



ANNUAL REPORT 2019

CBRE GLOBAL INVESTORS

OPEN-ENDED FUNDS S.C.A. SICAV-SIF

PAN EUROPEAN CORE FUND

CBRE
GLOBAL
INVESTORS

CBRE Global Investors Open-Ended GP S.à r.l
4 rue du Fort Wallis
L-2714 Luxembourg

Gemma Badger, Client Care Group
T +44 (0)20 7809 9100
F +44 (0)20 7809 9001
E CBREPECREporting@cbreglobalinvestors.com
I www.cbreglobalinvestors.com

An initiative of CBRE Global Investors

TABLE OF CONTENTS

ANNUAL REPORT 2019 CBRE GLOBAL INVESTORS OPEN-ENDED FUNDS S.C.A. SICAV-SIF PAN EUROPEAN CORE FUND

REPORT OF THE GENERAL PARTNER 24

INDEPENDENT AUDITOR'S REPORT. 119

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH IFRS-EU 122

Consolidated statement of financial position 122

Consolidated statement of comprehensive income. 123

Consolidated net assets attributable to holders
of redeemable shares 124

Consolidated statement of changes in net
assets attributable to holders of redeemable shares 125

Consolidated cash flow statement. 126

Notes to the financial statements 128

Notes to the consolidated statement
of financial position. 140

Notes to the statement of consolidated
comprehensive income 149

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, SchipholBoulevard, 1118 BH Schiphol, The Netherlands. Upon request a copy will be provided.

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 2019, and the consolidated comprehensive income statement, 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 cash flows statement 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 2019, 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

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS-EU

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in € '000, unless otherwise indicated)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Investment properties	1	4,749,473	4,417,682
Deferred tax assets	23	19,820	12,315
Derivatives	6	-	1
Other non-current assets	2	3,933	3,933
Total non-current assets		4,773,226	4,433,931
Current assets			
Accounts receivable from tenants and property managers	4	17,267	21,943
Prepayments and accrued income	5	9,713	15,626
Derivatives	6	430	1,075
Other receivables	7	24,871	35,880
Cash and cash equivalents		147,989	125,297
Total current assets		200,270	199,821
Assets held for sale	3	252,566	-
TOTAL ASSETS		5,226,062	4,633,752
LIABILITIES			
Non-current liabilities			
Provisions		11,626	6,730
Debt from credit institutions	9	679,175	469,748
Debt from associated companies	10	10,813	10,813
Deferred tax liability	23	96,226	52,390
Other non-current liabilities	11	47,430	49,310
Total non-current liabilities		845,270	588,991
Current liabilities			
Debt from credit institutions	9	155,621	263,166
Derivatives	6	2,095	242
Accounts payable		8,442	9,159
Accrued expenses and deferred income	12	51,296	37,902
Other current liabilities	13	34,283	23,082
Total current liabilities		251,737	333,551
Liabilities excluding net assets attributable to holders of redeemable shares		1,097,007	922,542
Attributable to non-controlling interests		(750)	(578)
Net assets attributable to holders of redeemable shares		4,129,805	3,711,788
TOTAL LIABILITIES		5,226,062	4,633,752

Notes 1-13, 23 see pages 140 - 147, 151

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

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Amounts in € '000, unless otherwise indicated)

	Notes	2019	2018
Gross rental revenue	15	189,132	151,951
Recovered property costs charged to tenants	15	40,517	31,267
Other income	15	2,946	229
Total operating income		232,595	183,447
Operating costs	16	(22,439)	(11,528)
Recoverable property costs	15	(40,517)	(31,267)
Professional services	17	(12,646)	(16,390)
Management expenses	18	(33,913)	(26,163)
Other expenses		(973)	(3,582)
Total operating expenses		(110,488)	(88,930)
OPERATIONAL RESULT		122,107	94,517
Finance income	19	141	176
Finance expense	20	(17,569)	(14,105)
Finance result		(17,428)	(13,929)
Result on sales	21	(2,151)	546
Changes in fair value of investment properties	1	260,647	106,699
Other (un)realised gains and losses		15	6
Result on foreign investments	22	(2,688)	(667)
Realised and unrealised gains and losses		255,823	106,584
NET RESULT BEFORE TAX AND DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES		360,502	187,172
Corporate income tax	23	(47,513)	(41,304)
NET RESULT BEFORE DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES		312,989	145,868
Distributions to holders of redeemable shares		(100,450)	(79,565)
NET RESULT		212,539	66,303
Other comprehensive income			
Other comprehensive income to be reclassified to comprehensive income in subsequent periods:			
Changes in fair value of net investment hedge	14	(2,498)	1,523
Realised cash flows from foreign exchange hedge	14	(7,489)	183
Effect of foreign exchange rate differences	14	29,619	(4,254)
Realised gains/(losses) from foreign exchange hedge	14	(1,876)	(4,309)
OTHER COMPREHENSIVE INCOME		17,756	(6,858)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		230,295	59,446
Net result before distributions to holders of redeemable shares attributable to:			
Shareholders		313,161	146,872
Non-controlling interest		(172)	(1,004)
Basic and diluted net result per share (in EUR)		0.103	0.051
Number of shares (entitled to profit)	8	3,033,363,260	2,893,965,643
Consolidated comprehensive income attributable to:			
Shareholders		230,467	60,450
Non-controlling interest		(172)	(1,004)

Notes 1, 15-23 see pages 140, 149 - 151

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

CONSOLIDATED NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES¹⁾

(Amounts in €, unless otherwise indicated)

	2019	2018	2017
Net assets value			
Share class A+	281,725,409.29	258,078,102.35	149,291,319.75
Share class A	1,316,511,814.55	1,216,796,150.30	849,669,558.93
Share class B	1,792,842,704.87	1,634,802,453.88	1,166,590,946.40
Share class C	302,521,916.26	271,882,782.17	174,500,412.43
Share class XP_A+	-	-	-
Share class XP_A	106,774,353.48	98,036,131.38	-
Share class XP_B	296,630,808.49	187,438,849.15	-
Share class XP_C	32,798,111.45	44,753,641.24	-
Share class I	1.36	1.29	1.24
Management share class	1.36	1.29	1.24
Total	4,129,805,121.13	3,711,788,113.05	2,340,052,239.98
Number of shares			
Share class A+	206,801,710.3135	201,109,243.4832	120,937,607.6206
Share class A	966,644,078.2554	948,435,336.0830	688,475,380.7716
Share class B	1,317,064,463.1100	1,274,996,058.0353	945,745,878.5895
Share class C	222,354,051.4098	212,104,235.3758	141,537,938.9199
Share class XP_A+	-	-	-
Share class XP_A	78,418,398.9181	76,430,881.5846	-
Share class XP_B	217,967,819.9676	145,994,655.2592	-
Share class XP_C	24,112,736.1454	34,895,230.9287	-
Share class I	1.0000	1.0000	1.0000
Management share class	1.0000	1.0000	1.0000
Total	3,033,363,260.1198	2,893,965,642.7498	1,896,696,807.9016
Net asset value per share			
Share class A+	1.3623	1.2833	1.2344
Share class A	1.3619	1.2830	1.2341
Share class B	1.3612	1.2822	1.2335
Share class C	1.3605	1.2818	1.2329
Share class XP_A+	-	-	-
Share class XP_A	1.3616	1.2827	-
Share class XP_B	1.3609	1.2839	-
Share class XP_C	1.3602	1.2825	-
Share class I	1.3644	1.2854	1.2363
Management share class	1.3644	1.2854	1.2363
Average net asset value per share	1.3615	1.2826	1.2338

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

1) For INREV NAV per share please refer to the INREV NAV statement

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

(Amounts in € '000, unless otherwise indicated)

	2019	2018	2017
Net assets attributable to holders of redeemable shares at the beginning of the year	3,711,788	2,340,052	1,840,666
Net result before distribution to holders of redeemable shares	313,161	140,015	94,283
Distribution to holders of redeemable shares	(100,450)	(79,565)	(63,978)
Other comprehensive income	17,756	(6,857)	(3,826)
Proceeds from shares issued	187,550	1,311,286	483,972
Losses from shares redeemed	-	-	(11,065)
Net assets attributable to holders of redeemable shares at the end of the year	4,129,805	3,711,788	2,340,052

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

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in € '000, unless otherwise indicated)

	2019	2018
Cash flow from or used in operating activities		
Net result before tax and distributions to holders of redeemable shares	360,502	187,172
Adjustments to reconcile net result after tax and before minority interest to net operating cash flows		
Changes in fair value of investment properties	(260,647)	(106,897)
Amortization of capitalised rent incentives	5,445	2,388
Amortization of capitalised fitting out incentives	564	-
Amortization of capitalised reletting expenses	1,968	-
Amortization of capitalised financing expenses	1,531	1,251
Operating cash flow before change in working capital	109,362	83,914
(Increase)/decrease in current and non-current assets	21,990	(18,978)
Increase/(decrease) in current and non-current liabilities other than loans	13,994	7,985
Change in working capital	35,983	(10,994)
NET CASH FROM OR USED IN OPERATING ACTIVITIES	145,346	72,920
Cash flow from or used in investing activities		
Investments in investment properties	(194,894)	(1,131,052)
Investments in capitalised subsequent expenditure	(52,566)	(52,105)
Capitalised incentives and expenses	(28,088)	(9,992)
Investments in subsidiaries net of cash acquired	(19,886)	(395,644)
NET CASH FROM OR USED IN INVESTING ACTIVITIES	(295,434)	(1,588,793)
Cash flow from or used in financing activities		
Issuance of shares - net/capital call/capital distribution	187,550	1,311,286
Proceeds from loans	290,732	247,849
Repayment of loans	(199,484)	(53,916)
Other movements in loans/derivatives	(2,498)	1,523
Dividend paid/Income distribution	(100,450)	(79,565)
Proceeds from or investments in derivatives	(7,489)	183
NET CASH FROM OR USED IN FINANCING ACTIVITIES	168,361	1,427,360
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	18,273	(88,513)
Cash and cash equivalents as at the beginning of the year	125,297	213,137
Impact of currency translations on cash	477	(300)
Impact of currency translations on financial position	3,943	973
Cash and cash equivalents as at the end of the year	147,989	125,297

ADDITIONAL DISCLOSURE

	2019	2018
Interest received	132	176
Interest paid	(10,883)	(9,652)
Corporate income tax received	453	1,013
Corporate income tax paid	(22,197)	(41,079)

Out of the total cash and cash equivalents of EUR 148.0 million, EUR 22.8 million is restricted, the remaining amount of EUR 125.2 million is freely available to the Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

(Amounts in € '000, unless otherwise indicated)

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 specialized 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, office and residential properties in Europe.

Its principal activities are to invest in and manage a portfolio of high quality retail, industrial, office and residential 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 fee payment. To achieve its investment objective, the PEC Fund will aim to deliver its returns primarily through investing in stabilised core properties which will produce long term, stable income streams.

The PEC 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 PEC 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.

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

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 consolidated financial statements for the year ended 31 December 2019 has been authorised for issue in accordance with a resolution of the Board of Directors of the General Partner on 13 March 2020. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the 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 amortized cost.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective in current period

IFRS 16 Leases

IFRS 16, effective 1 January 2019, 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. The new standard requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. 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. Right-of-use assets which meet the definition of investment property in IAS 40, will be valued accordingly. 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 Fund adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Fund elected to use the transition practical expedient not to reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Fund applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Due to the adoption of IFRS 16, the Fund's balance sheet was extended with a right-of-use asset and a lease liability. Furthermore, the operating profit increased, while its interest expense increased. Although the adoption of IFRS 16 changed the presentation in the consolidated financial statements, the standard does not have a material impact on the financial position or performance of the Fund.

The Fund uses the exemption to exclude short term leases and low value leases from recognition in accordance with IFRS 16. For measurement of the right-of-use asset at the date on first-time adoption, initial direct costs were not taken into account. For the determination of the right-of-use asset and the lease liability, the Fund considers the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or

any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The discount rate applied is equal to the interest rate implicit in the lease contract. If that rate is not available the Fund uses the incremental borrowing rate which is the rate of interest that the Fund would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Other Standards and Interpretations effective in the current period

Next to the adoption of IFRS 16, the following new and amended IFRS and IFRIC Interpretations are applicable for the consolidated financial statements 2019:

- Amendments to IAS 28 Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures.
- Amendments to IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation.
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Employee Benefits - Plan Amendment, Curtailment or Settlement.
- Annual Improvements Cycle – 2015-2017 covering IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 income taxes and IAS 23 Borrowing Costs

The Fund has assessed the impact of these standard and interpretations and found that these are either not applicable to the Fund or have no material impact on the Fund and its subsidiaries' financial position and performance.

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

- IFRS 17 – Insurance Contracts, effective 1 January 2021*
- Amendments to IFRS 3 Business Combinations – Definition of a business, effective 1 January 2020
- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020*
- Annual Improvements Cycle – 2016-2018, effective 1 January 2020*
- Amendments to IAS 1 and IAS 8, definition of materiality – effective 1 January 2020

(*) Not yet endorsed by the EU to date.

The Fund has not early adopted any new International Financial Reporting Standards or Interpretations. None of the standards are expected to have a material impact on the financial position or performance of the Fund.

CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Fund and entities controlled by the Fund up to 31 December, which are disclosed in Table A. Subsidiaries are all entities over which the Fund has control. The Fund controls an entity when the Fund is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are deconsolidated from the date that control ceases.

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 Fund.

The relative part of total net assets attributable to holders of redeemable shares and net income attributable to third parties is included as non-controlling interest in the consolidated statement of financial position and the consolidated statement of comprehensive income.

FOREIGN CURRENCY TRANSLATION

The reporting currency of the Fund is the euro, whereas the functional currency of certain of its foreign subsidiaries is the local currency. The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling on the statement of financial position's date. The income statements of foreign subsidiaries are translated at the average exchange rate for the period. The exchange differences arising from the currency translation are recorded as a separate component of the net assets attributable to holders of redeemable shares.

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 net assets attributable to holders of redeemable shares, and any exchange component of that gain and loss is also recognised directly in net assets attributable to holders of redeemable shares.

The year-end exchange rate used is (foreign currency compared to EUR 1):

- British Pound (GBP) 0.845817. The average exchange rate used is GBP 0.860367 compared to EUR 1.
- Norwegian Kroner (NOK) 9.843575. The average exchange rate used is NOK 10.084388 compared to EUR 1.
- Swedish Kroner (SEK) 10.497757. The average exchange rate used is SEK 10.645330 compared to EUR 1.

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 value reported on the consolidated statement of financial position, the fair values are disclosed in the notes to the item(s) 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 2019, 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. 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.

INVESTMENT PROPERTIES

Investment properties, which are properties held to generate long-term rental revenue and/or for capital appreciation, are initially accounted for at cost.

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 a transaction at arm's length. An exception is for the Belgium asset, where the management expects, based on market evidence, that potential buyers of the investment property will acquire the property without paying property tax and as a result they would be willing to pay the net valuation amount without any deduction of transfer taxes. Therefore, no deduction provision for real estate transfer tax is recorded from valuation provided. Gains or losses arising from changes in the fair value of investment properties 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, that 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.

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 recognized as a reduction of rental income on a straight-line basis 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 Funds 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 properties contains 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 recognized as an increase of operating expenses 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 liabilities within the scope of IFRS 9 are measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are derecognized when rights to receive cash flows from the asset have expired or transferred. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

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.

Financial instruments at amortised costs

Debt from credit institutions is initially valued at fair value less related transaction costs. Subsequently this is valued against amortised costs less any impairment using the effective interest method. The other non-derivative financial instruments, which comprise of trade and other receivables, other current assets, cash and cash equivalents, accounts payable, accruals and other liabilities are initially measured at fair value (except trade receivables which are measured at IFRS 15 transaction price) and subsequently measured at amortised cost.

Financial instruments at fair value through other comprehensive income

The Fund uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and 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.

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.

The effective portion of the gain or loss on the cash flow hedge is recognized via other comprehensive income in the hedging reserve.

The effective portion of the gain or loss on the hedge of net investments in a foreign entity is recognized via other comprehensive income in the foreign currency translation reserve. Any ineffective portion of any hedge is recognized in other financial income or expenses.

Financial instruments at fair value through profit or loss

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

INVESTMENT PROPERTY '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, are measured at the lower of carrying amount and fair value less cost to sell.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable and other receivables are initially carried at their transaction price and subsequently at amortised cost less any impairment losses. Accounts receivable, cash and other receivables are the major financial assets subject to the expected credit loss ('ECL') model within IFRS 9. The Fund uses the simplified approach for the determination of the ECL. The calculation of allowances is based on the materiality of outstanding balances, aging of accounts receivables, tenant's payment history, probability of defaults, whether covered by deposits/bank guarantees, and type of tenant. Accounts of customers who are in financial difficulties or customers with unpaid invoices that are significantly overdue are classed as doubtful debts. When there ceases to be any reasonable prospect of recovering such doubtful debts, they are written off. As the Fund has many different counterparties, there is not considered to be any concentration of credit risk within these assets.

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.

As bank balances are kept at banks with a solid credit rating, the Fund applies the low credit risk exemption to these balances.

The cash and cash equivalents are freely available unless otherwise disclosed (please refer to the consolidated cash flow statement for more information)

REDEEMABLE SHARES

Redeemable participating shares are redeemable at the shareholders' or at Fund's option and are classified as financial liabilities. Consequently, distributions payable to holders of redeemable shares are disclosed as a separate line item in the consolidated comprehensive income statement, and additional disclosures have been added including prior period comparative figures. 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 October 2019.

Performance Fee

As the Fund applies the service model, the performance fee represents a remuneration for services provided by the General Partner. Fees are recognized in the statement of comprehensive income on an accrual basis.

Capital management

For the purpose of the Fund's 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 maximize 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 shareholder's 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 objective is to keep its average loan to value ratio lower than 25% and operating in a band of between 20% to 30%. The actual loan to value ratio on December 31, 2019 is 16.9%.

Cumulative unrealised gains and losses

The cumulative unrealised gains and losses are used to record increases in the fair value of investment properties, investment properties held for sale, and decreases to the extent that such decreases relate to an increase on the same item previously recognised in other reserves via the other comprehensive income.

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 Fund's foreign subsidiaries. It is also used to record the effect of hedging the 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, 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 straightline 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 controls the service and bears the risk of recovery of these costs from tenants and therefore is a principal rather than an agent.

FINANCE INCOME AND EXPENSES

Interest income and interest charges are recognised in the statement of consolidated comprehensive income using the effective interest method. This method includes amortisation of any discounts or premiums or other differences (including transaction costs and related commissions) 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, 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 net assets attributable to holders of redeemable shares 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 flows from financing activities.

RELATED PARTY RELATIONSHIPS

All material relationships with companies related to CBRE Global Investors are listed in a separate overview on page 152.

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 statement of comprehensive income.

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.

FINANCIAL RISK MANAGEMENT

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.

MAIN RISKS

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 the main 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 risks is part of the risk management organisation of CBRE Global Investors EMEA which results in mitigating the financial impact of these risks within the acceptable bounds as far as possible. The risk analysis below covers the risks related to the Fund and assets under management of the Fund. Risks related to the Fund management activities of CBRE Global Investors EMEA are not covered in this analysis.

Strategic and business risk

	Risk	Mitigating measures
Economic environment	The real estate portfolio of the Fund is assumed to be impacted by changes in macro-economic indicators of the different locations. These indicators are impacting consumer confidence, consumer spending and lease income. In addition, there could be more indirect effects, such as the real estate portfolio value and business growth prospects.	Each investment is unique and requires a specific and progressive business plan. At CBRE Global Investors EMEA, each investment is executed by a dedicated asset management team. Each team focuses on a specific geography and style of investing, actively managing the assets by integrating local market intelligence, risk management tests and continuous performance monitoring into their decision-making processes.
Technical developments	In recent years, technological developments such as internet shopping and new ways of working have increased substantially. If this trend continues, the demand for retail and office space might decrease. On the other hand, an increase in logistics space is the counter development linked to these developments.	CBRE Global Investors EMEA aims to keep its assets up to date by incorporating good design, diversified tenant mixes and latest trends in technology.
Market value	The market value of our assets is an important metric. These valuations can be affected by cash generated, the general macro-economic environment and local influences. A devaluation of the portfolio will result in lower net income and could affect the borrowing capacity and the possibilities to raise equity.	CBRE Global Investors EMEA manages its assets in a responsible way and keeps them up to date in order to remain attractive. This is to ensure tenant retention at market prices. The properties are valued by external independent valuers. A number of valuers are used and they are frequently rotated to ensure sufficient expertise.
Lack of supply investments	The strategy of the Fund is documented in the placing documents, which include strict investment objectives and restrictions. Competition in the market might prevent acquisition of properties that fall within the strategy of the Fund.	CBRE Global Investors EMEA has an extensive network of contacts in the real estate industry and is therefore aware of potential transactions. We have also built up a reputation as a reliable counterparty that is able to complete deals in a time-efficient way, which allows us to be considered in any relevant deal.

Financial risk (see also risk management paragraph in the financial statements)

	Risk	Mitigating measures
Capital structure	CBRE Global Investors EMEA believes it is important to maintain steady cash flows and the ability to pay a stable or growing dividend. There is a risk that our capital structure weakens significantly due to lower property valuations and that in difficult times we will breach our covenants and will not be able to pay dividends.	The loan-to-value ratio ('LTV') is closely monitored in line with the placing documents in which the LTV is capped at 40%. The cash flow forecasts are closely monitored and updated regularly to ensure staying within the minimum targets.
Liquidity	Funding with debt involves refinancing risk.	CBRE Global Investors EMEA aims for continuous access to the financial markets by means of prudent capital structures, the use of diversified funding sources, a well spread maturity profile of issued debt and a continuous dialogue with investors, banks and other financial institutions. 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.
Interest rate risk	The Fund has a number of loans with a floating interest rate. If interest rates rise, it could have a material adverse effect.	The Fund has a preference for fixed interest rates with either a fixed rate or a variable rate that is hedged with interest rate swaps. At the end of December 2019, 98.6% of interest rate exposure was fixed. (The Duomo VAT and Capex facilities are the only non-fixed loans). The sensitivity analysis in Table B shows the impact of a 1% shift of the interest rates on result before tax.
Credit risk	The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.	Receivables from tenants and property managers consist of a large number of customers, spread across diverse industries and geographical areas. On-going 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 mitigates the credit risk on financial instruments by only dealing with banks with solid credit ratings assigned by international credit-rating agencies. 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.
Foreign currency	The Fund has a number of loans in foreign currency. If values of foreign currency fluctuate, it could have a material adverse effect.	The Fund follows a policy of reducing currency exposure by taking local leverage on non-EUR assets. A foreign currency hedge is held where this is not possible. At the end of December 2019, 50% of foreign currency exposures were 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 counterparty risk.

Operational risk

	Risk	Mitigating measures
Operational performance acquisitions	When acquiring a property, the Fund may fail to uncover hidden deficiencies / defects in the building, fail to assess the financial strength of the tenants or overvalue the properties. Warranties from the seller may not be sufficient to cover the issue.	CBRE Global Investors EMEA applies an extensive due diligence process when acquiring new properties. The investigations are done both internally and by independent third parties.
Delayed maintenance	Assets need maintenance and need to be kept up to modern standards to remain attractive. Because an increase in rent levels is only noticeable over the longer term, there is a risk that buildings are not maintained or updated as they should be.	CBRE Global Investors EMEA periodically assesses all key aspects of each asset to identify any trends and developments that could indicate a need for additional maintenance besides the regular maintenance that is part of the business plan. The dividend pay-out ratio assures that funds are able to cover maintenance expenditures.
Increase in operational costs including inflationary risk	In the growth phase, there is a risk that operational costs will increase. Inflation could also affect operational costs. Increased costs will have an adverse effect on the profitability.	Rental contracts are indexed, so if inflation increases, this will compensate for the increase in operational costs. All operational costs related to the properties are charged to the tenants and inflation-related increases are passed on to the tenants. Furthermore, control measures have been implemented to manage the cost control levels.
Safety including fire	Millions of people spend time in the assets each year. In case of calamity, including fire, there is a risk that personal accidents will occur.	Plans in case of emergency are available and actions to be taken are well known by property management.
Natural catastrophes	Risk of (total) loss of the investment due to fire, flooding, structural damage or other natural catastrophes exists.	The Fund carries All Risk insurance coverage to ensure the assets can be repaired or rebuilt in case of loss or damage.

Compliance risk

	Risk	Mitigating measures
Tax	<p>In structuring, the Fund applies the tax regimes that have been introduced in relevant domestic legislation to encourage collective portfolio investment. Applying these regimes requires the Fund to meet the applicable qualification requirements.</p> <p>There is risk that one or more of the qualification requirements are not met, or that the tax authorities take a different view on how the distributable result should be calculated.</p>	<p>An internal tax manager, supported by external advisors, monitors compliance with the qualification requirements of the applicable tax regimes on a continuous basis.</p> <p>Developments in tax regimes and legislation are also monitored on a continuous basis to determine necessary changes.</p>
Legislation and regulations	<p>As a result of the financial crisis, new laws and rules have been introduced to prevent the same situation from happening again. The compliance burden has increased significantly, especially for the real estate sector because, although it is a relatively small industry, it is considered part of the financial sector.</p> <p>There is a risk that legislation introduced for banks and wealth managers will also impact CBRE Global Investors EMEA and the funds under management.</p>	<p>In order to not be burdened with legislation that applies to other types of businesses we monitor new initiatives closely. At an early stage it is determined what actions need to be taken.</p> <p>This could be in co-operation with peers in the industry to ensure the impact for the real estate industry is clearly understood.</p>

Table A List of subsidiaries

Name	Registered office	2019 Interest %		2018 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	100.0%	Consolidated
PEC Erding management GmbH	Germany	100.0%	Consolidated	100.0%	Consolidated
Samera Verwaltung GmbH	Germany	100.0%	Consolidated	100.0%	Consolidated
PEC Dutch Holdings 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 Holding 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 Plzeň 1, s.r.o.	Czech Republic	100.0%	Consolidated	100.0%	Consolidated
PEC Plzeň 2, s.r.o.	Czech Republic	100.0%	Consolidated	100.0%	Consolidated
PEC Holdings France	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
PEC Wroclaw Sp. z.o.o.	Poland	100.0%	Consolidated	100.0%	Consolidated
PEC Bielsko-Biała sp. z.o.o.	Poland	100.0%	Consolidated	100.0%	Consolidated
PEC Gdańsk Kowale 1 sp. z.o.o.	Poland	100.0%	Consolidated	100.0%	Consolidated
PEC Gdańsk Kowale 4 Sp. z.o.o.	Poland	0.0%	Merged into PEC Gdańsk Kowale 2 Sp. z o.o.	100.0%	Consolidated
PEC 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 Norway Holding 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.	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 NieuwegeinDC Inundatiedok S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC NL sHeerenbergDC 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 Nucleoneweg 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
PEC Recoletos Colón, S.L.U.	Spain	100.0%	Consolidated	100.0%	Consolidated
PEC Tobaksmonopolet AB	Sweden	100.0%	Consolidated	100.0%	Consolidated

Name	Registered office	2019 Interest %		2018 Interest %	
PEC Italy SICAF 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	100.0%	Consolidated
PEC Weiterstadt S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Hanseviertel GP S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Hanseviertel Limited Partner S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Hanseviertel Partnership I SCS	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Hanseviertel Partnership II SCS	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Poststrasse SCS	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Hohe Bleichen SCS	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Uhland S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Uhland Management GmbH	Germany	100.0%	Consolidated	100.0%	Consolidated
PEC Uhland GmbH & Co. KG	Germany	100.0%	Consolidated	100.0%	Consolidated
PEC Uhland PM GmbH	Germany	100.0%	Consolidated	100.0%	Consolidated
PEC Ziemowita sp. z o.o. (formerly HE Warsaw 1 sp. z o.o.)	Poland	100.0%	Consolidated	100.0%	Consolidated
PEC Gdańsk Kowale 2 Sp. z o.o.	Poland	100.0%	Consolidated	100.0%	Consolidated
HE 7R Gdańsk 2 Sp. z o.o.	Poland	0.0%	Merged into PEC Gdańsk Kowale 2 Sp. z o.o.	100.0%	Consolidated
PEC Wrocław 2 sp. z o.o. (formerly HE Wrocław 1 BIS sp. z o.o.)	Poland	100.0%	Consolidated		
PEC Tangerine S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Lime S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Aloe S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Mandarin S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Coral S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Emerald S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Apricot S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Peach S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Terracotta S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Ivy S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Persimmon S.à r.l.	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Clerkenwell S.à r.l. (formerly PEC Sage S.à r.l.)	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Sweden MergCo AB	Sweden	100.0%	Consolidated	100.0%	Consolidated
Société Immobilière du Marché Saint-Honoré SAS	Luxembourg	100.0%	Consolidated	100.0%	Consolidated
PEC Tourman SCI	Luxembourg	100.0%	Consolidated	100.0%	Consolidated

Table B Sensitivity analyses

A number of external factors were identified where a change could affect the Fund's profit before tax. The following table summarises the results:

External factor	2019 Percentage increase / (decrease)	2019 Effect on result before tax	2018 Percentage increase / (decrease)	2018 Effect on result before tax
Current Gross Yield	0.25%	(298,630)	0.25%	(262,778)
Current Gross Yield	(0.25%)	339,340	(0.25%)	298,441
Gross rent	(5%)	(253,866)	(5%)	(560,072)
Interest rate	1%	364	1%	414
Foreign exchange rate [Currency]	10%	(45,459)	10%	(46,277)

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 C Fair value hierarchy for investment in real estate

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, described as follows; based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.
- There were no transfers between levels during 2019 or 2018.

The table below represents the valuation methods applied:

	Level	Fair value 2019	Fair value 2018
Investment properties	3	4,749,473	4,417,682
Accounts receivable from tenants and property managers	2	17,267	21,943
Other receivables	2	24,871	35,881
Cash and cash equivalents	1	147,989	125,297
Derivatives	2	(1,665)	(241)
Property accounts payable	2	(8,442)	(9,159)
Accrued expenses and deferred income	2	(51,296)	(37,901)
Other current liabilities	2	(34,283)	(23,082)
Loan notes	2	(851,803)	(749,235)
Interest due	2	(51,031)	(44,042)
Liabilities from financial leases	2	(23,491)	(19,995)
Other non-current liabilities	2	(24,879)	(30,038)
Net assets to holders of redeemable shares	3	(4,129,804)	(3,711,788)

For the level 3 reconciliation on investment in real estate further reference is made to notes to the consolidated statement of financial position (notes 9 and 19 on page 144 and 150)

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

31 December 2019	<1 year €	1-5 years €	>5 years €	Total €
Secured bank loans	156,221	632,382	63,200	851,803
Interest due	13,491	36,986	554	51,031
Property accounts payable	8,442	-	-	8,442
Accrued expenses and deferred income	51,296	-	-	51,296
Other current liabilities	34,284	-	-	34,284
Other non-current liabilities	-	24,878	22,552	47,430
Net assets attributable to holders of redeemable shares	4,129,804	-	-	4,129,804

31 December 2018	<1 year €	1-5 years €	>5 years €	Total €
Secured bank loans	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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in € '000, unless otherwise indicated)

NON-CURRENT ASSETS

1 Investment properties¹⁾

	2019	2018
Balance as at the beginning of the year	4,417,682	2,723,265
<i>Movements</i>		
- Capitalised subsequent expenditures	52,566	52,105
- Acquisitions (share deal)	21,127	407,214
- Acquisitions (asset deal)	191,327	1,117,665
- Recognition right-of-use assets	3,567	13,366
- Changes in fair value positive	312,726	142,716
- Changes in fair value negative	(52,079)	(35,820)
- Currency translation differences	35,012	(10,433)
- Capitalised rent incentives	18,919	9,992
- Amortised rent incentives	(5,445)	(2,388)
- Capitalised fitting out costs	4,979	-
- Amortised fitting out costs	(564)	-
- Capitalised reletting expenses	4,190	-
- Amortised reletting expenses	(1,968)	-
- Transfer from/(to) properties held for sale (refer to note 3)	(252,566)	-
Balance at the end of the year	4,749,473	4,417,682
- Historical cost	4,053,770	4,044,800
- Recognition right-of-use assets	24,686	21,119
- Rent incentives	31,675	18,201
- Fitting out costs	6,716	-
- Reletting expenses	3,405	-
- Cumulated changes in fair value ²⁾	629,221	333,562
Total	4,749,473	4,417,682
Breakdown investment properties		
- Operating properties	4,749,473	4,417,682
Investment properties (on-balance)	4,749,473	4,417,682

A detailed description of each asset (including reference to yields, sqm and rent) within the portfolio can be found in the Report of the General Partner.

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. To determine the present value the discount rate used for the calculation is the weighted average interest rate of the intercompany loans in the specific entity received for the purchase of the assets. The present value of the minimum lease payments is presented below:

	2019		2018	
	Present value	Minimum lease payments	Present value	Minimum lease payments
Within 1 year	940	940	723	723
After 1 year but not more than 5 years	3,317	3,760	2,749	2,894
More than 5 years	19,234	86,394	16,523	79,095
	23,491	91,094	19,995	82,712

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

1) Please note following the adoption of IFRS 16 in 2019, the 2018 comparative numbers were adjusted to reflect the impact of financial leases.

2) Includes currency translation effect

Management Report.

Acquisitions	Location
Logistics	
Mönchhof Distribution Centre extension (Phase 7)	Germany
Utrecht Nucleonenweg Distribution Centre	Benelux
Schiphol Distribution Centre (Phase 2)	Germany
Wroclaw Distribution Centre (Phase 2)	CEE
Office	
Buckley Building	United Kingdom

2 Other non current assets

	2019	2018
Balance as at the beginning of the year	3,933	4,150
- Movement	-	(217)
Balance as at the end of the year	3,933	3,933

Other non-current assets is composed of EUR 3.9 million (2018: EUR 3.9 million) held in escrow for costs and taxes related to the acquisition of Duomo.

3 Assets held for sale

	2019	2018
Balance as at the beginning of the year	-	-
<i>Movements</i>		
- Reclassification from investment properties	252,566	-
Balance at the end of the year	252,566	-
- Historical cost	189,668	-
- Rent incentives	352	-
- Fitting out costs	2,171	-
- Cumulated changes in fair value	60,375	-
Total	252,566	-

As at 31 December 2019, the Fund had three assets held for sale – Brunnenstrasse, Plaza Colon and Hieronymus. For Brunnenstrasse and Plaza Colon an SPA had been signed by end of year but certain conditions remained opened. Please note that the valuation of the property refers to the independent fair value provided by the external valuers. For further information, please refer to the Report of the General Partner.

4 Accounts receivable from tenants and property managers

	2019	2018
Tenants	17,745	22,983
Property Managers	494	880
Other	1,358	45
Provision for estimated credit losses	(2,330)	(1,965)
Total	17,267	21,943
Movements provision for estimated credit losses		
Balance as at the beginning of the year	1,965	3,100
<i>Movements</i>		
- Amounts written off during the year	(807)	(255)
- (Increase)/Decrease in allowance recognised in comprehensive income statement	1,326	(919)
- Amounts recovered during the year	(154)	39
Balance at the end of the year	2,330	1,965

As at 31 December the ageing analysis of tenants, property managers and other receivables 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	
2018	23,908	8,461	9,184	1,420	2,878	1,965
2019	19,597	9,143	3,824	602	3,698	2,330

5 Prepayments and accrued income

	2019	2018
Accrued interest	5,812	3,319
Prepayments	3,901	12,307
Total	9,713	15,626

6 Derivatives

Derivatives - movement

	2019	2018
Balance as at the beginning of the year	834	(625)
<i>Movements</i>		
- Changes in fair value of financial derivatives	(9,988)	1,706
- Divestments	7,489	(247)
Balance as at the end of the year	(1,665)	834

Derivatives – breakdown

Derivatives designated and effective as hedging instruments carried at fair value

	Current		Non-current	
	2019	2018	2019	2018
Foreign currency forward contracts:				
Asset	430	1,075	-	1
Liability	(2,095)	(242)	-	-

Counterparty	Trade date	Maturity date	Local currency	Amount		Buy/Sell	Fixed Rate %	Mark To Market (€ '000)
				(local currency '000)	(€ '000)			
Foreign currency hedge								
Deutsche Bank AG - 8562247	17 Dec 2019	20 Jan 2020	NOK	599,800	59,312	BUY	n.a.	(1,454)
Deutsche Bank AG - 8562247	17 Dec 2019	19 Mar 2020	NOK	262,960	25,908	BUY	n.a.	(640)
Deutsche Bank AG - 8562247	17 Dec 2019	19 Mar 2020	GBP	44,700	52,778	BUY	n.a.	202
Deutsche Bank AG - 8562247	17 Dec 2019	19 Mar 2020	GBP	49,400	58,327	BUY	n.a.	183
ING - 48201630	17 Dec 2019	19 Mar 2020	GBP	5,150	6,072	BUY	n.a.	36
Deutsche Bank AG - 8562247	17 Dec 2019	19 Mar 2020	SEK	120,865	11,519	BUY	n.a.	9
Interest rate swap								
Natixis	18 May 2017	18 May 2021	EUR	4,538	4,538	n.a.	0.75	0

7 Other receivables

	2019	2018
Receivable VAT	21,187	21,942
Other taxes	2,635	3,856
Other receivables	1,049	10,082
Total	24,871	35,880

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).

8 Movements in number of shares

As at 31 December 2019, the movements in the number of shares and drawn capital are as follows:

	2019	2018
Number of shares as at the beginning of the year	2,893,965,643	1,896,696,808
Issued shares per 1 January to 31 March	8,883,843	212,056,087
Issued shares per 1 April to 30 June	63,239,543	220,933,659
Issued shares per 1 July to 30 September	59,695,861	56,191,183
Issued shares per 1 October to 31 December	7,578,370	508,087,906
Number of shares as at the end of the year	3,033,363,260	2,893,965,643
Average number of shares issued	34,849,404	249,317,209
Capital drawn as at the end of the year	3,634,680,000	3,491,770,819
Capital to be called as at the end of the year	933,803,183	428,434,364
Total committed capital	4,568,483,183	3,920,205,183

During the year ended 31 December 2019 EUR 44.6 million (2018: EUR 34.4 million) of income distribution was reinvested as capital. The Fund did not redeem any shares during the year (2018: nil).

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

	2019	2018
LONG-TERM DEBT		
Balance as at the beginning of the year	469,748	527,206
<i>Movements</i>		
- Loans taken	202,418	50,119
- Amortisation of expenses	1,172	944
- Capitalised financing cost	(2,186)	(1,470)
- Currency translation differences	8,734	(481)
- Redemptions	(490)	(19,296)
- Reclassification (to)/ from short-term loans	(221)	(87,274)
Balance at the end of the year	679,175	469,748
SHORT-TERM DEBT		
Balance as at the beginning of the year	263,167	10,470
<i>Movements</i>		
- Loans taken	90,500	200,000
- Amortisation of expenses	359	307
- Capitalised financing cost	-	(800)
- Currency translation differences	368	(114)
- Redemptions	(198,994)	(33,970)
- Reclassification (to)/ from long-term loan	221	87,274
Balance at the end of the year	155,621	263,167
Total Debt from credit institutions	834,796	732,914
The fair value of the non-current debt from credit institutions is approximately	842,680	730,278

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 2019, compared to the original contract terms.

The Revolving Credit Facility expires in September 2023, however the current tranche drawn on 31 December 2019 matures on 23 March 2020. This amount will be either repaid or rolled over for another 3 month period.

As at 31 December 2019 the debt from credit institutions including interest is repayable as follows:

Lender/credit rating	Principal €	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost
		< 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €	> 5 years €				
Mortgage											
DG Hyp/AA-	19,294	221	19,073	-	-	-	-	13	4.23	31 Aug 2021	19,281
SEB/A+	48,582	-	-	-	48,582	-	-	936	2.07	09 Mar 2023	47,646
Natixis/A+	63,200	-	-	-	-	-	63,200	870	0.49	09 Oct 2026	62,330
Natixis/A+	28,500	-	-	-	-	28,500	-	429	0.29	09 Oct 2024	28,071
Natixis/A+	70,000	-	-	70,000	-	-	-	357	1.37	05 Dec 2022	69,643
LBB/A+	100,000	-	-	-	100,000	-	-	423	1.24	31 Jan 2023	99,577
Canada Life/A+	46,996	-	-	46,996	-	-	-	261	1.97	10 Mar 2022	46,735
Canada Life/A+	81,105	-	-	-	-	81,105	-	586	2.38	10 Apr 2024	80,519
Canada Life/A+	54,799	-	-	-	-	54,799	-	458	2.10	27 Sep 2024	54,341
Natixis/A+	108,600	-	-	-	-	108,600	-	934	1.82	15 May 2024	107,666
Natixis/A+	7,262	-	-	-	-	7,262	-	13	1.40	15 May 2024	7,249
Natixis/A+	4,334	-	4,334	-	-	-	-	20	1.10	14 May 2021	4,314
Bondholders	52,318	-	-	-	-	52,318	-	295	3.48	18 Jan 2024	52,023
TOTAL LONG TERM	684,990	221	23,407	116,996	148,582	332,584	63,200	5,595			679,395
Short Term											
ING/A+ and ABN/A	156,000	156,000	-	-	-	-	-	600	-	23 Mar 2020	155,400
TOTAL	840,990	156,221	23,407	116,996	148,582	332,584	63,200	6,195			834,795

The above table reflects amounts drawn under the respective agreements.

All facilities other than the Revolving Credit Facility are signed at the local level and are secured against the asset. 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.

The Revolving Credit Facility with ING and ABN Amro for up to EUR 200 million is secured against a pool of Dutch and German logistic assets. The Revolving Credit Facility expires in September 2023, however the current tranche drawn on 31 December 2019 matures on 23 March 2020. This amount will be either repaid or rolled over for another 3 month period.

A loan was secured against Buckley Building at acquisition and the loans secured against Berri and Marengo were refinanced in the year. For further details please refer to the Debt Financing table on page 118.

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

Lender/credit rating	Principal €	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost
		< 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €	> 5 years €				
Mortgage											
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	09 Mar 2023	48,957
Natixis/A+	40,000	40,000	-	-	-	-	-	129	1.44	09 Oct 2019	39,871
Natixis/A+	18,000	18,000	-	-	-	-	-	58	1.44	09 Oct 2019	17,942
Natixis/A+	70,000	-	-	-	70,000	-	-	480	1.37	05 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	15 May 2024	107,455
Natixis/A+	757	-	-	-	-	-	757	757	1.40	15 May 2024	-
Natixis/A+	4,824	-	-	4,824	-	-	-	722	1.10	17 May 2021	5,546
ING/A+ and ABN/A	176,500	176,500	-	-	-	-	-	760	1.10	23 Mar 2019	175,740
TOTAL	738,422	264,130	221	23,898	114,243	150,221	185,711	5,508			732,914

10 Debt from associated companies

	2019	2018
Balance as at the beginning of the year	10,813	11,463
Movements		
- Redemptions	-	(650)
Balance at the end of the year	10,813	10,813
The fair value of the non-current debt from associated companies is approximately	10,813	10,813

As at 31 December 2019 the debt from associated companies including interest is repayable as follows:

Lender	Principal €	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost
		< 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €	> 5 years €				
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 2018 the debt from associated companies including interest is repayable as follows:

Lender	Principal €	Repayments						Unamortised (re)financing expenses	All in rate %	Maturity date	Amortised Cost
		< 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €	> 5 years €				
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

In the above note the drawn amount is reported.

11 Other non-current liabilities

	2019	2018
Lease liabilities	22,551	19,272
Security deposits	14,335	9,822
Other	10,544	20,216
Total	47,430	49,310

The lease obligation is held in Mutual House for EUR 6.3 million (2018: EUR 6.2 million) and Hanseviertel for EUR 12.5 million (2018: EUR 13.4 million) and Orange and Green EUR 3.8 million (2018: nil)

Other non-current liabilities refers principally to the OPPCI exit tax payable over four years (c. EUR 10 million).

CURRENT LIABILITIES

12 Accrued expenses and deferred income

	2019	2018
Deferred rental income	13,754	10,855
Accrued operating costs properties	19,226	11,824
Accrued interest	4,155	2,881
Accrued Fund expenses	5,224	3,031
Management and Advisory fee	3,612	5,886
Other	5,325	3,425
Total	51,296	37,902

13 Other current liabilities

	2019	2018
VAT payable	10,098	(74)
Corporate income tax	2,430	4,670
Other taxes	10,493	9,353
Other	11,261	9,133
Total	34,283	23,082

The amount Other includes EUR 9.8 million of deposit received from the buyer of Plaza Colon following the signing of SPA. Other taxes refers principally to the OPPCI exit tax payable within a year (c. EUR 10 million).

14 Currency translation reserve

	2019	2018
Balance (loss)/gain as at the beginning of the year	(73,815)	(63,062)
<i>Movements</i>		
- Changes in fair value of net investment hedge	(2,498)	1,523
- Realised cash flows from foreign exchange hedge	(7,489)	183
- Effect of foreign exchange rate differences	29,619	(4,254)
- Realised gains/(losses) from foreign exchange hedge	(1,876)	(4,309)
- Allocation of retained earnings to currency translation reserve	245	(3,896)
Balance (loss)/gain as at the end of the year	(55,814)	(73,815)

NOTES TO THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Amounts in € '000, unless otherwise indicated)

15 Gross rental revenue

	2019	2018
Rent	185,738	149,706
Parking revenues	3,394	2,245
Total	189,132	151,951
Rent		
Theoretical rental revenue	188,838	172,937
Vacancy	(13,475)	(9,532)
Total	175,363	163,405
Gross rental revenue	189,132	151,951
Other property related income	2,946	229
Recovered property costs charged to tenants	40,517	31,267
Recoverable cost of properties	(40,517)	(31,267)
Operating costs properties	(22,439)	(11,528)
Total	169,639	140,652

Overview of the undiscounted lease payments from tenants:

	Total rent	%
1	202,771	12.9
2	167,725	10.7
3	147,582	9.4
4	128,750	8.2
5	115,315	7.4
> 5	805,897	51.4
Total	1,568,040	100.0

16 Operating costs

	2019	2018
Maintenance	5,621	1,595
Straightlined fitting out costs	531	355
Property management expenses	1,362	944
Marketing	1,904	1,093
Fixed charges	501	336
Non-reclaimable VAT	577	104
Contribution associations	1	6
Reletting expenses	1,043	534
Other operating costs	10,899	6,561
Total	22,439	11,528

17 Professional services

	2019	2018
Valuation expenses	1,206	786
Audit fees	879	984
Legal fees	1,504	3,013
Tax advisory fees	1,265	1,176
Trust expenses	3,749	871
Other advisory services	3,689	9,471
Non-reclaimable VAT	354	89
Total	12,646	16,390

Professional services includes EUR 2.5 million related to share deal acquisitions during the year. Under INREV guidelines such costs are capitalised and amortised 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.

18 Management expenses

	2019	2018
Management fee	33,913	26,163
Total	33,913	26,163

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 catchup 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 2019 no performance fee payable (2018: nil) was recorded in the consolidated statement of comprehensive income.

19 Finance income

	2019	2018
Interest credit institutions	141	176
Total	141	176

20 Finance expenses

	2019	2018
Interest credit institutions	14,267	11,515
Interest associated companies	593	614
Bank charges	319	361
Other ³⁾	2,390	1,615
Total	17,569	14,105

³ Other include the interest expenses related to the finance lease amounting to EUR 0.7 million.

21 Result on sales

	2019	2018
Result on sales of subsidiaries	(2,151)	546
Total		
Result on sales of investment properties		
Proceeds of sales	-	546
Selling expenses	(2,151)	-
Total	(2,151)	546

Selling expenses relate to the assets held for sale – Brunnenstrasse, Plaza Colon and Hieronymus – to be sold in 2020.

22 Result on foreign investments

	2019	2018
Realised foreign exchange gains/(losses)	(3,006)	(667)
Unrealised gains/(losses)	318	-
Total	(2,688)	(667)

23 Corporate income tax

	2019	2018
Current income tax charge	4,199	26,500
Withholding tax	7,116	4,727
Dotation to deferred tax liability - property related	43,720	12,706
Dotation to deferred tax asset	(7,522)	2,629
Total charge for income tax	47,513	41,304

	2019	2018
Deferred tax assets:		
Tax losses carried forward	19,820	12,315
Total	19,820	12,315

	2019	2018
Deferred tax Liabilities:		
Temporary differences between tax and book basis of properties	96,226	52,390
Total	96,226	52,390

	2019	2018
Consolidated net result before tax	360,502	187,172
Tax calculate at domestic tax rate applicable to individual group entities	(48,465)	(46,442)
Reconciliation:		
Income not subject to tax	16,335	46,747
Expenses not deductible for tax purposes	(10,726)	(41,630)
Differences due to rate	2,459	-
Withholding tax	(7,116)	-
Total corporate income tax	(47,513)	(41,304)
EFFECTIVE INCOME TAX	13%	22%

A number of entities within the Fund structure are subject to corporate income tax charges at an average tax rate of 13.2% (2018: 21.48%), lower than last year as a result of the incorporation of most of the French entities in the OPPCI structure and the creation of SICAF Italy. The Fund itself is tax transparent.

Some deferred tax liabilities are not presented on the balance sheet as a result of the initial recognition exemption under IAS 12. The nominal value of the deferred tax liabilities, including the exempt balances, amounts to EUR 172.9 million (2018: EUR 130.5 million).

PERSONNEL

During 2019, 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	
		2019	2018	2019	2018
CBRE related					
CBRE	Accounting	839	455	331	63
CBRE	Brokerage/Agency Fees	1,717	41	1,221	-
CBRE	Building Management fees	27	8	-	3
CBRE	Letting fees	648	469	78	74
CBRE	Other	149	53	-	-
CBRE	Other Professional Fees	216	231	26	98
CBRE	Other services	13	3	9	-
CBRE	Property Management	4,159	3,039	359	534
CBRE	Property Management fees on works	2	58	-	17
CBRE	Staff costs	305	216	8	-
CBRE GIA	Accounting fees	234	112	-	59
CBRE GIA	Fund administration fees	537	-	537	-
CBRE Global Investors	AIFM fees	5,312	4,099	1,369	166
CBRE Global Investors	Asset Management Fees	16,901	12,334	6,424	4,302
CBRE Global Investors	Staff costs	222	104	99	-
CBRE Global Investors	Domiciliation fees	198	95	160	77
CBRE Global Investors	GP fees	140	140	35	35
CBRE Global Investors	Other	93	15	28	5
CBRE Global Investors	Strategic Advisory fees	12,245	9,733	3,690	2,407
CBRE Global Investors	Workstation fees	-	8	-	-
Total		43,957	31,213	14,374	7,840

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

On 31 January 2020, the Fund completed the disposal of Brunnenstrasse in line with the year end valuation.

The Fund signed an SPV for the acquisition of Herenstaete, Amsterdam on 10 March 2020 and issued Capital Call #43 with a value date of 20 March 2020 for EUR 23 million to fund the acquisition. Completion is anticipated for 23 March 2020.

The Fund changed domiciliary in February 2020 to CBRE Global Investors Luxembourg AIFM S.à r.l.

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 42 million, estimated purchase date Q4 2019.

There is growing evidence that the spreading of the Covid-19 virus may have a temporary impact on the economy and therefore potentially on the value and performance of the assets in the portfolio. However, at this stage and given the very high uncertainty surrounding the disease, the possible financial impact on the reported financial statements cannot be estimated and is therefore not considered.

Following the acquisition of Duomo, EUR 3.9 million was placed in escrow. As at 31 December 2019, uncertainty remains around the estimated amount which will be due to the seller (to a maximum of EUR 3.9 million). However, there is a contractual obligation existing leading to a contingent liability.

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.

