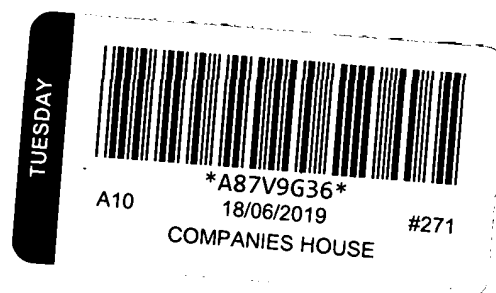


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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Members' report and financial statements**  
**for the year ended 31 December 2018**



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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Contents**

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<b>Information</b>	<b>1</b>
<b>Members' Report</b>	<b>2-4</b>
<b>Members' Responsibilities Statement</b>	<b>5</b>
<b>Independent Auditor's Report to the Members of Barings Real Estate Advisers Europe Finance LLP</b>	<b>6-7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11-19</b>

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Information**

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<b>Members</b>	Barings Real Estate UK Holdings Ltd Barings Real Estate Advisers (Continental Europe) Ltd
<b>LLP registered number</b>	OC307893
<b>Registered office</b>	20 Old Bailey London EC4M 7BF
<b>Independent auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

**Members' Report for the year ended 31 December 2018**

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The members present their annual report together with the audited financial statements of Barings Real Estate Advisers Europe Finance LLP ("the LLP") for the year ended 31 December 2018.

**RESULTS**

The total comprehensive loss for the year after taxation amounted to £2,761,407 (2017: £504,418).

**PRINCIPAL ACTIVITIES**

The LLP was incorporated on 6 May 2004 and commenced trading on that date. The principal object of the LLP is to provide real estate investment management services. The LLP is registered with the Financial Conduct Authority ('FCA'), and is an indirect, wholly owned subsidiary of Barings Europe Limited (together with its other subsidiaries, "the Group").

**RISK MANAGEMENT**

The Group manages its risks on a group-wide basis and in accordance with a risk framework approved by the Risk and Regulatory Committee ('R&RC'). The R&RC, which derives its delegated authorities from the Barings Board, is responsible for the design and implementation of the Group's risk management processes and controls.

The Organisational Risk function, reporting to the Chief Risk Officer - Europe, supports the R&RC in the identification, assessment, management and monitoring of risks within the Group's global operations.

The principal risk types are strategic and operational risks. The Group's approach to managing each of these risks is set out below:

**i) Strategic risks**

The Group manages these risks by offering a widely distributed range of products, both by asset class and geographical spread, by changing or adapting its product offering to meet market conditions and needs, and by monitoring and reviewing investment performance on a regular ongoing basis.

**ii) Operational risks**

The most significant operational risks facing the Group are:

- Loss of key staff. The knowledge, skills and experience of the Group's employees are critical to the organisation's continued success. The retention of key staff is of vital importance in ensuring that investment performance and client service standards are maintained. The Group's Human Resources ('HR') policies are designed to recruit and maintain the highest possible quality of this resource.
- Significant transaction processing incident. A range of operational process and system-based controls are in place to mitigate this risk.
- Failure or material mis-performance by outsourced provider. Formal contracts are in place governing the terms of the relationships and provision of services. Regular reporting and review meetings take place in order to monitor performance.
- Disaster event / major business disruption. The Group has comprehensive disaster recovery and business continuity plans in place covering all business-critical operations. These arrangements are reviewed and tested on a regular basis.
- Regulatory risk. The LLP is subject to regulatory oversight and inspection by the FCA. The Group's Compliance Department ensures that all new and existing rules are adhered to.

**REMUNERATION DISCLOSURE**

The remuneration disclosures required in accordance with BIPRU 11.5.18R have been made in the financial statements of Barings Europe Limited ("BEL"), the ultimate UK holding entity in which the results of the LLP are consolidated.

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## BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

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### Members' Report for the year ended 31 December 2018

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#### DESIGNATED MEMBERS

Barings Real Estate UK Holdings Ltd and Barings Real Estate Advisers (Continental Europe) Ltd were designated members of the LLP throughout the period.

#### MEMBERS' CAPITAL AND INTERESTS

Details of changes in members' capital and interests in the year ended 31 December 2018 are set out in the financial statements.

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP. Profits are divided between the members in accordance with the members' agreement and money will only be drawn when the LLP has sufficient funds to maintain and develop the business.

#### EMPLOYEES

It is the LLP's policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for the position, and wherever possible to retrain employees who become disabled, so that they can continue their employment, if necessary in another position.

#### OVERSEAS BRANCH

The LLP has an overseas branch in the Netherlands which it operated during the year.

#### GOING CONCERN

As at 31 December 2018 the LLP has net assets of £1,621,571 (2017: £1,382,978). The LLP is currently subject to a group reorganisation as detailed in note 14, and as part of that process it is intended that the LLP will be liquidated within the year and its activities transferred to affiliated entities within the organisation. The members do not therefore believe that the going concern basis is appropriate for the preparation of these financial statements, as stated in Note 1.2.

#### BRITAIN EXITING FROM THE EU ("BREXIT")

As noted above the Members intend to liquidate the LLP within the next twelve months and accordingly its client contracts have either been transferred or are soon to be transferred to other affiliated entities of the Barings Group.

Consequently, whilst the outcome of the Brexit negotiations continues to be uncertain, it is not expected that they will adversely impact the wind down of the LLP's operations. From a Group perspective however, Barings continues to plan for a number of possible scenarios, including "no deal". Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit.

#### AUDITOR

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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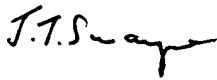
**Members' Report for the year ended 31 December 2018**

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**AUDITOR (continued)**

Pursuant to Section 487 of the Companies Act 2006, as applied to the LLP by the Limited Liability Partnerships (Accounts and Audit) Application of Companies Act Regulations 2008 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the members on 23 April 2019 and signed on their behalf by:



**Julian Timothy Swayne**  
**Director, Barings Real Estate UK Holdings Ltd (Designated member)**  
**Registered Number: 07076171**  
20 Old Bailey  
London  
EC4M 7BF

**Members' Responsibilities Statement for the year ended 31 December 2018**

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The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

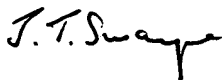
The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so. As explained in the Members' Report and note 1 to the financial statements. The members do not believe that it is appropriate to prepare these financial statements on a going concern basis.

Under regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

On behalf of the Members



**Julian Timothy Swayne**  
**Director, Barings Real Estate UK Holdings Ltd (Designated member)**  
**Registered Number: 07076171**  
20 Old Bailey  
London  
EC4M 7BF

## **Opinion**

We have audited the financial statements of Barings Real Estate Advisors Europe Finance LLP ("the LLP") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the members, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the LLP's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an LLP and this is particularly the case in relation to Brexit.

## **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in the Members' Report and note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

## **Other information**

The members are responsible for the other information, which comprises the Members' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS REAL ESTATE ADVISERS EUROPE  
FINANCE LLP**

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**Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

**Members' responsibilities**

As explained more fully in their statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP'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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Paul McKechnie (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 25 April 2019

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BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

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Statement of Comprehensive Income for the year ended 31 December 2018

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	Notes	2018 £	2017 £
Turnover	1.4	1,083,520	1,635,960
Cost of Sales		<u>(93,092)</u>	<u>(145,180)</u>
<b>Gross Profit</b>		<b>990,428</b>	<b>1,490,780</b>
Administrative expenses		<u>(3,843,233)</u>	<u>(1,888,196)</u>
<b>Operating loss</b>	2	<b>(2,852,805)</b>	<b>(397,416)</b>
Interest receivable and similar income		86	1,951
Investment gains / (losses) including impairment		101,013	(45,301)
Unrealised foreign exchange losses		<u>(9,701)</u>	<u>(63,652)</u>
<b>Loss on ordinary activities before and after taxation for the financial year</b>		<b>(2,761,407)</b>	<b>(504,418)</b>
<b>Total comprehensive loss for the year</b>		<b><u>(2,761,407)</u></b>	<b><u>(504,418)</u></b>

All activities of the LLP are expected to be discontinued by 31 December 2019.

The notes on pages 11 to 19 form part of these financial statements.

**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

**Balance Sheet as at 31 December 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	5	—	2,322
Investments	6	—	53,673
		<u>—</u>	<u>55,995</u>
<b>Current assets</b>			
Tangible assets	5	3,179	—
Investments	6	516,158	361,472
Debtors	7	533,450	1,569,247
Cash at bank and in hand		3,402,425	1,018,639
		<u>4,455,212</u>	<u>2,949,358</u>
<b>Creditors: Amounts due within one year</b>	8	<u>(2,833,641)</u>	<u>(1,024,936)</u>
<b>Net current assets</b>		<u>1,621,571</u>	<u>1,924,422</u>
<b>Total assets less current liabilities</b>		<u>1,621,571</u>	<u>1,980,417</u>
<b>Creditors: Amounts due after more than one year</b>	9	—	(597,439)
<b>Net assets attributable to members</b>		<u>1,621,571</u>	<u>1,382,978</u>
<b>Represented by:</b>			
<b>Members' other interests</b>			
Members Capital		5,793,328	2,793,328
Other Reserves		<u>(4,171,757)</u>	<u>(1,410,350)</u>
		<u>1,621,571</u>	<u>1,382,978</u>
<b>Total members' interests</b>		<u>1,621,571</u>	<u>1,382,978</u>

The notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 23 April 2019.



**Julian Timothy Swayne**  
 Director, Barings Real Estate UK Holdings Ltd (Designated member)  
 Registered Number: 07076171

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Statement of Changes in Members' Interest as at 31 December 2018**

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	<b>Members capital (Classified as equity)</b> £	<b>Retained Earnings</b> £	<b>Total equity</b> £
Members' interests: balance at 1 January 2017	2,293,328	(905,932)	1,387,396
Total Comprehensive Income available for discretionary division among members	—	(504,418)	(504,418)
<b>Members' interests after loss for the year</b>	<u>2,293,328</u>	<u>(1,410,350)</u>	<u>882,978</u>
Capital amounts introduced by members	500,000	—	500,000
<b>Members' interests: balance at 31 December 2017</b>	<u><u>2,793,328</u></u>	<u><u>(1,410,350)</u></u>	<u><u>1,382,978</u></u>
	<b>Members capital (Classified as equity)</b> £	<b>Retained Earnings</b> £	<b>Total equity</b> £
Members' interests: balance at 1 January 2018	2,793,328	(1,410,350)	1,382,978
Total Comprehensive Income available for discretionary division among members	—	(2,761,407)	(2,761,407)
<b>Members' interests after loss for the year</b>	<u>2,793,328</u>	<u>(4,171,757)</u>	<u>(1,378,429)</u>
Capital amounts introduced by members	3,000,000	—	3,000,000
<b>Members interests: balance at 31 December 2018</b>	<u><u>5,793,328</u></u>	<u><u>(4,171,757)</u></u>	<u><u>1,621,571</u></u>

The notes on pages 11 to 19 form part of these financial statements.

Notes to the Financial Statements for the year ended December 2018

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements were prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102" or "the Standard") and the Companies Act 2006, as applied to the LLP by the Limited Liability Partnerships (Accounts and Audit) Application of Companies Act Regulations 2008 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships". The presentation currency of these financial statements is sterling.

The Partnership is itself a subsidiary Partnership and is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated accounts, because Barings Europe Limited ("BEL"), a company incorporated in England and Wales, will be preparing consolidated accounts which incorporate the results of the LLP.

The preparation of financial statement in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the entity's accounting policies (see note 13)

The following principal accounting policies have been applied:

**1.2 Going concern**

As at 31 December 2018 the LLP has net assets of £1,621,571 (2017: £1,382,978). As detailed in note 14, it is intended to liquidate the LLP and transfer its activities to affiliated organisations. The members have therefore determined not to prepare the financial statements on a going concern basis. In adopting the non going concern basis at the year end the following policies and procedures were implemented:

- at 31 December 2018 all fixed assets are considered as realisable, hence classified as current assets;
- all assets have been disclosed at values at which they are expected to be realised; and
- all liabilities reflect the full amount at which they are expected to materialise.

No adjustments were required by the LLP to mark assets and liabilities to the lower of cost or fair value.

**1.3 Cash flow**

The LLP is included in the consolidated financial statements of BEL which are prepared in accordance with FRS 102 and so the LLP is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The LLP has taken advantage of the exemption available under FRS 102 to not prepare a Cash Flow Statement.

**1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Notes to the Financial Statements for the year ended December 2018

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**1.4 Revenue (continued)**

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.5 Investments**

Investments by the LLP in subsidiary undertakings in 2018 have been reclassified as current assets and stated at fair value due to the financial statements not being prepared under the going concern basis. Movements in fair value are recognised in the Statement of Comprehensive Income. In 2017, fixed asset investments were recorded at cost less provision for impairments.

**1.6 Tangible assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation was provided on a straight line basis to spread the cost of fixed assets over their expected useful lives as follows:

▪ Computer Equipment	-	3 Years
▪ Office Equipment	-	3 Years
▪ Fixtures and Fittings	-	5 Years
▪ Leasehold Improvements	-	Term of lease

The assets were recategorised in 2018 as current assets due to the financial statements not being prepared under the going concern basis and are stated at the net realisable value.

**1.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised interest using the effective interest method, less any impairment.

**1.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash

**1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended December 2018

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**1.10 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**1.11 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

**1.12 Pensions**

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the LLP in independently administered funds.

**1.13 Interest Income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**1.14 Tax system**

Taxation payable on profits earned is the liability of the members.

The LLP's overseas branch is subject to local corporation tax on its profits. This tax is offset against the individual tax liabilities of the members.

**1.15 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the LLP after deducting all of its liabilities.

**1.16 Long Term Incentive Schemes**

The LLP operates a long term, deferred remuneration scheme and accrues for amounts payable under this scheme over their applicable vesting periods. In accordance with the requirements of FRS 102, Sn 28.30, the LLP records these accrued liabilities at their present value at the balance sheet date and records the changes in these liabilities in the statement of comprehensive income. The liability has been recorded as a current liability in 2018 due to the financial statements no longer being prepared under the going concern basis.

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Notes to the Financial Statements for the year ended December 2018**

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**2. OPERATING LOSS**

The operating loss is stated after charging:

	2018	2017
	£	£
Auditor's remuneration for audit of the financial statements	18,000	24,300
Other fees to auditors for regulatory and taxation services	15,800	7,800
Depreciation	1,203	857
	<u>35,003</u>	<u>32,957</u>

**3. EMPLOYEES**

	2018	2017
	£	£
Wages and salaries	2,258,146	1,307,100
Social security	59,953	40,873
Pension costs	131,937	141,745
Other benefits	981	8,291
	<u>2,451,017</u>	<u>1,498,009</u>

	2018	2017
The average number of employees during the year	5	4

**4. INFORMATION IN RELATION TO MEMBERS**

	2018	2017
The number of members during the year	<u>2</u>	<u>2</u>



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BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

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Notes to the Financial Statements for the year ended December 2018

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5. TANGIBLE FIXED ASSETS

	Computer equipment
<b>Cost</b>	£
At 1 January 2018	15,785
Additions	2,060
Reclassification to current assets	(17,845)
At 31 December 2018	<u>—</u>
<b>Depreciation</b>	
At 1 January 2018	13,463
Charge for the period	1,203
Reclassification to current assets	(14,666)
At 31 December 2018	<u>—</u>
<b>Net book value</b>	
At 31 December 2018	<u>—</u>
At 31 December 2017	<u>2,322</u>

TANGIBLE CURRENT ASSETS

<b>Cost</b>	£
At 1 January 2018	—
Reclassification from fixed assets	3,179
At 31 December 2018	<u>3,179</u>

6. FIXED ASSET INVESTMENTS

	<b>Investments in subsidiary companies</b>
	£
At 1 January 2018	53,673
Reclassification to current assets	(53,673)
At 31 December 2018	<u>—</u>

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Notes to the Financial Statements for the year ended December 2018**

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**6. FIXED ASSET INVESTMENTS (continued)**

**CURRENT ASSET INVESTMENTS**

	<b>Investments in subsidiary companies</b>	<b>Unlisted investments</b>	<b>Total</b>
	£	£	£
At 1 January 2018	198,015	163,457	361,472
Change in fair value	162,473	(61,460)	101,013
Reclassification from fixed asset investments	53,673	—	53,673
	<u>414,161</u>	<u>101,997</u>	<u>516,158</u>

Current asset investments have been recorded at their net asset value at the year end as a best estimate of their fair value.

Investments in subsidiary companies comprise investments in management companies and general partners of collective investment schemes managed by the LLP. Unlisted investments comprise equity participations in the Cornerstone German Retail Fund and Nordic Retail Fund which are two of the collective investments schemes the LLP has established.

Investments in subsidiary companies have been reclassified as current asset investments as it is intended to liquidate the LLP within the next 12 months as detailed in the members' report and note 1.

The following were directly held subsidiary undertakings of the LLP as at 31 December 2018:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Registered Address</b>	<b>Status</b>
Barings Core Fund GP Sarl	Ordinary	100%	6 Rue Eugène Ruppert, L-2453 Luxembourg	Active
Barings Core Fund LP Sarl	Ordinary	100%	6 Rue Eugène Ruppert, L-2453 Luxembourg	Active
Barings Value Add GP Sarl	Ordinary	100%	6 Rue Eugène Ruppert, L-2453 Luxembourg	Active
Barings Value Add LP Sarl	Ordinary	100%	6 Rue Eugène Ruppert, L-2453 Luxembourg	Active
Barings Core Fund Feeder 1 GP Sarl	Ordinary	100%	6 Rue Eugène Ruppert, L-2453 Luxembourg	Active
Cornerstone German Retail Fund General Partner BV	Ordinary	90%	Beursplein 37, 3011 AA Rotterdam, The Netherlands	Active
N.R.F. Management Company Sarl	Ordinary	100%	2-8 Avenue Charles de Gaulle, L1653 Luxembourg	Active
Protego Real Estate Investors GP Ltd	Ordinary	100%	20 Old Bailey, London, EC45 7BF	Dormant
PREIF Holdings Limited Partnership	Ordinary	100%	Blue Square House, 272 Bath Street, Glasgow, Scotland, G2 4JR	Dormant

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BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

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Notes to the Financial Statements for the year ended December 2018

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7. DEBTORS

	2018	2017
	£	£
Trade debtors	122,849	—
Amounts owed from Group undertakings	325,002	1,115,877
Other taxation and social security	14,484	160,902
Other debtors	71,115	292,468
	<u>533,450</u>	<u>1,569,247</u>

Amounts owed by Group undertakings are interest free and payable on demand.

8. CREDITORS:

Amounts falling due within one year

	2018	2017
	£	£
Amounts payable to Group undertakings	655,534	—
Other taxation and social security	49,029	163,521
Other creditors and accruals	2,129,078	861,415
	<u>2,833,641</u>	<u>1,024,936</u>

9. CREDITORS:

Amounts falling due in more than one year

	2018	2017
	£	£
Other creditors and accruals	—	597,439

Other creditors and accruals represent amounts payable to staff under long term incentive schemes. In 2018 the liability has been recorded as a current liability due to the financial statements not being prepared under the going concern basis.

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**BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP**

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**Notes to the Financial Statements for the year ended December 2018**

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**10. OPERATING LEASE COMMITMENTS**

At 31 December 2018 the LLP had total future minimum lease payments under non-cancellable operating leases for the each of the following periods:

	2018	2017
	£	£
Not later than one year	66,430	1,072
Later than one year and not later than five years	99,652	182,561
Total	<u>166,082</u>	<u>183,632</u>

During the year £65,614 of lease payments were expensed in the statement of comprehensive income (2017: £60,407).

**11. RELATED PARTY TRANSACTIONS**

The LLP is a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company which prepares consolidated financial statements. It has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not separately disclosed transactions or balances with entities which form part of the Massachusetts Mutual Life Insurance Group.

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate UK holding company in which the results of the LLP are consolidated is Barings Europe Limited ("BEL").

BEL is indirectly owned and controlled by Barings LLC and is itself ultimately owned and controlled by Massachusetts Mutual Life Insurance Company ("MassMutual"). These companies are both incorporated in the U.S.A.

The largest group in which the results of the LLP are consolidated is that headed by MassMutual. The consolidated results of MassMutual can be found on their website.

The smallest group in which they are consolidated is that headed by BEL. The financial statements of BEL can be obtained from the Company's trading address and single alternative inspection location at 20 Old Bailey, London, United Kingdom, EC4M 7BF.

**13. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The members do not believe that there are any judgements or estimates that they have made in the application of the LLP's accounting policies that have a significant effect on the financial statements or have a significant risk of material adjustment in the next year.

Notes to the Financial Statements for the year ended December 2018

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**14. GROUP REORGANISATION**

On 9 March 2016 MassMutual announced its intention to merge Barings LLC (formerly Babson Capital Management LLC) with three of its affiliate subsidiaries Barings Real Estate Advisors LLC (formerly Cornerstone Real Estate Advisors LLC), Baring Asset Management Ltd and Wood Creek Capital Management LLC. On 12 September 2016 the integration completed successfully, and the unified group is now operating under the Barings name.

As part of the merger, BEL was established on 5 June 2017 to act as the regional holding company for the non-IFPRU entities within the European business. Baring Asset Management Ltd and Barings Real Estate UK Holdings Ltd ("BREUKH") were transferred to BEL on 29 December 2017. The LLP is a subsidiary of BREUKH and as such was transferred as part of this group restructuring.

The next phase of the Group reorganisation is now underway with a view to rationalising the existing structure of the Group and ensuring that it can continue to meet the needs of all its clients post Brexit without issue or interruption. It is intended that the LLP will be liquidated within the year as part of this process and its existing fund management and advisory contracts will be transferred to other affiliated entities within the Group.

**15. POST BALANCE SHEET EVENTS**

No further significant events have occurred since the Balance Sheet date that require disclosure in the financial statements.