares		922,542	657,742
Attributable to non-controlling interests		(578)	425
Net assets attributable to holders of redeemable shares		3,711,788	2,340,052
TOTAL EQUITY AND LIABILITIES		4,633,752	2,998,219

Notes 1-12, 22 see pages 116-123,126

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Amounts in € '000, unless otherwise indicated)

	Notes	2018	2017
Gross rental revenue	14	151,951	109,651
Recovered property costs charged to tenants	14	31,267	22,141
Other income	14	229	333
Total operating income		183,447	132,125
Operating costs	15	(11,528)	(11,140)
Recoverable property costs	14	(31,267)	(24,393)
Professional services	16	(16,390)	(11,628)
Management expenses	17	(26,163)	(17,971)
Other expenses		(3,582)	(213)
Total operating expenses		(88,930)	(65,345)
OPERATIONAL RESULT		94,517	66,780
Finance income	18	176	183
Finance expense	19	(14,105)	(11,164)
Finance result		(13,929)	(10,981)
Result on sales	20	546	(2,903)
Changes in fair value of investment properties	1	106,699	91,017
Other (un)realised gains and losses		6	-
Result on foreign investments	21	(667)	(23,197)
Realised and unrealised gains and losses		106,584	64,917
NET RESULT BEFORE TAX		187,172	120,716
Corporate income tax	22	(41,304)	(26,652)
NET RESULT		145,868	94,064
Other comprehensive income			
Other comprehensive income to be reclassified to comprehensive income in subsequent periods:			
Changes in fair value of net investment hedge	13	1,523	(6,430)
Realised cash flows from foreign exchange hedge	13	183	13,993
Effect of foreign exchange rate differences	13	(4,254)	(11,389)
Realised gains/(losses) from foreign exchange hedge	13	(4,309)	-
OTHER COMPREHENSIVE INCOME		(6,858)	(3,826)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		139,011	90,238
Net result attributable to:			
Shareholders		146,872	94,283
Non-controlling interest		(1,004)	(219)
Basic and diluted net result per share (in EUR)		0.051	0.050
Number of shares (entitled to profit)	7	2,893,965,643	1,896,696,808
Consolidated comprehensive income attributable to:			
Shareholders		140,015	90,457
Non-controlling interest		(1,004)	(219)

Notes 1, 7, 13-22 see page 116, 119, 123-126

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

(Amounts in €, unless otherwise indicated)

	2018	2017	2016
Net assets value			
Share class A+	258,078,102.35	149,291,319.75	-
Share class A	1,216,796,150.30	849,669,558.93	529,395,067.38
Share class B	1,634,802,453.88	1,166,590,946.40	1,158,855,659.85
Share class C	271,882,782.17	174,500,412.43	152,415,769.81
Share class XP_A+	-	-	-
Share class XP_A	98,036,131.38	-	-
Share class XP_B	187,438,849.15	-	-
Share class XP_C	44,753,641.24	-	-
Share class I	1.29	1.24	1.21
Management share class	1.29	1.24	1.21
Total	3,711,788,113.05	2,340,052,239.98	1,840,666,499.46
Number of shares			
Share class A+	201,109,243.4832	120,937,607.6206	-
Share class A	948,435,336.0830	688,475,380.7716	437,418,439.2422
Share class B	1,274,996,058.0353	945,745,878.5895	958,086,493.1054
Share class C	212,104,235.3758	141,537,938.9199	126,085,052.6598
Share class XP_A+	-	-	-
Share class XP_A	76,430,881.5846	-	-
Share class XP_B	145,994,655.2592	-	-
Share class XP_C	34,895,230.9287	-	-
Share class I	1.0000	1.0000	1.0000
Management share class	1.0000	1.0000	1.0000
Total	2,893,965,642.7498	1,896,696,807.9016	1,521,589,987.0074
Net asset value per share			
Share class A+	1.2833	1.2344	-
Share class A	1.2830	1.2341	1.2103
Share class B	1.2822	1.2335	1.2096
Share class C	1.2818	1.2329	1.2088
Share class XP_A+	-	-	-
Share class XP_A	1.2827	-	-
Share class XP_B	1.2839	-	-
Share class XP_C	1.2825	-	-
Share class I	1.2854	1.2363	1.2124
Management share class	1.2854	1.2363	1.2124
Average net asset value per share	1.2826	1.2338	1.2097

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

(Amounts in € '000, unless otherwise indicated)

	2018	2017	2016
Net assets attributable to holders of redeemable shares at the beginning of the year	2,340,052	1,840,666	1,537,410
Net assets attributable to holders of redeemable shares	140,015	90,457	11,062
Proceeds from shares issued	1,311,286	483,972	346,219
Losses from shares redeemed	-	(11,065)	-
Distribution to holders of redeemable shares	(79,565)	(63,978)	(54,025)
Net assets attributable to holders of redeemable shares at the end of the year	3,711,788	2,340,052	1,840,666

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in € '000, unless otherwise indicated)

	2018	2017
Cash flow from or used in operating activities		
Net result before tax	187,172	120,716
Adjustments to reconcile net result after tax and before minority interest to net operating cash flows		
Changes in fair value of investment properties	(106,897)	(91,017)
Result on sales	-	2,903
Capitalised and amortised tenant incentives	2,388	1,832
Capitalised and amortised financing expenses	1,251	860
Operating cash flow before change in working capital	83,914	35,294
(Increase)/decrease in current and non-current assets other than cash	(18,978)	(13,096)
Increase/(decrease) in current and non-current liabilities other than loans	7,985	(65,292)
Change in working capital	(10,994)	(78,388)
NET CASH FROM OR USED IN OPERATING ACTIVITIES	72,920	(43,094)
Cash flow from or used in investing activities		
Investments in investment properties	(1,131,052)	(389,404)
Investments in capitalised subsequent expenditure	(52,105)	(23,227)
Capitalised rent incentives	(9,992)	(5,733)
Investments in subsidiaries net of cash acquired	(395,644)	(314,376)
Divestments of subsidiaries net of cash	-	99,667
NET CASH FROM OR USED IN INVESTING ACTIVITIES	(1,588,793)	(633,073)
Cash flow from or used in financing activities		
Issuance of shares - net/capital call/capital distribution	1,311,286	483,972
Redemption of capital	-	(11,065)
Proceeds from loans	247,849	255,666
Repayment of loans	(53,916)	(196)
Other movements in derivatives	1,523	(20,357)
Dividend paid/Income distribution	(79,565)	(63,754)
Proceeds from or investments in derivatives	183	13,993
NET CASH FROM OR USED IN FINANCING ACTIVITIES	1,427,360	658,259
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(88,513)	(17,908)
Cash and cash equivalents as at the beginning of the year	213,137	191,749
Impact of currency translations on cash	(300)	(1,491)
Impact of currency translations on financial position	973	40,787
Cash and cash equivalents as at the end of the year	125,297	213,137

ADDITIONAL DISCLOSURE

	2018	2017
Interest received	176	111
Interest paid	(9,652)	(5,187)
Corporate income tax received	1,013	2,341
Corporate income tax paid	(41,079)	(5,961)

The accompanying notes form an integral part of the consolidated financial statements.

PRINCIPLES FOR THE ACCOUNTING CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in € '000, unless otherwise indicated)

The accounting principles adopted in the preparation of the consolidated financial statements of CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF - Pan European Core Fund (henceforth referred to as the "Fund") are set out below.

GENERAL

The Fund is a partnership limited by shares (société en commandite par actions) that was established as an investment company with variable share capital (société d'investissement à capital variable) qualifying as an umbrella specialised investment fund under the law of 13 February 2007 on specialised investment funds (the "SIF Law") on 12 January 2010 and has its registered office and address at 4 rue de Fort Wallis, L-2714 Luxembourg.

The sub-fund CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF Pan European Core Fund referred to as the "PEC Fund" or the "Fund", was formed to pursue core investments in retail, industrial, residential and office properties in Europe.

Its principal activities are to invest in and manage a portfolio of high quality retail, industrial, residential and office properties in Europe. The intention is to deliver a total return between 8% and 10% per annum to investors net of fees, tax and performance fees. To achieve its investment objective, the Fund will aim to deliver its returns primarily through investing in stabilised core properties which will produce long term, stable income streams.

The Fund was established on 12 January 2010. CBRE Global Investors Open-Ended GP, S.à r.l., a Luxembourg company, (the "General Partner") was established to act as the general partner of the PEC Fund. The General Partner adopted the calendar year as the financial year of the PEC Fund. The investment advisor is CBRE Global Investors Luxembourg S.à r.l. (the "Advisor"), a Luxembourg company and an affiliate of the General Partner. Information relating to administration, registered office and organization of the Fund are disclosed at the end of the notes to the consolidated financial statements. CBRE Global Investors affiliated companies in UK, France, Germany, Czech Republic, Poland, Belgium, Netherlands, Nordics, Spain and Italy may act as sub advisor to the Advisor.

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU). The Fund's reporting currency as well as functional currency is euro.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and derivatives, that have been measured at fair value and debt from credit institutions which is stated at amortised cost.

Information pursuant to article 23 of the AIFMD or material changes thereto have been disclosed in this annual report, the placing documents and/or the amended Fund documentation and presentations provided at investor meetings.

In order to improve the comparability and therefore

the insight into the Fund's consolidated financial statements, some comparative figures in the cash flow statement have been reclassified. These were the only reclassifications and they have no impact on result and net asset attributable to holders of redeemable shares.

Each of the Fund's legal entities in which the Fund participates reports statutory accounts under the local reporting standards of the country where the entity is established. For consolidation purposes, all entities are booked in CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF in accordance with IFRS-EU.

The annual report for the year ended 31 December 2018 has been authorised for issue in accordance with a resolution of the Board of Directors of the General Partner on 12 March 2019. The Board of Directors of the General Partner will present the annual report to the annual meeting of Shareholders of the Fund and request the approval of the consolidated financial statements and the appropriation of result.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC Interpretations which are applicable for the financial statements 2018:

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- IFRS 9 Financial Instruments
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 40 Investment Property – Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Considerations

The standards did not have any impact on the Fund and its subsidiaries financial position and performance.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling

a contract. The consequential amendments in IFRS 15 will change the derecognition requirements in IAS 40 and IAS 16.

Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

IFRIC 22

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Early adoption of standards and interpretations

The Fund has not early adopted any new International Financial Reporting Standards or Interpretations.

Standards issued but not yet effective up to the date of issuance of the Fund's consolidated financial statements are listed below:

- Amendments to IFRS 9 *Financial Instruments* - Prepayment Features with Negative Compensation, effective 1 January 2019
- IFRS 16 *Leases*, effective 1 January 2019
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* - Long-term Interests on Associates and Joint Ventures, effective 1 January 2019*
- IFRIC 23 *Uncertainty over Income Tax Treatments*, effective 1 January 2019*
- Annual Improvements Cycle – 2015-2017, effective 1 January 2019*

((*) Not yet endorsed by the EU as per 6 July 2018 and to date).

Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation

The amendment to IFRS 9 allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes

two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

Based on the assessment made management concludes that IFRS 16 will not have a significant material impact on the assets and liabilities of the Fund. In addition, management concludes that the impact of this standard will not have a material impact on the Net Asset Value of the Fund. In the course of Q1 2019 the actual impact of IFRS 16 will be determined and recorded simultaneously in the Q1 2019 report.

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the Interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the

Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Fund may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Annual Improvements Cycle - 2015-2017

The IASB issued the 2014-2017 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- **IAS 12 Income Taxes** – Income tax consequences of payments on financial instruments classified as equity: The amendments clarify that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and must be disclosed. The amendments must first be applied to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.
- **IAS 23 Borrowing Costs** – Borrowing costs eligible for capitalisation: The amendments clarify that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and should be disclosed.

CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Fund and enterprises controlled by the Fund and its subsidiaries together, hereinafter referred to as the ‘Group’, up to 31 December.

Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition of a business over the fair values of the identifiable net assets acquired is recognised as goodwill. The non-controlling interests are stated at the minority’s proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries where control is acquired or disposed of during the year are included in the consolidated comprehensive income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

All intercompany transactions and balances between Group companies are eliminated on consolidation. These consolidated financial statements include the financial statements of the Fund and the Group companies as listed in Table A.

The relative part of total equity and net income

attributable to third parties is included as non-controlling interest in the consolidated statement of financial position and consolidated comprehensive income statement respectively.

FOREIGN CURRENCY TRANSLATION

The reporting currency of the Fund is Euro whereas the functional currency of certain of its foreign subsidiaries is the local currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling on the statement of financial position date. The income statements of foreign subsidiaries are translated at the average exchange rate for the year. The exchange differences arising from the currency translation are recorded as a separate component of the net assets attributable to holders of redeemable shares. On disposal of a foreign entity, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date that the fair value was determined. Gains and losses arising on exchange are included in the net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly to equity, and any exchange component of that gain and loss is also recognised directly in equity.

The year-end exchange rate used is (foreign currency compared to EUR 1):
 British Pound (GBP) 0.898453. The average exchange rate used is GBP 0.887447 compared to EUR 1.
 Norwegian Kroner (NOK) 9.909685. The average exchange rate used is NOK 9.648802 compared to EUR 1.
 Swedish Kroner (SEK) 10.155186. The average exchange rate used is SEK 10.325247 compared to EUR 1.

SEGMENT INFORMATION

IFRS 8 regarding segment information is not applicable for the Fund because the Fund does not have public traded equity or debt securities.

PRINCIPLES OF VALUATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unless otherwise stated, the assets and liabilities are stated at historical cost. If the fair value of the assets and liabilities deviates from the consolidated statement of financial position value, the fair values are disclosed in the notes to the item concerned.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertain at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed in the principles of valuation of the statement of financial position below.

Fair value, in the case of investment property, is the valuation based on valuations by an independent

expert taking into account the nature, location and condition of the specific asset. The valuation undertaken was based on an open market value, supported by market evidence in which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation in accordance with the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors and International Valuation Standards. The valuations are based on the assumption that the properties are let and sold to third parties based on the actual letting status and are net of purchaser's costs. The portfolio is appraised based on an external desk top valuation each quarter, and based on a valuation by independent expert at year-end. Valuations drawn up earlier in the year are updated if necessary to reflect the situation at year end.

In 2018, the properties in the portfolio were valued by the independent experts Jones Lang LaSalle Limited and Knight Frank.

The valuations are based on DCF analysis of each property combined – where necessary- with valuations based on market evidence. The DCF have been adjusted to existing lease terms, this has been done in order to cover the full period of existing leases. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing leases, and estimations of the rental values when lease expires. The basis for the estimation of the discount rate is the nominal interest rate for 10-year governmental bonds. This rate should be raised with the risks that are involved with property investments.

The values stated in the valuation reports represent the objective opinion of the valuation independent experts in accordance with the definition set out above as of the date of the valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date. Going forward, we would draw your attention to the fact that the commercial real estate markets are recovering from the crisis in the global financial system, some markets faster than others. As a result, a short notice disposal price of certain assets might be lower than the current appraisal value.

On each statement of financial position date, the Fund reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Fund may acquire subsidiaries that own real estate. At the time of acquisition, the Fund analyses whether the acquisition represents the acquisition of a business. In case this applies, the Fund accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary

services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

For amounts due from loans receivable and amounts receivable from tenants and property managers carried at amortised costs, the Fund first assesses individually whether objective evidence of impairment exists. The Fund also assesses whether objective evidence for collective impairment exists. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated comprehensive income statement, discounted against the original effective interest rate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole (see Table D and E):

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially accounted for at their cost price (including purchase expenses like transfer tax, broker fees, civil notary, if applicable).

After initial recognition, investment properties are measured at fair value net of purchasers' costs, assuming a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in the consolidated comprehensive income statement for the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the consolidated comprehensive income statement in the year of derecognition.

Investments, which have been made in existing properties since the last valuation was carried out, are capitalised at the cost value in addition to the carrying amount of the investment up to the next

valuation. Properties held as investments are not subject to depreciation.

The investment properties are leased out under operating leases.

FINANCIAL LEASE

Leases of assets where the Fund has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities.

The interest element of the finance cost is treated as borrowing costs and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties recognised under finance leases are carried at their fair value.

INCENTIVES

Rent incentives

Straight-lined rent incentives are recognised in the consolidated statement of financial position at the moment the incentive is granted. The incentives are depreciated over the term of the lease contract. The fair value of the investment properties recognised in the consolidated statement of financial position include the net balance of the rent incentives. Accordingly, the revaluation of properties contains both the movement in value of the properties as well as the movement in straight-lined incentives during the year.

Letting fees

The Fund makes payments to agents for services in connection with negotiating lease contracts with the Fund lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Accordingly, the revaluation of the properties contains both the movement in value of the properties as well as the movement in straight-lined incentives and letting fees during the year.

Rent incentives and letting fees are recognised as a reduction of rental revenue on a straight-line basis over the lease term.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The investment properties are leased out under operating leases because the Fund does not transfer all the risks and benefits of ownership of the investment property. Initial direct costs incurred in negotiating an operating lease are recognised over the lease term on the same basis as rental revenue. Contingent rents are recognised as revenue in the period in which they are earned.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Fund's consolidated statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets within the scope of IFRS 9 are classified as either financial assets at fair value through profit and loss or loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of loans and receivables directly attributable and incremental transaction costs.

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values can be obtained from quoted market prices, discounted cash-flow models or option pricing models.

Where quoted prices are not available and not based on observable market data, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (level 3).

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Fund has transferred substantially all risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Financial instruments at fair value through profit or loss

Derivatives, including separated embedded derivatives are accounted at fair value and classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured initially at fair value and subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated comprehensive income statement when the loans and receivables are derecognised or impaired through the amortisation process.

Current assets and liabilities

The fair value of current assets and liabilities due within one year, except those disclosed under financial instruments, approximate the carrying value disclosed in the consolidated statement of financial position due to the short-term nature on which these transactions settle. Current assets, for

which provisions are necessary, are netted against the provision to reflect the estimated amount that will be settled.

DERIVATIVES AND HEDGE ACCOUNTING

The Fund uses derivative financial instruments such as forward currency contracts and swaps to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value calculations on derivatives incorporate inputs on credit quality of counterparties and the Fund's own non-performance risk. As at 31 December 2018 the market to market value of the derivative asset positions is net of a credit valuation adjustment attributable to the derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments at fair value. The changes in the Fund's own credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. The present value of the swap (i.e. fixed rate for floating rate) is computed using standard methods of determining the present value (PV) of the fixed leg and the floating leg.

For the purpose of hedge accounting, hedges are classified as

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction; or
- hedges of a net investment in a foreign operation.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Fund formally designates and documents the hedge relationship to which the Fund wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Net investment hedge

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated comprehensive income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the consolidated comprehensive income statement.

As at 31 December 2018, the Fund held swap foreign exchange contract to mitigate the Fund currency risk. The Fund fixes the foreign currency exposure, either because the external debt is in foreign currency or is hedged with foreign currency contracts. At the end of December 2018, 45% of the foreign currency exposures was hedged. The value of foreign currency positions could be subject to fluctuations due to changes in the foreign currency rates. Financial instruments are only used to hedge underlying positions and inherently include a counterparty risk.

PROPERTIES HELD FOR SALE

In the case a plan to sell an asset has been approved and the sale is expected to occur within one year from the date of approval of the plan, the asset is classified as property held for sale. The reclassification occurs when the following conditions are met:

- The asset must be available for immediate sale in its present condition;
- Carrying amount of the asset will be recovered through sale rather than from use;
- Sale of the asset within one year is highly probable;

Properties held for sale, which are reclassified from investment properties (under construction), are measured at fair value.

If the property is expected to be sold in a share deal, all corresponding assets and liabilities are considered as part of the transaction. Therefore all assets and liabilities are reclassified as held for sale, separately within current assets and current liabilities.

ACCOUNTS RECEIVABLE FROM TENANTS AND PROPERTY MANAGERS

Accounts receivable from tenants and property managers are stated at their historical cost and reduced by appropriate allowances for estimated irrecoverable amounts.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. The cash and cash equivalents are freely available unless otherwise disclosed.

REDEEMABLE SHARES

Redeemable participating shares are redeemable at the shareholders' or at Fund's option and are classified as financial liabilities. The General Partner shall issue nine Classes of Shares: Shares shall be issued to Shareholders corresponding to their Capital Commitments, as follows:

Class A+ Shares will be issued to any Shareholder whose aggregate Capital Commitment amounts to EUR 250 million or greater;

Class XP_A+ Shares will be issued to any Shareholder whose aggregate Capital Commitment amounts to EUR 250 million or greater and elects not to be subject to a performance fee;

Class A Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 100 million but less than EUR 250 million;

Class XP_A Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 100 million but less than EUR 250 million and elects not to be subject to a performance fee;

Class B Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 20 million but less than EUR 100 million;

Class XP_B Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 20 million but less than EUR 100 million and elects not to be subject to a performance fee;

Class C Shares will be issued to any Shareholder whose aggregate Capital Commitment is less than EUR 20 million;

Class XP_C Shares will be issued to any Shareholder whose aggregate Capital Commitment is less than EUR 20 million and elects not to be subject to a performance fee;

One Class I Share will be issued at the Initial Issue Price to the Class I Shareholder on the Initial Closing Date. The sole purpose of the Class I Share is to provide entitlement to the performance payments. Class A+, XP_A+, A, XP_A, B, XP_B, C and XP_C shares will be subject to a specific Management and Advisory Fee whereas Class I Share will not be subject to any Management and Advisory Fee. The mechanism to redeem the shares and the redemption value of the shares (based on INREV NAV) are defined in the Private Placement Memorandum of the Fund dated July 2018.

Capital management

For the purpose of the Funds capital management, capital includes issued share capital, additional paid-in capital, retained earnings and all other reserves attributable to the Fund. The primary objective of the Fund's capital management is to maximise the shareholder's value. The Fund manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Fund may adjust the dividend payments to the shareholders, return capital to shareholders or issue share capital. Dividends are maximised for the part of the realised retained earnings. The Fund monitors capital primarily using the loan-to-value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment portfolio. The Fund's target loan-to-value ratio is 25% and operating in a band of between 20% to 30%. Actual loan to value ratio on 31 December 2018 is 16.8%.

Cumulative unrealised gains and losses

The cumulative unrealised gains and losses is used to record increases in the fair value of investment properties, investment properties under constructions, investments at fair value through profit and loss and investment properties held for sale and decreases to the extent that such decrease relates to an increase on the same item previously recognised in other reserves via the

other comprehensive income. The other reserves cannot be used to pay dividends.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Funds foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

PROVISIONS

Provisions are recognised when the Fund has a present obligation as a result of a past event, when it is probable that the Fund will have to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect on the time-value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Process of provisioning includes estimates regarding amounts and timing of cash flows.

DEBT FROM CREDIT INSTITUTIONS AND FINANCING COSTS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. When liabilities are derecognised, gains and losses are recognised in net profit or loss and through the amortisation process.

PRINCIPLES FOR DETERMINATION OF RESULT

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made.

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

GROSS RENTAL REVENUE

Gross rental revenue is the actual rents charged to tenants plus turnover rent, mall revenue and parking revenues, including the net effect of straight-lining of granted rent incentives.

THEORETICAL RENTAL REVENUE

The theoretical rental revenue is based on passing rent of existing contracts for leased units and the estimated market rent (estimated rental value as given in the valuation report) for vacant units.

TENANT INCENTIVES

Tenant incentives are incentives granted to tenants that are used as a commercial instrument to encourage tenants to enter into a contract. Straight-lining with regard to tenant incentives proportionally distributes the incentives over the contract period resulting in equal distribution of income and or expenses over the contract period. Tenant incentives could have the form of rent incentives when for example rent free periods are granted or could have the form of fitting out costs when grants are paid for refurbishment of units. Rent premiums are also recognised as an integral part of the net consideration and added to the rental revenue over the lease term, on a straight-

line basis.

RECOVERED PROPERTY COSTS CHARGED TO TENANTS (SERVICE COSTS)

Under IFRS-EU regulations, the Fund is obliged to present the service costs and service charges separately in the consolidated financial statements because the Fund bears the risk of recovery of these costs from tenants.

FINANCE INCOME AND EXPENSES

Interest income and interest charges are recognised in the consolidated comprehensive income statements using the effective interest method. This method includes amortisation of any discounts or premiums or other differences (including transaction costs and related commission) between the initial carrying amount of an interest-bearing instrument and the amount at maturity, calculated using the effective interest rate.

The interest expenses consists of debts, whether or not embodied in debt securities, financial liabilities at fair value through profit or loss, as well as commission in the nature of interest, penalties for unscheduled redemption and discounts. Penalty interest on unscheduled redemption and discounts and gains and losses on debts, whether or not embodied in debt securities, are recognised using the effective interest method.

TAXATION

The Fund companies are subject to taxation in the countries in which they operate.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated comprehensive income statement. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same Tax Authorities.

PRINCIPLES FOR THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement has been drawn up according to the indirect method, separating the cash flows from operating activities, investment activities and financing activities. The result has been adjusted for accounts in the consolidated comprehensive income statement and movements in the consolidated statement of financial position which have not resulted in cash flows in the financial year.

The cash and cash equivalents and bank overdraft amounts in the consolidated cash flow statement include those assets that can be converted into cash without any restrictions and with insignificant changes in value as a result of the transaction.

Distributions are included in the cash flow from financing activities.

RELATED PARTY RELATIONSHIPS

A CBRE Global Investors associated company is the General Partner of the Fund and charges a management fee to the Fund. The charged amount is presented under management fee in the notes to the consolidated comprehensive income statement.

Besides asset management fees, the General Partner is entitled under the Private Placement Memorandum to a performance fee based on the achievement of certain financial objectives as further explained in note 18.

Other related parties are disclosed on page xx of these consolidated financial statements.

FINANCIAL RISK MANAGEMENT

CBRE Global Investors EMEA has established a risk management organization to help achieve its organizational and business objectives while keeping risks within acceptable boundaries and complying with (local) regulations.

As part of the risk management process, the Fund has also identified financial risks that are associated to the activities of the Fund and which could have an impact on the financial performance and position of the Fund. Management of these financial risks is part of the risk management organization of CBRE Global Investors EMEA which results in mitigating the financial impact of these risks within the acceptable bounds as far as possible.

The financial risks as identified are as follows:

1. Market risk:
 - a) real estate risk
 - b) interest rate risk
 - c) foreign currency risk
2. Credit risk
3. Liquidity risk
4. Funding risk
5. Taxation risk

CBRE Global Investors EMEA prepares internal risk reports in which analyses of exposure by degree and magnitude of risks are reflected. The Fund actively manages these risks based on these risk reports and implements measures to mitigate these financial risks as far as necessary based on the pre-defined acceptable boundaries. These boundaries are amongst others based on placing documents as well as (hedging) policies applicable to the Fund. The proposed measures are based on in-depth expertise, concerning domestic and international financial markets.

The Fund is able to use financial instruments (including derivatives) to manage risk related to interest rate and exchange risk. The use of financial instruments is documented in the placing documents as well as in hedging policies applicable to the Fund. The policies provide the principles on (foreign) exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Fund does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

The Fund invests in office, logistics, retail and residential properties in Belgium, France, Germany, Italy, Norway, Poland, Spain, Sweden, the Netherlands, the Czech Republic and UK.

The following describes the involved risks and the applied risk management.

1. MARKET RISK

A. Real estate risk (including future investments)

Real estate risk

The real estate risk relates to fair value movements of real estate assets that are part of the portfolio of the Fund. These fair value movements are influenced by yields available for the real estate investments.

The yields available from investments in real estate depend primarily on the amount of income earned and capital appreciation generated by the investment properties, as well as expenses incurred. If investment properties do not generate sufficient incoming cash flows (income) to compensate expenses, debt service and capital expenditures, the value of the investment properties

as well as the income generated by these assets for distribution to investors will be adversely affected. The income from the investment properties can be impacted by a decrease of market rents (including unfavorable terms) compared to the investment assumptions as well as by tenants that are unable to pay rents. Expenses are generally not reduced when circumstances cause a reduction in income from investment properties.

Other factors that may adversely affect the value of and income from the investments in real estate are the general economic climate, local conditions such as oversupply of properties or a reduction in demand of properties in the market in which the Fund operates, the attractiveness of the properties to tenants, competition from other available properties and increased operating costs (including real-estate taxes).

Besides asset specific characteristics also general market circumstances affect the value and income from the investment properties such as the cost of regulatory requirements related to investment properties, interest rate levels and the availability of financing.

The General Partner of the Fund has implemented a portfolio strategy with the aim to mitigate the above stated real estate risk. By diversifying in regions, risk categories and tenants it is expected to lower the risk profile of the portfolio.

The Fund uses certified, external, valuers to assess its property market values. The property valuations as at 31 December 2018 were done by external valuers using the DCF valuation method. During 2018, Jones Lang LaSalle Limited and Knight Frank performed valuations for the Fund in its acquisition and disposal process and advised the Fund in relation to its active portfolio management.

Next to CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF - Pan European Core Fund, the external valuer provides valuation and research related services to CBRE Global Investors, as well as to other funds CBRE Global Investors manages.

All investment properties in the portfolio are valued by an external valuer each quarter. The valuation as at 31 March, 30 June and 30 September are external 'desktop valuations', while a full valuation is done as at 31 December of the year.

The market value of the Funds' portfolio as determined by the valuers is reflected in the Consolidated Statement of Financial Position, while a complete overview of all investment properties in the Fund's portfolio is given in Investments in Real Estate section on page 92 of this annual report.

The quarterly valuations of the Funds' portfolio are performed by Jones Lang LaSalle Limited and Knight Frank. The total fee charged to the Fund in 2018 amounts to EUR 0.8 million.

CBRE Global Investors EMEA has implemented a real estate valuation policy to ensure independent external valuations for the investments under management. In this policy the conditions for valuation engagements are established which includes amongst others rotation requirements for external valuers as well as documentation requirements regarding qualifications of external valuers.

Future investments

As of the date of this annual report, the only investments of the Fund that have been identified

consist of the current portfolio as specified in the report of the General Partner. While the Fund is negotiating to acquire further properties, there is no guarantee that these properties will form part of the portfolio of the Fund.

With respect to new investments, the General Partner will be targeting specific investment categories based on the Fund's investment objective and restrictions. Because such investments may be made over a substantial period of time, the Fund faces the risk of interest rate fluctuations in case of leveraging these investments and adverse changes in the real estate markets.

B. Interest rate risk

The Fund is exposed to interest rate risk as entities in the Fund structure borrow funds at both fixed and floating interest rates. This risk is managed by the Fund by maintaining an appropriate mix between fixed and floating rate borrowings, and if needed the use of interest derivatives.

Interest rate positions of the Fund are evaluated regularly to align with interest rate views and defined risk appetite. Based on this assessment the hedging strategies are optimised in line with the interest risk appetite documented in the placing documents.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed for a minimum period of one year. The other financial instruments of the Group that are not included in the tables are non-interest bearing and are therefore not subject to interest-rate risk.

All positions (borrowings and derivatives) are with external financial institutions which meet the minimum rating requirements for counterparties.

A sensitivity analysis in Table B shows the impact of a 1% shift of the interest rates on the fair values of the Fund's variable and fixed interest rate debts.

We further refer to our hedge accounting paragraph for the accounting principles applied for derivatives that are assigned as hedge instruments and meet the hedge accounting requirements.

C. Foreign currency risk

The Fund is Euro denominated. The Fund operates internationally and is exposed to foreign exchange risk arising from currency exposure primarily with respect to the Great British Pound, Norwegian Krone and Swedish Krone. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations as well as income (including distributions) from investment properties that are non-EUR denominated. The Fund has certain investments in foreign currency, whose net assets are exposed to foreign currency translation risk.

As at 31 December 2018 the Fund has EUR 824 million in non-EUR denominated investments properties and EUR 189 million in non-EUR denominated debt instruments, which is specified as follows:

(Amounts in millions)

Currency	Investment properties	Debt instruments	Financial Lease
GBP	409	108	6
NOK	2,611	183	-
SEK	1,072	510	-

The Fund's policy is to hold third party debt in local currency secured against non-EUR investments where accretive and to hold a currency hedge against 50% of the fair market value of any non-EUR investments where third party debt is not held. As at 31 December 2018 the Fund has EUR 182 million of foreign exchange rate contracts outstanding with external counterparties.

Table G shows the sensitivity and net fair value impact of a 10% increase of the euro against all respective currencies holding all other variables constant.

2. CREDIT RISK

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Fund's exposure and the credit ratings of its counterparties are monitored quarterly and the aggregate value of transactions concluded is spread amongst counterparties.

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Fund obtains collateral in the form of rights to securities or arranges master netting agreements.

CREDIT RISK MANAGEMENT FOR TENANTS AND PROPERTY MANAGERS

Receivables from tenants and property managers consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, a bank guarantee from tenants is obtained or a credit guarantee insurance cover is purchased.

The Fund's credit risk is primarily attributed to its rental receivable. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables, estimated based on prior experience and their assessment of the current economic environment.

The tenant receivables are monitored on a regular basis to identify increased credit risk related to these tenants. Besides the ageing of the receivable also the credit ratings of the tenants are monitored.

At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected in the consolidated statement of financial position represents the Fund's maximum exposure to credit risk for tenants and property managers.

Credit risk management for financial instruments

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Fund mitigates the credit risk by only dealing with banks with solid credit-ratings assigned by international credit-rating agencies.

Except as detailed in Table E, the carrying amount of financial assets recorded in the consolidated financial statements, grossed up for any allowances for losses, represents the Fund's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The credit risk on cash and cash equivalents and derivatives financial instruments is limited because the counterparties are banks with solid credit-ratings assigned by international credit agencies.

According to S&P and Fitch rating company, approximately 85% of the cash of the Fund is deposited in banks rated A, 8% is in banks rated BBB-, 7% is in banks rated A+.

The Fund has no significant concentration of credit risk, with exposure spread over a number of counterparties.

3. LIQUIDITY RISK

Liquidity risk management is performed by the General Partner, which has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity requirements which is based on the placing documents. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In accordance with the Private Placement Memorandum, the shares may be redeemed at the request of the shareholders.

A maturity overview of the Fund's financial liabilities is provided in note 8 and 9. The Fund has credit facilities available with banks and is allowed to obtain debt from associated companies or credit institutions within its loan-to-value ratio limits as stated in the Private Placement Memorandum. The year-end 2018 loan-to-value ratio of the Fund amounts to 16.8%, while the maximum ratio is 40%. The maturity overview of financial instruments of the Fund is provided in Table F.

4. FUNDING RISK

The Fund undertakes external borrowings in connection with its investments to increase potential equity performance. There can be no assurance that the Fund will be able to secure the necessary external financing. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also increase the risk of loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that existing indebtedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Subject to the expected future trends of the interest rates and the nature of real estate, the policy of the Fund is to make use of a certain level of debt financing.

5. TAXATION RISK

The group companies are subject to taxation in the countries in which they operate. It is difficult to assess whether the Fund will have to pay more taxes due to changes made to the tax systems in the countries where the Fund operates, but it cannot be excluded.

Table A List of subsidiaries

Name	Registered office	2018 Interest %		2017 Interest %	
PEC Holdings S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Anton S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Brunnen S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Friedrich S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Mönchhof S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Weiherfeld S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Gabriel S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Meyer S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Werner S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig 1 S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig 2 S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig 3 S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig 4 S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig GP S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Koenig Partnership S.C.S	Luxembourg	100.0	Consolidated	100.0	Consolidated
Steinstrasse S.à r.l & Co KG	Germany	94.9	Consolidated	94.9	Consolidated
Sevens S.à r.l & Co KG	Germany	94.9	Consolidated	94.9	Consolidated
PEC Kammerwiese S.à r.l	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Raiffeisenstrasse S.à r.l	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Taxet S.à r.l	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Berri SCI	France	100.0	Consolidated	100.0	Consolidated
Central Parc Villepinte SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Alouette SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Pyramide SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Saint-Honoré SCI	France	100.0	Consolidated	100.0	Consolidated
PEC Erding GmbH & Co KG	Germany	100.0	Consolidated	94.9	Consolidated
PEC Erding management GmbH	Germany	100.0	Consolidated	100.0	Consolidated
Samera Verwaltung GmbH	Germany	100.0	Consolidated	80.7	Consolidated
PEC Dutch Holings BV	The Netherlands	100.0	Consolidated	100.0	Consolidated
PEC Musketierow Sp. z o.o.	Poland	100.0	Consolidated	100.0	Consolidated
PEC Szyszkowa Sp. z o.o.	Poland	100.0	Consolidated	100.0	Consolidated
PEC Działkowa Sp. z o.o. (formerly Hanford Sp.z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
Euroinvest Aartselaar S.A.	Belgium	100.0	Consolidated	100.0	Consolidated
PEC Bogstad AS	Norway	100.0	Consolidated	100.0	Consolidated
PEC Bogstad Holdings AS	Norway	100.0	Consolidated	100.0	Consolidated
PEC Jersey Holdco Ltd	Jersey	100.0	Consolidated	100.0	Consolidated
PEC Neale Ltd	Jersey	100.0	Consolidated	100.0	Consolidated
PEC Parkfield Ltd	Jersey	100.0	Consolidated	100.0	Consolidated
PEC Conduit Ltd	Jersey	100.0	Consolidated	100.0	Consolidated
PEC Windmill Ltd	Isle of Man	100.0	Consolidated	100.0	Consolidated
PEC Campus Square s.r.o	Czech Republic	100.0	Consolidated	100.0	Consolidated
PEC Ostrava s.r.o	Czech Republic	100.0	Consolidated	100.0	Consolidated
PEC Plzen 1, s.r.o.	Czech Republic	100.0	Consolidated	100.0	Consolidated
PEC Plzen 2, s.r.o.	Czech Republic	100.0	Consolidated	100.0	Consolidated
D5 LogisticsPark 1, s.r.o.	Czech Republic	-	Merged	100.0	Consolidated
ENH Czech, s.r.o.	Czech Republic	-	Merged	100.0	Consolidated
PG Czech Republic XI, s.r.o.	Czech Republic	-	Merged	100.0	Consolidated
Plzen West A, s.r.o.	Czech Republic	-	Merged	100.0	Consolidated
PEC Holdings France SAS	France	100.0	Consolidated	100.0	Consolidated
PEC OPPCI	France	100.0	Consolidated	100.0	Consolidated
PEC Lognes SCI	France	100.0	Consolidated	100.0	Consolidated
PEC Croissy - Beaubourg SCI	France	100.0	Consolidated	100.0	Consolidated
PEC Saint-Cyr-en-Val SCI	France	100.0	Consolidated	100.0	Consolidated
EC Wroclaw Sp. z.o.o. (formerly HE Wroclaw 1 sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC Bielsko-Biała sp. z.o.o. (formerly HE Bielsko 1 sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC Gdansk Kowale 1 sp. z.o.o. (formerly HE 7R Gdansk 1 Sale Sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC Gdansk Kowale 4 Sp. z.o.o. (formerly HE 7R Gdansk 4 Sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC Ozarow 1 sp. z.o.o. (formerly HE Ozarow 1 Sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC Hieronymus AS	Norway	100.0	Consolidated	100.0	Consolidated
PEC Hieronymus Management Company AS	Norway	100.0	Consolidated	100.0	Consolidated
PEC NorwayHolding AS	Norway	100.0	Consolidated	100.0	Consolidated
Karl Johans Gate 12 AS	Norway	100.0	Consolidated	100.0	Consolidated
Kirkegaten 32 AS	Norway	100.0	Consolidated	100.0	Consolidated
PEC Seine S.à r.l	Luxembourg	100.0	Consolidated	100.0	Consolidated
Larby S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Parkfield Ltd	Guernsey	100.0	Consolidated	100.0	Consolidated
PEC Ozarow 2 sp. z.o.o. (formerly HE Ozarow 2 Sp. z.o.o.)	Poland	100.0	Consolidated	100.0	Consolidated
PEC NL Schiphol DC Pudongweg S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Born DC Holtem-Noordweg S.à r.l	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Nieuwegein DC Inundatiedok S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL sHeerenberg DC Transportweg S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Utrecht DC Fermiweg S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Utrecht DC Nucleonenweg S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Utrecht DC Atoomweg S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC NL Wijchen DC Bijsterhuizen S.à r.l.	Luxembourg	100.0	Consolidated	100.0	Consolidated
PEC Holdco Spain, S.L.U.	Spain	100.0	Consolidated	100.0	Consolidated

Name	Registered office	2018 Interest %		2017 Interest %	
PEC Recoletos Colón, S.L.U.	Spain	100.0	Consolidated	100.0	Consolidated
Pan European Core Sweden Holding AB	Sweden	-	Merged	100.0	Consolidated
PEC Tobaksmonopolet AB	Sweden	100.0	Consolidated	100.0	Consolidated
PEC Italy SICAF S.p.A. (formerly PEC Duomo S.p.A.)	Italy	100.0	Consolidated	100.0	Consolidated
PEC Berri Holdco SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Argan Holdco SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Marengo S.A.	France	100.0	Consolidated	100.0	Consolidated
PEC Saint-Honoré Holdco SAS	France	100.0	Consolidated	100.0	Consolidated
PEC Wiesenstrasse S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Weiterstadt S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Hanseviertel GP S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Hanseviertel Limited Partner S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Hanseviertel Partnership I SCS	Luxembourg	100.0	Consolidated	-	-
PEC Hanseviertel Partnership II SCS	Luxembourg	100.0	Consolidated	-	-
PEC Poststrasse SCS	Luxembourg	100.0	Consolidated	-	-
PEC Hohe Bleichen SCS	Luxembourg	100.0	Consolidated	-	-
PEC Uhland S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Uhland Management GmbH	Germany	100.0	Consolidated	-	-
PEC Uhland GmbH & Co. KG	Germany	100.0	Consolidated	-	-
PEC Uhland PM GmbH	Germany	100.0	Consolidated	-	-
HE Warsaw 1 sp. z o.o.	Poland	100.0	Consolidated	-	-
HE 7R Gdansk 1 sp. z o.o.	Poland	100.0	Consolidated	-	-
HE 7R Gdansk 2 sp. z o.o.	Poland	100.0	Consolidated	-	-
PEC Tangerine S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Lime S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Aloe S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Mandarin S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Coral S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Emerald S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Apricot S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Peach S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Terracotta S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Ivy S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Persimmon S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Sage S.à r.l.	Luxembourg	100.0	Consolidated	-	-
PEC Sweden MergCo AB	Sweden	100.0	Consolidated	-	-
Société Immobilière du Marché Saint Honoré SAS	France	100.0	Consolidated	-	-
PEC Tournan SCI	France	100.0	Consolidated	-	-

Table B Sensitivity to a 1% parallel shift in interest rates

As at 31 December 2018 the Fund has contracted EUR 6 million floating and EUR 733 million fixed bank debt. This table shows the net impact on changes in fair values and interest cash flows of the Fund's variable interest rate debt and fixed interest rate debt due to a +/- 1 percent parallel shift in interest rates holding all other variables constant:

	2018 +1%	2018 -1%	2017 +1%	2017 -1%
Fair value change fixed interest rate debt	20,883	(22,052)	24,583	(24,609)
Fair value change floating interest rate debt	414	(416)	10	(10)

The debts from credit institutions and associated companies are held to maturity. Fair values of these debts are determined by using the discounted cash flow method using an effective interest rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2018.

Fund management is aware that considering the current financing market (if applicable: the current exit strategy of the properties) as well as the risk profile of the individual debts, the effective interest rate might not necessarily reflect the current market rate for similar debts as at 31 December 2018. Under the assumption that the current market rate for loans would increase by 100 basis points, the fair value of the loans would decrease by approximately EUR 22 million as at 31 December 2018.

Table C Real estate sensitivity analysis

Table below represents the investment properties portfolio.

The significant unobservable inputs used in the fair value measurement categorised in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2018 are as shown below:

2018	Movement in gross current yield				
	-25 bps	-12.5 bps	0 bps	+12.5 bps	+25 bps
Market value properties	4,696,523	4,542,406	4,398,082	4,262,647	4,135,304
Current gross yield (%)	3.7	3.8	3.9	4.1	4.2
Revaluation of investment properties	298,441	144,324	-	(135,435)	(262,778)
Revaluation of investment properties (%)	6.8	3.3	-	(3.1)	(6.0)
Effect on total return (%)	13.7	9.3	-	(3.7)	(7.2)
Loan to value at Fund level (%)	15.7	16.3	16.8	17.3	17.9
Impact on net result	298,441	144,324	-	(135,435)	(262,778)

2017	Movement in gross current yield				
	-25 bps	-12.5 bps	0 bps	+12.5 bps	+25 bps
Market value properties	2,895,185	2,803,243	2,716,961	2,635,832	2,559,407
Current gross yield (%)	3.8	3.9	4.1	4.2	4.3
Revaluation of investment properties	178,224	86,282	-	(81,129)	(157,554)
Revaluation of investment properties (%)	6.6	3.2	-	(3.0)	(5.8)
Effect on total return (%)	7.6	3.7	-	(3.5)	(6.7)
Loan to value at Fund level (%)	18.8	19.4	20.0	20.6	21.3
Impact on net result	178,224	86,282	-	(81,129)	(157,554)

The significant unobservable inputs used in the fair value measurement categorized in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2017 are as shown below:

Input	2018		2017	
	Sensitivity used ¹⁾ %	Effect on fair value	Sensitivity used ¹⁾ %	Effect on fair value
Investment properties Gross rent	5.00	(1,679,312)	5.00	(144,191)
Net initial yield	0.25	(560,072)	0.25	(209,121)

1) The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

Significant increases (decreases) in estimated rental value in isolation would result in an significantly higher (lower) fair value measurement. Significant increases (decreases) in the weighted average discount rate and average vacancy rate in isolation would result in significantly lower (higher) fair value measurement.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally:

- similar change in the discount rate
- opposite change in the average vacancy rate

Table D Fair value hierarchy for investment in real estate

The table below represents the valuation methods applied for investment properties at fair value (for further information on valuation techniques please refer to the 'significant accounting judgments and estimates' section):

	Level	Fair value 2018	Fair value 2017
Investment properties	3	4,417,682	2,723,265

Investment properties includes finance lease held by Mutual House of EUR 6.2 million and Hanseviertel of EUR 13.4 million. For the level 3 reconciliation on investment in real estate we further refer to the notes to the consolidated statement of financial position (note 1 on page 116).

Table E Fair value hierarchy for financial instruments

The table below represents the valuation methods applied for financial instruments carried at fair value:

	Level	Fair value 2018	Fair value 2017
Accounts receivable from tenants and property managers	2	21,943	6,085
Other receivables	2	35,881	40,196
Cash and cash equivalent	1	125,297	213,137
Derivatives	2	(241)	(625)
Property accounts payable	2	(9,159)	(7,059)
Accrued expenses and deferred income	2	(37,901)	(29,021)
Other current liabilities	2	(23,082)	(5,611)
Loan notes	2	(749,235)	(553,618)
Interest due	2	(44,042)	(49,131)
Liabilities from financial lease	2	(19,995)	(6,289)
Other non-current liabilities	2	(30,038)	(6,453)
Net assets to holders of redeemable shares	3	(3,711,788)	(2,340,052)

The fair value of the financial instruments are approximately the carrying amount except for the loans for which the fair value is disclosed in notes 8 and 9.

Table F Undiscounted cash flows, by contractual maturity, of financial instruments exposed to fixed or floating rate

31 December 2018	<1 year €	1-5 years €	>5 years €	Total €
Secured bank loan	264,130	299,394	185,711	749,235
Interest due	11,225	30,788	2,028	44,042
Property accounts payable	9,159	-	-	9,159
Accrued expenses and deferred income	37,901	-	-	37,901
Other current liabilities	23,082	-	-	23,082
Other non-current liabilities	-	29,925	19,385	49,310
Net assets attributable to holders of redeemable shares	3,711,788	-	-	3,711,788

31 December 2017	<1 year €	1-5 years €	>5 years €	Total €
Secured bank loan	11,120	232,570	309,927	553,617
Interest due	10,640	32,958	5,533	49,131
Property accounts payable	7,059	-	-	7,059
Accrued expenses and deferred income	29,021	-	-	29,021
Other current liabilities	5,611	-	-	5,611
Other non-current liabilities	-	6,445	6,297	12,742
Net assets attributable to holders of redeemable shares	2,340,052	-	-	2,340,052

Table G Sensitivity to a 10% increase in EUR vs respective currencies

As at 31 December 2018 the Fund has EUR 824 million in non-EUR denominated investment properties and EUR 189 million in non-EUR denominated debt instruments. The Fund uses foreign exchange rate derivatives to manage its foreign exchange rate risk on net investment amounts. As at 31 December 2018 the Fund has EUR 182 million of foreign exchange rate contracts outstanding with external counterparties. The inherent risks related to these non-EUR investment properties, debt instruments and foreign exchange derivative contracts are outlined below. This table shows the net fair value impact of a 10% increase of the euro against all respective currencies holding all other variables constant:

	2018 +10% EUR	2017 +10% EUR
Non-EUR investment properties	(75,504)	(75,038)
Non-EUR debt instruments	12,638	13,052
Foreign exchange derivatives	16,589	21,325
Impact on result before taxes	(46,277)	(40,662)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in € '000, unless otherwise indicated)

NON-CURRENT ASSETS

1 Investment properties

	2018	2017
Balance as at the beginning of the year	2,716,961	1,865,244
<i>Movements</i>		
- Capitalised subsequent expenditures	52,105	23,227
- Acquisitions (share deal)	407,214	385,901
- Acquisitions (asset deal)	1,117,665	391,821
- Changes in fair value positive	142,716	102,770
- Changes in fair value negative	(35,820)	(11,754)
- Currency translation differences	(10,363)	(44,150)
- Capitalised rent incentives	9,992	5,733
- Amortised rent incentives	(2,388)	(1,832)
Market value per external valuation report	4,398,082	2,716,961
Financial leases	19,600	6,304
Fair value at 31 December	4,417,682	2,723,265
- Historical cost	4,044,800	2,467,817
- Rent incentives	18,201	10,597
- Cumulated changes in fair value	335,081	238,547
Market value per external valuation report	4,398,082	2,716,961
Financial leases	19,600	6,304
Fair value at 31 December	4,417,682	2,723,265
Breakdown investment properties		
- Operating properties	4,417,682	2,723,265
Investment properties (on-balance)	4,417,682	2,723,265

The financial lease is accounted for and recognised at an amount equal to the present value of the minimum lease payments as determined at the inception of the lease. The present value of the minimum lease payments is presented below:

	2018		2017	
	Present value	Minimum lease payments	Present value	Minimum lease payments
Within 1 year	723	723	236	236
After 1 year, but not more than 5 years	2,749	2,894	897	945
More than 5 years	16,523	1,359,175	5,156	22,515
	19,995	1,362,792	6,289	23,696

During the year the Fund made the below acquisitions and disposals and further details can be found in the Management Report.

Acquisitions & Disposals	Location
Logistics	
Schiphol Distribution Centre	Benelux
Nieuwegein Distribution Centre	Benelux
Utrecht Distribution Centre	Benelux
Düsseldorf Distribution Centre	Germany
Weiterstadt Distribution Centre	Germany
Tournan Distribution Centre	France
Born Distribution Centre	Benelux
Warsaw East Distribution Centre	CEE
Plzen 2 (additional building)	CEE
Gdansk Distribution Centre (additional phases)	Poland
Office	
Marché Saint Honoré	France
Retail	
Hanseviertel	Germany
Stilwerk	Germany
14 Upper St (additional building at Angel Central)	UK
Residential	
Aloe	Benelux
Apricot	Benelux
Coral	Benelux
Emerald	Benelux
Ivy	Benelux
Lime	Benelux
Mandarin	Benelux
Peach	Benelux
Persimmon	Benelux
Tangerine	Benelux
Terracotta	Benelux

2 Other non current assets

	2018	2017
Balance as at the beginning of the year	4,150	-
- Movement	(217)	4,150
Balance as at the end of the year	3,933	4,150

Other non-current assets is composed of EUR 3.9 million (2017: EUR 3.9 million) held in escrow for purchasers costs and transfer taxes related to the acquisition of Duomo.

CURRENT ASSETS
3 Accounts receivable from tenants and property managers

	2018	2017
Tenants	22,983	9,122
Property Manager	880	-
Other	45	63
Provision for doubtful debt	(1,965)	(3,100)
Total	21,943	6,085
Movements provision for doubtful debts		
Balance as at the beginning of the year	3,100	2,433
<i>Movements</i>		
- Amounts written off during the year	(255)	(85)
- Increase / (Decrease) in allowance recognised in comprehensive income statement	(919)	782
- Amounts recovered during the year	39	(30)
Balance as at the end of the year	1,965	3,100

As at 31 December the ageing analysis of tenants and property managers is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			Past due and impaired
			< 30 days	30-60 days	> 60 days	
2017	9,185	974	2,243	420	2,448	3,100
2018	23,908	8,461	9,184	1,420	2,878	1,965

4 Prepayments and accrued income

	2018	2017
Accrued interest	3,319	1,043
Prepayments	12,307	5,490
Total	15,626	6,533

5 Derivatives
Derivatives - movement

	2018	2017
Balance as at the beginning of the year	(625)	5,739
<i>Movements</i>		
- Acquisitions	-	66
- Changes in fair value of financial derivatives	1,706	7,563
- Divestments	(247)	(13,993)
Balance as at the end of the year	834	(625)

Derivatives – breakdown

Derivatives designated and effective as hedging instruments carried at fair value

	Current		Non-current	
	2018	2017	2018	2017
Foreign currency forward contracts				
Asset	1,075	282	1	66
Liability	(242)	(973)	-	-

Counterparty	Trade date	Maturity date	Local currency	Amount (local currency '000)	Amount (€ '000)	Buy/Sell	Fixed Rate %	Mark To Market (€ '000)
Foreign currency hedge								
Deutsche Bank AG - 8435772	17 Dec 2018	21 Jan 2019	NOK	517,410	52,706	Buy	n.a.	536
Deutsche Bank AG - 8435772	17 Dec 2018	19 Mar 2019	NOK	516,100	52,452	Buy	n.a.	539
Deutsche Bank AG - 8435772	17 Dec 2018	19 Mar 2019	GBP	70,250	77,775	Buy	n.a.	(242)
Interest rate swap								
Natixis	18 May 2017	18 May 2021	EUR	4,824	4,824	n.a.	0.75	1

6 Other receivables

	2018	2017
Receivable VAT	21,942	32,702
Other taxes	3,856	2,972
Other receivables	10,082	4,522
Total	35,880	40,196

At 31 December 2018, Duomo has a VAT receivable from the Italian tax authorities of EUR 3.7 million (2017: 23.7 million) following a partial reimbursement in Q4 2018. The repayment was used to repay part of the Duomo VAT loan with Natixis. Born Distribution Centre was acquired in Q4 2018 and has EUR 6.6 million of VAT due from the Dutch tax authorities.

NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS

Redeemable shares

Issued redeemable shares

Investors whose Subscription Agreements were accepted during the Initial Closing Period have been drawn down pro rata to their aggregate Capital Commitments. Investors whose Subscription Agreements are accepted after the initial Closing Period may not be drawn down by the General Partner until all funds committed under existing Subscription Agreements have been drawn down (whether or not invested).

7 Movements in number of shares

	2018	2017
Number of shares as at the beginning of the year	1,896,696,808	1,521,589,987
Issued shares per 1 January to 31 March	212,056,087	217,915,364
Issued shares per 1 April to 30 June	220,933,659	154,646,304
Issued shares per 1 July to 30 September	56,191,183	8,561,653
Issued shares per 1 October to 31 December	508,087,906	5,048,148
Redeemed shares per 1 April to 30 June	-	(1,587,176)
Redeemed shares per 1 July to 30 September	-	(7,147,085)
Number of shares as at the end of the period	2,893,965,643	1,896,696,808
Average number of shares issued	249,317,209	96,542,867
Capital drawn as at the end of the year	3,491,770,819	2,204,878,000
Capital to be called as at the end of the year	428,434,364	1,150,540,000
Total committed capital	3,920,205,183	3,355,418,000

During the year ended 31 December 2018 EUR 34 million (2017: EUR 26 million) of income distribution was reinvested as capital. No investors redeemed shares during the year (2017: EUR 11 million).

NON-CURRENT LIABILITIES (INCLUDING SHORT-TERM PORTION)
8 Debt from credit institutions

	2018	2017
LONG-TERM DEBT		
Balance as at the beginning of the year	527,206	286,702
<i>Movements</i>		
- Loans taken	50,119	258,728
- Amortisation of expenses	944	860
- Currency translation differences	(481)	(5,553)
- Reclassification (to)/ from non-current liabilities	(87,274)	(10,470)
- Redemptions	(19,296)	-
- Capitalised financing cost	(1,470)	(3,062)
Balance as at the end of the year	469,748	527,206
SHORT-TERM DEBT		
Balance as at the beginning of the year	10,470	196
<i>Movements</i>		
- Loans taken	200,000	10,470
- Amortisation of expenses	307	-
- Capitalised financing cost	(800)	-
- Currency translation differences	(114)	-
- Redemptions	(33,970)	(196)
- Reclassification (to)/ from non-current liabilities	87,274	-
Balance as at the end of the year	263,167	10,470
Total Debt from credit institutions	732,914	537,676
The fair value of the non-current debt from credit institutions is approximately	730,278	523,143

During the year, the Fund repaid EUR 52 million of debt following the maturity of the EUR 10 million Dusseldorf Hypermarket loan in Q1 2018, EUR 24 million of the Revolving Credit Facility and EUR 18 million of the Duomo VAT loan in Q4 2018.

Under IFRS-EU Loans Payable are valued at amortised cost, whereas under INREV these are valued at fair value. The fair value measurement of the loans payable includes the assessment of components like interest, spread and margin. Management considers spread and margin to be unobservable inputs and interest to be observable. Regarding the unobservable inputs, management concludes it has not observed any significant triggers on the market and on the underlying assets that would cause the margin and spread to be materially changed, hence these inputs are kept unchanged as at 31 December 2018, compared to the original contract terms.

As at 31 December 2018 the debt from credit institutions including interest is repayable as follows:

Lender/credit rating	Principal € '000	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost € '000
		< 1 year € '000	1-2 years € '000	2-3 years € '000	3-4 years € '000	4-5 years € '000	> 5 years € '000				
SEB/A+	18,416	18,416						14	4.11	27 May 2019	18,402
LBB/A+	11,000	11,000						4	3.78	28 Jun 2019	10,996
DG Hyp/AA-	19,508	214	221	19,074				22	4.23	31 Aug 2021	19,486
SEB/A+	50,221					50,221		1,264	2.07	9 Mar 2023	48,957
Natixis/A+	40,000	40,000						129	1.44	9 Oct 2019	39,871
Natixis/A+	18,000	18,000						58	1.44	9 Oct 2019	17,942
Natixis/A+	70,000				70,000			480	1.37	5 Dec 2022	69,520
LBB/A+	100,000					100,000		561	1.24	31 Jan 2023	99,439
Canada Life/A+	44,243				44,243			357	1.97	10 Mar 2022	43,886
Canada Life/A+	76,353						76,353	680	2.38	10 Apr 2024	75,673
Natixis/A+	108,600						108,600	1,145	1.82	14 May 2024	107,455
Natixis/A+	757						757	-	1.40	14 May 2024	757
Natixis/A+	4,824			4,824				35	1.10	14 May 2021	4,789
ING/A+ and ABN/A	176,500	176,500						760	1.10	14 Sep 2023	175,740
TOTAL	738,422	264,130	221	23,898	114,243	150,221	185,711	5,508			732,914

In the above note the drawn amount is reported.

All facilities are signed at the local Special Purchase Vehicle ("SPV") level and are secured against the asset owned by that SPV. It is common that the shares of the SPV as well as the asset itself will be pledged to the lender. No other significant collateral or guarantees have been provided.

During the year the Fund signed a facility secured against Tobaksmonopolet for SEK 510 million for a term of five years. The Fund also signed a Revolving Credit Facility with ING and ABN Amro for up to EUR 200 million secured against a pool of Dutch and German logistic assets. For further details please refer to the Debt Financing table on page 94.

As at 31 December 2017 the debt from credit institutions is repayable as follows:

Lender/credit rating	Principal € '000	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost € '000
		< 1 year € '000	1-2 years € '000	2-3 years € '000	3-4 years € '000	4-5 years € '000	> 5 years € '000				
Mortgage											
SEB/A+	18,526		18,526					26	4.11	9 Jun 2019	18,500
LBB/A	11,000		11,000					11	3.78	30 Jun 2019	10,989
DG Hyp/AA-	19,712	220	199	221	19,074			16	4.23	31 Aug 2021	19,697
SEB/AA-	10,250	10,250						1	2.69	31 Jan 2018	10,249
Natixis/A	40,000		40,000					296	1.44	9 Oct 2019	39,704
Natixis/A	18,000		18,000					132	1.44	9 Oct 2019	17,868
Natixis/A	70,000					70,000		602	1.37	3 Dec 2022	69,398
LBB/A	100,000						100,000	698	1.24	31 Jan 2023	99,302
Canada Life/A+	44,738					44,738		474	1.97	10 Mar 2022	44,265
Canada Life/A+	77,209						77,209	818	2.38	10 Apr 2024	76,391
Natixis/A	108,600						108,600	1,356	1.82	15 May 2024	107,244
Natixis/A	24,120						24,120	51	1.10	15 May 2024	24,069
TOTAL	542,155	10,470	87,725	221	19,074	114,738	309,929	4,481			537,676

9 Debt from associated companies

	2018	2017
Balance as at the beginning of the year	11,463	11,463
<i>Movements</i>		
- Loans taken	(650)	-
Balance as at the end of the year	10,813	11,463
The fair value of the non-current debt from associated companies is approximately	10,813	11,463

As at 31 December 2018 the debt from associated companies including interest is repayable as follows:

Lender	Principal € '000	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost € '000
		< 1 year € '000	1-2 years € '000	2-3 years € '000	3-4 years € '000	4-5 years € '000	> 5 years € '000				
Mortgage											
Signa	5,439	-	-	5,439	-	-	-	-	7.00	30 Sep 2021	5,439
Signa	5,374	-	-	5,374	-	-	-	-	3.80	30 Sep 2021	5,374
TOTAL	10,813	-	-	10,813	-	-	-	-			10,813

As at 31 December 2017 the debt from associated companies is repayable as follows:

Lender	Principal € '000	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost € '000
		< 1 year € '000	1-2 years € '000	2-3 years € '000	3-4 years € '000	4-5 years € '000	> 5 years € '000				
Mortgage											
LHI	650	650	-	-	-	-	-	-	6.00	31 Dec 2018	650
Signa	5,439	-	-	-	5,439	-	-	-	7.00	30 Sep 2021	5,439
Signa	5,374	-	-	-	5,374	-	-	-	3.80	30 Sep 2021	5,374
TOTAL	11,463	650	-	-	10,813	-	-	-			11,463

In the above note the drawn amount is reported.

10 Other non-current liabilities

	2018	2017
Financial lease obligation	19,272	6,053
Security Deposits	9,822	6,445
Other	20,216	244
Other non-current liabilities	49,310	12,742

The financial lease obligation is related to Mutual House for EUR 6.2 million (2017: EUR 6.1 million) and Hanseviertel for EUR 13.4 million (acquired in Q4 2018).

Other non current liabilities refers principally to the OPPCI exit tax payable after three years (c. EUR 20 million).

CURRENT LIABILITIES
11 Accrued expenses and deferred income

	2018	2017
Accrued interest	2,881	2,072
Deferred rental income	10,855	6,454
Management and Advisory fee	8,917	10,131
Operating costs properties	11,824	7,554
Other	3,425	2,810
Total	37,902	29,021

12 Other current liabilities

	2018	2017
VAT payable	(74)	-
Corporate income tax	4,670	2,228
Other taxes	9,353	147
Other	9,133	3,236
Total	23,082	5,611

Other taxes refers principally to the OPPCI exit tax payable within a year (c. EUR 10 million).

13 Currency translation reserve

	2018	2017
Balance (loss)/gain as at the beginning of the year	(63,062)	(61,627)
<i>Movements</i>		
- Changes in fair value of net investment hedge	1,523	(6,430)
- Realised cash flows from foreign exchange hedge	183	13,993
- Effect of foreign exchange rate differences	(4,254)	(11,389)
- Realised gains/(losses) from foreign exchange hedge	(4,309)	-
- Allocation of retained earnings to currency translation reserve	-	2,391
- Other movements in the currency translation reserve	(3,896)	-
Balance (loss)/gain as at the end of the year	(73,815)	(63,062)

NOTES TO THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Amounts in € '000, unless otherwise indicated)

14 Gross rental revenue

	2018	2017
Rent	149,706	107,928
Parking revenues	2,245	1,723
Total	151,951	109,651
Rent		
Theoretical rental revenue	172,937	120,250
Vacancy	(9,532)	(7,723)
Total	163,405	112,527
Net rental revenue		
Gross rental revenue	151,951	109,651
Other property related income	229	333
Recovered property costs charged to tenants	31,267	22,141
Recoverable cost of properties	(31,267)	(24,393)
Operating costs properties	(11,528)	(11,140)
Total	140,652	96,592

Secured rent

	Annual rent
< 1 year	144,169
1 - 5 years	355,427
> 5 years	204,405
Total	704,001

The lease expiry of the existing contracts is as follows:

	Annual rent	%
< 1 year	27,676	16.1
1 - 5 years	78,310	45.6
> 5 years	65,859	38.3
Total	171,845	100.0

15 Operating costs

	2018	2017
Maintenance	1,595	2,016
Straightlined fitting out costs	355	208
Property management expenses	944	840
Marketing	1,093	875
Fixed charges	336	129
Non-reclaimable VAT	104	111
Contribution associations	6	1,944
Reletting expenses	534	894
Other operating costs	6,561	4,123
Total	11,528	11,140

16 Professional services

	2018	2017
Valuation expenses	786	885
Audit fees	984	983
Legal fees	3,013	3,599
Tax fees	1,176	426
Trust expenses	871	115
Other advisory services	9,471	4,705
Non-reclaimable VAT	89	915
Total	16,390	11,628

Other advisory services includes EUR 6.7 million related to share deal acquisitions during the year. Under INREV guidelines such costs are capitalised over a five year period

The audit fees are related only to audit services provided by the auditor Ernst & Young, Luxembourg to the Fund and requirements for stand alone audits in local countries.

17 Management expenses

	2018	2017
Management fee	26,163	17,971
Total	26,163	17,971

The Advisor is entitled to receive remuneration from the Fund equal to a management fee rate of between 0.60% and 1.20% of the Fund's net asset value calculated according to their proportionate shareholding in the Fund and their class of shares.

The Class I Shareholder is entitled to an annual performance payment equal to 10% of the amount by which the cumulative total return to the Shareholders each year exceeds a cumulative hurdle total return of 8% per annum (with no performance payable for any return in excess of 10% per annum), calculated over a three year rolling period.

Payment of the performance in respect of any Performance Period is also conditional on the Fund achieving a 4% total return per annum over the shorter of i) a ten year rolling period and ii) the life of the Fund. A catch-up payment will be made at the end of the life of the Fund.

For the purpose of calculating the Issue Price and the Redemption Price of each Share Class, the Performance Payment due in respect of each Performance Period shall accrue on each quarter end prior to the relevant Performance Calculation Date.

During the year ended 31 December 2018, no performance fee was payable (2017: nil) was recorded in the consolidated comprehensive income statement.

18 Finance income

	2018	2017
Interest credit institutions	176	15
Other	-	168
Total	176	183

19 Finance expenses

	2018	2017
Interest credit institutions	11,515	8,938
Interest associated companies	614	632
Bank charges	361	55
Other	1,615	1,539
Total	14,105	11,164

20 Result on sales

	2018	2017
Result on sales of subsidiaries	546	(2,903)
Total	546	(2,903)
Result on sales of investment properties		
Proceeds of sales	546	103,071
Net assets sold	-	(103,038)
Reversal of CTA	-	(2,793)
Realised foreign exchange on repayment of IC loans	-	957
Selling expenses	-	(1,100)
Total	546	(2,903)

Result of sales of EUR 0.5 million is related to the sale of 184-190 Oxford Street in 2017.

21 Result on foreign investments

	2018	2017
Realised gains/(losses) of subsidiaries	-	(36,792)
Realised foreign exchange gains/(losses)	(667)	12,021
Unrealised gains/(losses)	-	1,515
Other	-	59
Total	(667)	(23,197)

22 Corporate income tax

	2018	2017
Current income tax charge	31,227	2,258
Deferred tax liability - property related	10,077	24,394
Total charge for income tax	41,304	26,652

	2018	2017
Deferred tax assets		
Tax losses carried forward	12,315	4,787
Total	12,315	4,787
Deferred tax liabilities		
Temporary differences between tax and book basis of properties	52,390	52,312
Total	52,390	52,312

	2018	2017
Consolidated net result before tax	187,172	120,716
Tax calculate at domestic tax rate applicable to individual group entities	(46,442)	(41,210)
Income not subject to tax	46,747	14,551
Expenses not deductible for tax purposes	(41,630)	7
Total corporate income tax	(41,304)	(26,652)
EFFECTIVE INCOME TAX	22%	22%

A number of entities within the Fund structure are subject to corporate income tax charges at an average tax rate of 21.48% (2017: 24.61%). The Fund itself is tax transparent.

PERSONNEL

During 2018 the Fund did not have any personnel but the salary of the Fund Administrator is recharged to the Fund's direct subsidiary, PEC Holdings S.à r.l.

RELATED PARTY RELATIONSHIPS

Name related party	Service provided	Income statement		Balance sheet	
		2018	2017	2018	2017
CBRE related					
CBRE	Accounting	455	410	63	185
CBRE	Brokerage/Agency Fees	41	338	-	70
CBRE	Building Management fees	8	58	3	-
CBRE	Development Consulting	-	-	-	-
CBRE	Due diligence	-	-	-	-
CBRE	Letting fees	469	578	74	259
CBRE	Management fees	-	-	-	68
CBRE	Other	53	76	-	30
CBRE	Other Professional Fees	231	130	98	48
CBRE	Other services	3	3	-	-
CBRE	Property Management	3,039	2,223	534	473
CBRE	Property Management fees on works	58	170	17	-
CBRE	Property Voids	-	-	-	-
CBRE	Staff costs	216	328	-	43
CBRE GIA	Accounting fees	112	-	59	-
CBRE Global Investors	AIFM fees	4,099	2,942	166	-
CBRE Global Investors	Asset Management Fees	12,334	9,807	4,302	2,988
CBRE Global Investors	Staff costs	104	82	-	-
CBRE Global Investors	Consulting fees	-	10	-	-
CBRE Global Investors	Domiciliation fees	95	2	77	-
CBRE Global Investors	GP fees	140	140	35	-
CBRE Global Investors	Other	15	11	5	-
CBRE Global Investors	Strategic Advisory fees	9,733	5,082	2,407	-
CBRE Global Investors	Workstation fees	8	-	-	-
Total		31,213	22,390	7,839	4,164

Parties related to the Fund may be engaged on arm's length terms and must be disclosed to Investors. See section V of the Private Placement Memorandum, "Affiliated Service Providers to the Company" for further details.

SUBSEQUENT EVENTS

After the year end the following significant transactions have occurred: More details can be found in the Report of the General Partner.

ACQUISITIONS

The Fund acquired Mönchhof Distribution Centre (Phase 7) in January 2019 for EUR 9.4 million. The asset was the final phase of Mönchhof Distribution Centre (Phases 6-8).

EXTERNAL DEBT

The Fund took external financing secured against Karl Johans Gate for NOK 515 million.

COMMITMENTS AND CONTINGENCIES

The Fund has forward commitments based on developers meeting certain criteria per the below list. Details can be found in the Investments in Real Estate section of the Report of the General Partner.

- Somerset Portfolio, Netherlands, estimated purchase price c. EUR 108 million, estimated purchase date 2019.
- Mönchhof Distribution Centre (Phases 7), Frankfurt, completed in January 2019 with a purchase price of EUR 9.4 million.
- Hillwood Portfolio, Poland, estimated purchase price c. EUR 18 million, estimated purchase date 2019.

Please refer to Note 8 for more details of debt financing.

A provision of EUR 1 million is made for risk related to litigations from two tenants related to compensation for the losses suffered during the renovation works at Marengo, Paris.

VALUATION EXPERTS

The valuation was performed by Jones Lang LaSalle and Knight Frank, accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

PROPERTY MANAGEMENT

The Fund has outsourced the activities related to property management to several specialised companies.

Independent auditor's report

To the Shareholders of
CBRE Global Investors Open-ended Funds S.C.A. SICAV-SIF
4, rue Fort Wallis
L-2714 Luxembourg

Opinion

We have audited the accompanying consolidated financial statements of CBRE Global Investors Open-ended Funds S.C.A. SICAV-SIF (the "Fund"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of net assets attributable to holders of redeemable shares, the consolidated statement of changes in net assets attributable to holders of redeemable shares and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Fund as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers of CBRE Global Investors Open-ended GP S.à r.l., the general partner of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" 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 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 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 Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the Group 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.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Michael Hornsby

Luxembourg, 12 March 2019

PHOTOGRAPHY

CBRE Global Investors, image bank

CONCEPT AND DESIGN

Cascade - visuele communicatie bv, Amsterdam, the Netherlands



www.cbreglobalinvestors.com