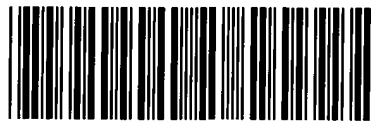

Deutsche Alternative Asset Management (UK) Limited

Company number: 2478500

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

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REPORT OF THE DIRECTORS
For the year ended 31 December 2016

The Directors present their annual report and audited financial statements for the year ended 31 December 2016.

ACTIVITIES AND REVIEW OF BUSINESS

The Company acts as an investment management and advisory company. The Company is authorised and regulated by the Financial Conduct Authority.

On 8th April 2014, the Company was authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager under the Alternative Investment Fund Manager Directive ("AIFMD").

The business of the Company during the year has been impacted in line with the challenging market conditions and has developed satisfactorily in areas where the market allows with the Company achieving a net loss.

The Company acts as investment adviser/manager for a number of Funds and has continued to work closely with Investors during the year to balance their liquidity requirements with Fund performance and the market environment.

The position at the end of the year is reflected in the audited Statement of Financial Position set out on page 7.

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31 December 2016, after providing for taxation, show a loss of £45,869,000 (2015: £26,828,000 loss).

The directors do not recommend the payment of a dividend.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DIRECTORS

The Directors of the Company who held office during the year and subsequent to the year ended 31 December 2016 were as follows:

G. Muzzi	Appointed on 9 February 2011
S.J.T. Shaw	Appointed on 20 February 2006
D. Taylor	Appointed on 15 July 2015
H.M. Mackenzie	Appointed on 6 October 2016
I.L. Hogan	Resigned on 30 June 2016
M.W. Bolton	Resigned on 31 August 2016

Directors have confirmed that during the year they spent time appropriate to their responsibilities on the affairs of the Company.

A.W. Bartlett resigned as the Secretary of the Company on 27 January 2016 and S. Linsley was appointed on the same day.

As at the date of approval, and during the year, the Company provided an indemnity to its Directors in the form of a qualifying third party indemnity provision.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year.

OTHER INFORMATION

An indication of likely future development in the business and particulars of significant events which have occurred since the year end of the financial year have been included in the Strategic Report on pages 3-4.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT
AND THE FINANCIAL STATEMENTS**
For the year ended 31 December 2016

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board of Directors this 26th day of April 2017



S. Linsley
Secretary

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Company number: 2478500

STRATEGIC REPORTFor the year ended 31 December 2016

PRINCIPAL OBJECTIVES

The Company provides investment management and fund management services for the Alternatives business in the European region (excluding Germany). The business model is built on:

The sales groups which identify and source potential institutional mandates and high net wealth individuals on behalf of the Company. These groups do not sit within the Company and the firm remunerates their services at arm's length.

The Company's investment professionals, who define and implement suitable client strategies; and

The Company's operations, which administer the funds and products.

The remuneration derived from asset management in the Company is assessed in various ways from the underlying product being managed, invested capital and/or the Net Asset Value (NAV) of the products/funds management and/or performance fees.

RISK AND UNCERTAINTIES

The Company is a wholly owned subsidiary within the Deutsche Bank Group (DB Group) and therefore the risks it is subject to are managed within the risk and control functions of this Group.

The key risks facing the firm include operational and business risks.

Operational Risk

The Company's key operational risks include potential suitability and advisory process deficiencies and dependence on key personnel and service providers to support its operating model.

DB Group Operational Risk Management defines the Framework for managing the operational risk framework within the DB Group. The Company operates under the DB Group Policies on Operational Risk Management and is consequently covered within the existing Operational Risk framework. This framework governs issues such as reporting, recording and escalation of operational events and losses and identification and assessment of key risks and reporting mitigation plans. The businesses with the Company are responsible for implementing this framework in support of their risk management activities, with regular reporting from each business and related control functions to the Board Risk Committee.

In addition, new business initiatives undergo a detailed impact review, through the DB New Product Assessment process, ensuring adherence with DB Group risk policies and operation readiness.

Business Risk

The business revenues are based on management fees, driven by AUM and performance fees driven by funds performance against an agreed benchmark. The valuation of the AUM, which impacts both management and performance fees, is driven by external market risk conditions and factors, such as prevailing economic conditions, investor sentiment, foreign exchange rates and funds / products investment illiquidity.

To offset potential volatility in revenues arising from external market factors, the business benefits from a cost plus methodology, the majority of costs being 'recharged' from other DB Group companies based on the overall volume of business undertaken within the Company and the number of people allocated to the business. In addition, the Company's revenues are partially protected via the high degree of diversification between markets and investment types the firms operate in. Finally, the Company manages close ended funds only, limiting the risk of capital outflow during the life of the fund.

The Board of Directors is generally risk averse and oversees the mitigation of key risks through the Board Risk Committee.

KEY PERFORMANCE INDICATORS

The Company's KPIs, which are aligned with the Group's KPIs, enable oversight of the material risks of the Company while supporting and enabling the overall business strategy as approved by the Board. The Board sets KPI limits reflecting the Board's risk appetite to deliver its business objectives. A key objective of the KPIs is to ensure that the Company has sufficient financial resources to support the business at any given point in time, absorb market events and to meet regulatory requirements.

The Company's KPIs are monitored and governed in Board meetings and by the Board Risk Committee. At a business level, each Business Risk committee sets its own KPIs which are monitored and escalated when required.

STRATEGIC REPORT

For the year ended 31 December 2016

KEY PERFORMANCE INDICATORS (continued)

The key financial KPIs are presented in the table below:

Crisis (Red) : Minimum regulatory requirement (or above)/ maximum of acceptable risk

Observation (Amber) : Regulatory or local entity specific target breach

Normal (Green) : At or above regulatory or local entity specific targets

KPI Measure	Description	Green	Amber	Red
Common Equity Tier 1 ratio	In line with the local regulatory definition. Buffer of 20% aligned with Group requirement.	>8.5 %	Between 5.5% - 8.5%	<5.5%
Total capital requirement assessment	Aligned with Group risk appetite tolerances. Set up well above the regulatory minimum of 100% and include impact of orderly wind down.	>140%	Between 120% - 140%	<120%
Liquidity surplus	Short term liquidity tolerance enabling application of preventive measures and management tools within relevant time frame	>GBP 17m	Between GBP 0m - GBP 17m	<GBP 0m

Common Equity Tier 1 ratio is a measure of Core Equity capital compared to total Risk Weighted Assets (RWA). The purpose is to ensure sufficient high quality capital to cover potential future exposure.

The Company's KPIs are green for all the 3 measures.

The Board expects new business activities to generate positive value for the Company's shareholders, present limited risks and be capital neutral for the Company.

CURRENT PERIOD PERFORMANCE

GBP'000	2016	2015
Revenue	32,901	58,578
Expenses	90,482	92,134
Profit (loss) before tax	(57,581)	(33,556)
Surplus Capital	11.9 M	51.9 M
Liquidity	23.7 M	62.3 M
AUM	3 Bn	4 Bn

Revenues - Decrease in revenues is primarily due to higher performance fees in 2016.

Liquidity - The decrease in liquidity is primarily due to the recognition of additional provision liability during the year.

GBP'000	2016	2015
Assets	207,192	147,881
Liabilities	(170,717)	(106,394)
Equity	36,475	41,487

By order of the Board of Directors this

26th day of April 2017


 S. Linsley
 Secretary
Registered office

Winchester House
 1 Great Winchester Street
 London
 EC2N 2DB

Company number: 2478500

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEUTSCHE ALTERNATIVE ASSET MANAGEMENT (UK) LIMITED

We have audited the financial statements of Deutsche Alternative Asset Management (UK) Limited for the year ended 31 December 2016 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, 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 Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

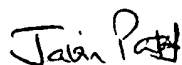
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatement in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act of 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to limited liability partnerships, requires us 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; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.



Jatin Patel
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

DATE SIGNED 26/4/2017

INCOME STATEMENT
For the year ended 31 December 2016

	Note	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Turnover	2(d)	32,859	58,534
Administrative expenses	4	(90,482)	(92,134)
OPERATING (LOSS)		(57,623)	(33,600)
Other interest income and similar income	5	42	44
(LOSS) BEFORE TAXATION		(57,581)	(33,556)
Tax credit on (loss)	6	11,712	6,728
(LOSS) FOR THE YEAR		(45,869)	(26,828)

There were no other recognised gains and losses during the year.

The notes on pages 9 to 18 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Tangible fixed assets	8	1	2
Fixed Asset Investments	7	25	25
		26	27
CURRENT ASSETS			
Debtors	9	57,506	47,674
Cash at bank	10	149,660	100,180
		207,166	147,854
CREDITORS: amounts falling due within one year	11	(59,414)	(62,296)
NET CURRENT ASSETS		147,752	85,558
TOTAL ASSETS LESS CURRENT LIABILITIES		147,778	85,585
PROVISIONS FOR LIABILITIES			
Provisions	12	(111,303)	(44,098)
		(111,303)	(44,098)
NET ASSETS		36,475	41,487
CAPITAL AND RESERVES			
Called up share capital	14	42,422	1,822
Share-based reserve	15	343	86
Profit and loss account		(6,290)	39,579
SHAREHOLDERS' FUNDS		36,475	41,487

The notes on pages 9 to 18 form part of these accounts.

These financial statements were approved by the Board of Directors on 25th April 2017

Signed by C. MUZZI
for and on behalf of the Board of Directors

Company number: 2478500

OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
(Loss) for the year	(45,869)	(26,828)
Share-based payment recharge expense (note 16)	257	48
Total comprehensive (loss) relating for the year	<u>(45,612)</u>	<u>(26,780)</u>

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	<u>Profit and Loss</u> <u>Account</u> <u>£000</u>	<u>Ordinary Share</u> <u>Capital</u> <u>£000</u>	<u>Share Based</u> <u>Reserve</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Balance at 1 January 2016	39,579	1,822	86	41,487
Share-based payment recharge expense (note 16)	-	-	257	257
Additional capital subscription	-	40,600	-	40,600
Loss for the financial year	(45,869)	-	-	(45,869)
Balance at 31 December 2016	(6,290)	42,422	343	36,475

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	<u>Profit and Loss</u> <u>Account</u> <u>£000</u>	<u>Ordinary Share</u> <u>Capital</u> <u>£000</u>	<u>Share Based</u> <u>Reserve</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Balance at 1 January 2015	66,407	1,822	38	68,267
Share-based payment recharge expense (note 16)	-	-	48	48
Profit for the financial year	(26,828)	-	-	(26,828)
Balance at 31 December 2015	39,579	1,822	86	41,487

The notes on pages 9 to 18 form part of these accounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

Deutsche Alternative Asset Management UK Limited (the "Company") is a Private company incorporated and domiciled in the UK. The registered number is 2478500 and the registered address is Winchester House, 1 Great Winchester Street, London, EC2N 2DB.

The financial statement for the year ended 31 December 2016 were authorized for issue and approved by the Board of Directors on April 26, 2017.

The date of transition to FRS 101 is 1 January 2016.

In the transition to FRS 101 from UK GAAP, the Company has made no material measurement and recognition adjustments.

2 ACCOUNTING POLICIES***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

These financial statements have been prepared in accordance with the Companies Act 2006, UK applicable Accounting Standards and applicable Statements of Recommended Practice. The particular accounting policies are described below.

- (a) **GOING CONCERN**
The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.
- (b) **CONVENTION**
These financial statements are prepared in accordance with the historical cost convention.
- (c) **INTEREST INCOME AND EXPENSE**
Interest income and expense is accounted for on an accrual basis.
- (d) **TURNOVER**
Turnover represents management fees, commissions and other income receivable, exclusive of Value Added Taxation. Income has been recognised where services have been provided.
- (e) **TANGIBLE FIXED ASSETS**
Tangible fixed assets are depreciated under the straight line method so as to write off their cost over the shorter of their estimated useful lives or, where appropriate, remaining lease periods. Furniture, fittings and equipment are depreciated over an estimated useful economic life of three years.
- (f) **FIXED ASSET INVESTMENTS**
Fixed asset investments are held at cost less provision for any impairment in value. Any such provision is charged to the Income Statement in the period in which it arises.

The Company is exempt from the obligation to prepare group accounts under S400 of Companies Act 2006. The Company's accounts are included in the consolidated financial statements of Deutsche Bank AG.
- (g) **PROVISIONS**
A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

Basis of preparation (continued)

(h) TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date. (For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(i) PENSION SCHEMES

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Income Statement represents the contributions payable to the scheme in respect of the accounting period.

Directors and employees of the Company are members of the group defined benefit schemes operated by DB Group Services (UK) Limited, details of which are disclosed in the financial statements of that company.

The expected cost of pensions payable under the group's funded defined benefit schemes, and of other unfunded post-retirement benefits, is charged to the Company by the Principal Employer and is recognised in the Income Statement so as to spread this cost over the service lives of employees in schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes and are included in the recharge to the Company. The costs are assessed in accordance with the advice of qualified actuaries, the last formal actuarial valuation was carried out for pensions and for other post-retirement benefits at 31 December 2016.

The Company is unable to identify its share of the underlying assets and liabilities of the schemes and information regarding any surplus/deficit of the scheme is not currently available as of 31 December 2016 and as such adopts the IAS 19 exemption for the accounting of actuarial gains and losses which are borne by the Principal Employer. Further details of the schemes as required by IAS 19 are disclosed in the statutory financial statements of DB Group Services (UK) Limited.

There is a contractual agreement or stated policy for charging the net defined benefit cost wherein the cost is recognised on that basis in each group entity. Otherwise the defined benefit cost is recognised in the entity that is legally the sponsoring entity for the plan, and other group companies account for the plan on a defined contribution basis.

(j) FOREIGN EXCHANGE

Transactions in foreign currencies are translated into Pounds Sterling (£) at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Income Statement.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

Basis of preparation (continued)

(k) SHARE-BASED COMPENSATION

Where the Company's parent grants rights to the equity instrument to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these shares based payments as equity settled.

The cost of awards to employees that take the form of shares are recognised over the period of the employees' related performance. Payments are accounted for in equity at fair value on the grant date with a corresponding charge in the Income Statement over the vesting period of the award. The recharge of the related expense from the Parent company offsets the charge within equity.

(l) DIVIDENDS ON SHARES PRESENTED WITHIN SHAREHOLDER' FUNDS

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year-end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(m) PERFORMANCE-BASED INCENTIVE PLAN

Performance-based Incentive Plan (carry plan) expense is accounted based on IAS 19. If the company expects to earn performance fees, related expenses must be accrued over the vesting period on a pro-rata basis based on expected payout.

Summary of disclosure exemptions

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- (a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;
- (b) the requirements in paragraph 10(d) of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (c) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (d) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (e) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

3 DIRECTORS' REMUNERATION

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Directors' emoluments	126	562
Amounts receivable under long term schemes	38	132
Total	164	694
Company contributions to defined benefit pension schemes	1	0
Company contributions to money purchase pension schemes	4	7

During the year, 4 directors (2015: 6 directors) received shares or payments under long term incentive schemes totalling £38,313.78 (2015: £132,109.98).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was below £200,000 (2015: £446,584.69).

	<u>Directors</u> <u>2016</u>	<u>Directors</u> <u>2015</u>
Retirement benefits are accruing to the following number of Directors under:		
Money Purchase Pension Schemes	4	4
Defined Benefit Pension Schemes	1	0

No Directors exercised any share options under long term incentive schemes.

As at the date of approval of the financial statements, and during the year, the Company provided an indemnity to its Directors in the form of a qualifying third party indemnity provision.

4 ADMINISTRATIVE EXPENSES

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Depreciation of fixed assets	1	6
Audit of these financial statements	14	14
Auditors' remuneration for services to the Company and non-audit fees have been borne by another group undertaking.		
Staff costs		
- Wages and salaries	8,180	37,000
- Social security costs	917	5,296
- Pension costs	1,704	15
- Share based-payment expense	1,740	2,133
- Other staff-related costs	3,066	1,078
	15,607	45,522
Other administrative expenses	74,860	46,592
Administrative Expenses	90,462	92,134
Average number of employees	76	84

5 (LOSS) BEFORE TAXATION

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
(Loss) before taxation is arrived at after taking into account:		
Other interest receivable and similar income	42	44
	42	44

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

6 TAXATION	2016	2015
	£000	£000
(a) Analysis of tax on loss		
<i>Current tax</i>		
Group relief credit for the year	11,207	7,156
Adjustment in respect of prior periods	340	481
	<u>11,547</u>	<u>7,637</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	217	(464)
Adjustment in respect of previous periods	(10)	(490)
Effect of tax rate change	(42)	45
	<u>165</u>	<u>(909)</u>
Total tax credit on (loss)	<u>11,712</u>	<u>6,728</u>

(b) Current tax reconciliation

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20% (2015 - 20.25%). The actual tax (charge) / credit for the year differs from the standard rate for the reasons set out in the following reconciliation.

	2016	2015
	£000	£000
Profit (loss) before taxation	<u>(57,581)</u>	<u>(33,556)</u>
Tax on profit (loss) at standard rate	<u>11,516</u>	<u>6,795</u>
<i>Effects of:</i>		
Non-deductible expenditure	(11)	(103)
Adjustment in respect of share-based compensation	(81)	-
Effect of tax rate change	(42)	45
Adjustment in respect of previous periods	330	(9)
Total tax credit	<u>11,712</u>	<u>6,728</u>

A reduction in the rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. The Finance Bill 2015, which announced that the UK corporation tax rate will reduce to 19% by 2017 and 18% by 2020, was substantively enacted on 26 October 2015.

The Finance Bill 2016, which announced a further reduction in the UK corporation tax rate from 18% to 17% by 2020, was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2016 has been calculated based on the rate of 17% substantively enacted at the Statement of Financial Position date.

7 FIXED ASSET INVESTMENTS	Shares in group	Shares in group
	2016	2015
	£000	£000
Opening balance as at 1 January	25	25
Additions during year	-	-
Disposals for the year	-	-
Closing balance as at 31 December	<u>25</u>	<u>25</u>

This is an investment with RREEF UK Property Ventures Fund No.3 which was incorporated in Ireland.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

8 TANGIBLE FIXED ASSETS			
	<u>Cost</u> <u>£000</u>	<u>Depreciation</u> <u>£000</u>	<u>Net Book Value</u> <u>£000</u>
Computer Equipment			
Opening balance as at 1 January 2016	165	(163)	2
Depreciation charge for the year	-	(1)	(1)
Closing balance as at 31 December 2016	165	(164)	1
9 DEBTORS			
	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>	
Other debtors	21,772	22,567	
Amounts owed by group undertakings	24,182	17,486	
Group relief receivable	11,417	7,621	
Deferred tax asset - see Note 13	135	-	
	57,506	47,674	
10 CASH AT BANK			
	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>	
Cash at bank held with Deutsche Bank AG, London branch	149,660	100,180	
11 CREDITORS: Amounts falling due within one year			
	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>	
Other creditors	17,894	36,958	
Amounts owed to group undertakings	41,520	25,250	
Deferred tax liability - see Note 13	-	88	
	59,414	62,296	

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

12 PROVISIONS

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Balance at 1 January	44,098	
Provisions made during the year	67,205	44,098
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at 31 December	<u>111,303</u>	<u>44,098</u>

EVAF Matter. RREEF European Value Added Fund I, L.P. (the "Fund") is a fund managed by Deutsche Bank's subsidiary, Deutsche Alternative Asset Management (UK) Limited (the "Manager"). On September 4, 2015, the Fund (acting through a committee of independent advisers of the General Partner of the Fund, which is also a Deutsche Bank subsidiary) filed in the English High Court a claim against the Manager alleging that the Manager's decision to make a German real estate investment had been grossly negligent and had caused the Fund losses of at least € 158.9 million plus interest, for which the Manager was liable in damages. A settlement amount was agreed pre year end and was cash settled in January 2017. This has been fully recognised in the financial statements.

On behalf of the Company, Deutsche Bank is pursuing an outstanding insurance claim in relation to the above. As at the date of signing the accounts, the amount recoverable remains uncertain.

13 DEFERRED TAXATION

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Provision at 1 January	(88)	812
Deferred tax charged in income statement for the period	165	(909)
Other comprehensive income	58	9
Provision at 31 December	<u>135</u>	<u>(88)</u>

Deferred tax assets are recognised and carried forward only to the extent that the realisation of the related tax benefit is probable.

14 SHARE CAPITAL

	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,822	1,822
Additional issuance of shares of £1 each	40,600	-
	<u>42,422</u>	<u>1,822</u>
	<u>2016</u> <u>No</u>	<u>2015</u> <u>No</u>
Allotted, called up and fully paid:		
1,822,000 Ordinary shares of £1 each	1,822,000	1,822,000
40,600,000 Additional issuance of shares of £1 each	40,600,000	-
Ordinary shares of £1 each	<u>42,422,000</u>	<u>1,822,000</u>

15 SHARE-BASED RESERVE

The share-based reserve comprises the fair value of the actual or estimated number of unexercised shares and share options granted to the Company's employees recognized in accordance with the accounting policy adopted for equity-settled share-based compensation in Note 2 (k).

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

16 SHARE-BASED COMPENSATION

The entity made grants of share-based compensation under the Deutsche Bank Equity Plan. This plan represent a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the Deutsche Bank Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

The following table sets forth the basic terms of the share plans.

Grant year/s	Deutsche Bank Equity Plan	Vesting Schedule	Early retirement provisions ¹	Eligibility
2016	Annual Award	1/4: 12 months ¹	Yes	Select employees as annual retention
		1/4: 24 months ¹		
		1/4: 36 months ¹		
		1/4: 48 months ¹		
		Or cliff vesting after 54 months ¹	Yes ²	Members of Management Board or of Senior Management Group
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award - Upfront	Vesting immediately at grant ³	No	Regulated employees
	Key Position Award (KPA)	Cliff-vesting after 4 years ³	Yes	Select employees as annual retention
2015/2014/2013	Annual Award	1/3: 12 months ¹	Yes	Select employees as annual retention
		1/3: 24 months ¹		
		1/3: 36 months ¹		
		Or cliff vesting after 54 months ¹		
			Yes ²	Members of Management Board or of Senior Management Group
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award - Upfront	Vesting immediately at grant ³	No	Regulated employees
2012/2011	Annual Award	1/3: 12 months ⁴	Yes	Select employees as annual retention
		1/3: 24 months ⁴		
		1/3: 36 months ⁴		
	Retention/New Hire	Individual specification	Yes	Select employees to attract and retain the best talent
	Annual Award - Upfront	Vesting immediately at grant ³	No	Regulated employees

¹ For members of the Management Board or of the Senior Management Group and all other regulated employees a further retention period of six months applies.

² Early retirement provisions do not apply to members of the Management Board.

³ For members of the Management Board share delivery after a retention period of three years. For all other regulated employees share delivery after a retention period of six months.

⁴ For members of the Management Board a different schedule applies. For all other regulated employees share delivery after a further retention period of six months.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

16 SHARE-BASED COMPENSATION (continued)

Compensation Expense

Expense related to share awards is recognized on a straight-line basis over the requisite service period. The service period usually begins on the grant date of the award and ends when the award is no longer subject to plan-specific forfeiture provisions. Awards are forfeited if a participant terminates employment under certain circumstances. The accrual is based on the number of instruments expected to vest. The entity recognized compensation expense related to its significant share-based compensation plans, described above, as follows.

	<u>2016</u>	<u>2015</u>
	£	£
Total share-based compensation expense recognised in	1,740,377	2,133,170
Recharges to parent company	1,483,257	2,085,232
Charges credited to equity	<u>257,120</u>	<u>47,938</u>

As of 31 December 2016, unrecognized compensation costs related to non-vested share-based compensation was £645,070 (2015: £824,947), which is expected to be recognized over an average period of approximately 20 months (2015: 18 months).

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2016, the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £2,213,984 (31st December 2015: £2,249,265). This balance is based on the grant date value and is therefore at fixed values and represents that part of the ultimate commitment to its employee that has already been amortised. The settlement of this occurs through the intercompany process.

Award Related Activities

The following table summarises the activity in plans involving share awards, which are those plans granting a contingent right to receive Deutsche Bank common shares after a specified period of time.

In units (except per share data)	Share units	Weighted-average grant date fair value per unit
Balance at 31 December 2014	110,994	€ 32.73
Granted	127,721	€ 25.48
Issued	(108,726)	€ 29.82
Transferred/Forfeited	-	€ 0.00
Balance at 31 December 2015	<u>129,989</u>	<u>€ 27.90</u>
Granted	129,461	€ 13.74
Issued	(58,319)	€ 29.99
Transferred/Forfeited	-	€ 0.00
Balance at 31 December 2016	<u>201,131</u>	<u>€ 23.88</u>

In April 2017, the Group did not grant any equity awards (2015: 102,918 units) (2015: €15.47 per unit). There is a Key Retention plan awards granted in 2017 but was not reported in the Group Annual Report (20F Reporting).

NOTES TO THE ACCOUNTS
For the year ended 31 December 2016

17 RETIREMENT BENEFITS (IAS 19)

Directors and employees of the Company are members of group defined contribution and benefit schemes operated by DB Group Services (UK) Limited, details of which are disclosed in the financial statements of that company.

The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit schemes due to the complexity of the scheme and as such has presented its defined benefit schemes as a defined contribution scheme.

The surplus of the Group defined benefit schemes recognised by DB Group Services (UK) Limited, the Principal Employer as at 31 December 2016, was £745,984,000 (2015: £812,512,000).

As detailed in the accounting policy note, the pension costs are recharged by the principal employer, DB Group Services (UK) Limited, in accordance with actuarial advice.

The financial statements of DB Group Services (UK) Limited show full details of the assumptions and valuation techniques applied by the actuaries in assessing the gains and losses at year end.

18 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

Deutsche Asset Management Group Limited, a company incorporated in the UK, is the Company's immediate controlling entity.

Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest and smallest group for which group financial statements are drawn up.

Copies of the group financial statements prepared in respect of Deutsche Bank AG may be obtained from the Company Secretariat, Deutsche Bank AG, London branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

19 SUBSEQUENT EVENT

There were no significant events since year-end.